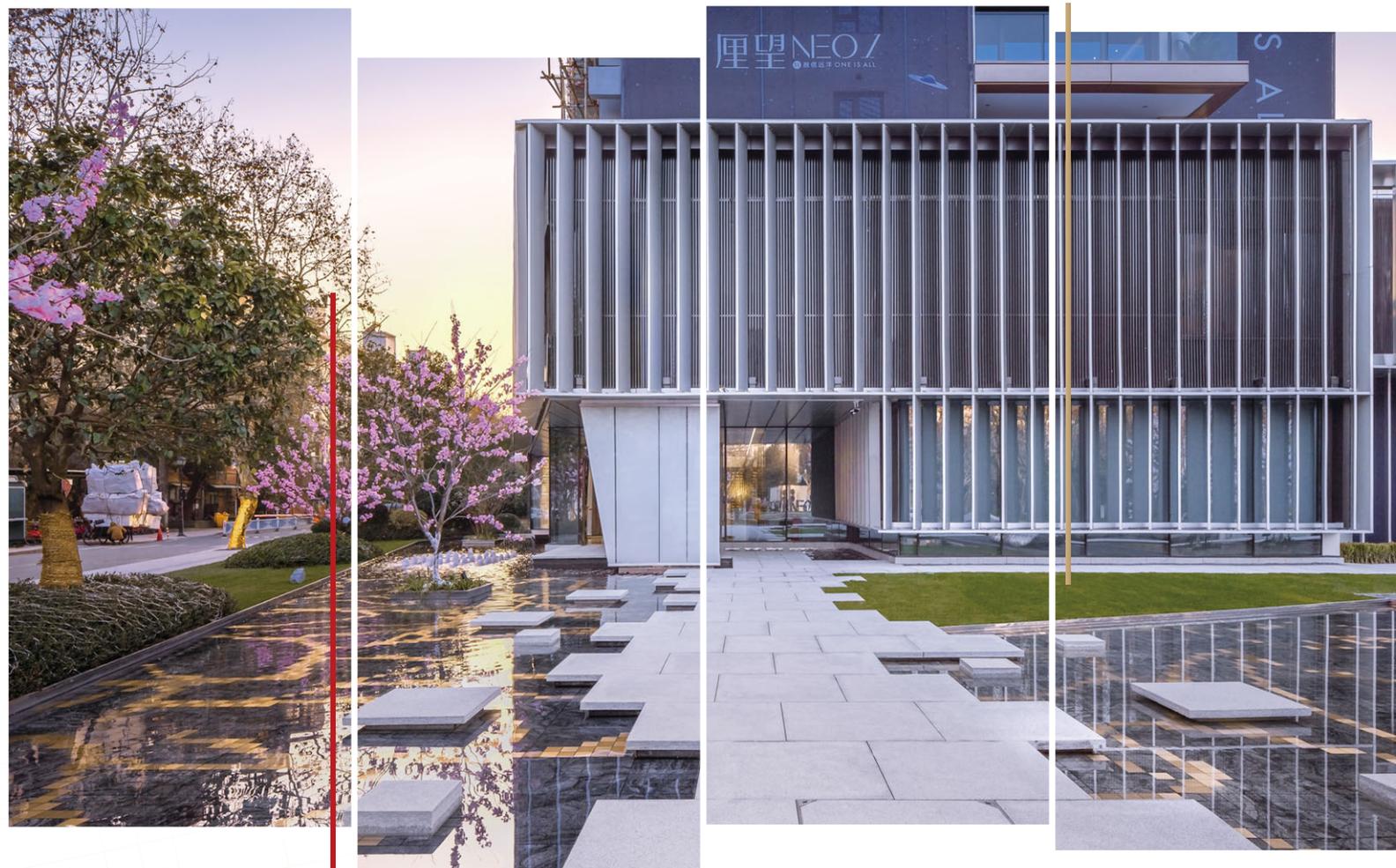


# 融信中國控股有限公司

RONSHINE CHINA HOLDINGS LIMITED

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

Stock Code : 3301



# 2019

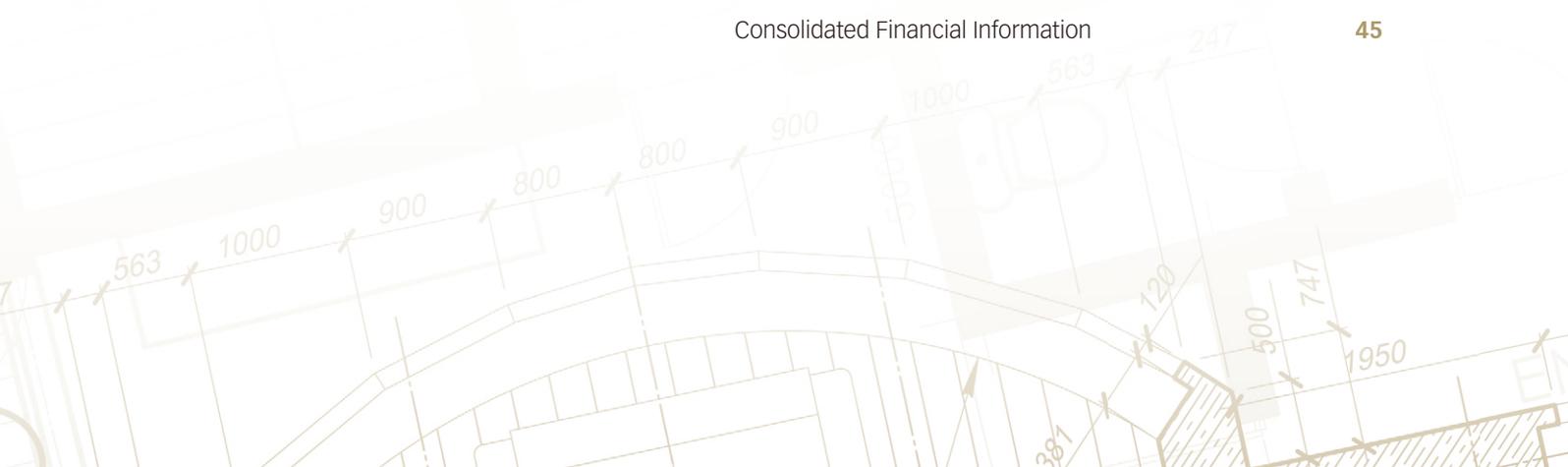
## INTERIM REPORT

BUILD WITH STYLE GROW IN STRENGTH



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ou Zonghong  
*(Chairman and Chief Executive Officer)*  
 Ms. Yu Lijuan (appointed on 22 March 2019)  
 Ms. Zeng Feiyan  
 Mr. Ruan Youzhi  
 Mr. Zhang Lixin *(Chief Financial Officer)*

### Non-executive Director

Ms. Chen Shucui

### Independent Non-executive Directors

Mr. Ren Yunan  
 Mr. Qu Wenzhou  
 Mr. Ruan Weifeng (appointed on 22 March 2019)  
 Dr. Lo Wing Yan William (retired on 5 June 2019)

## AUDIT COMMITTEE

Mr. Qu Wenzhou *(Chairman)*  
 Mr. Ren Yunan  
 Mr. Ruan Weifeng (appointed on 22 March 2019)  
 Dr. Lo Wing Yan William (retired on 5 June 2019)

## REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*  
 Mr. Ou Zonghong  
 Mr. Qu Wenzhou

## NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*  
 Mr. Qu Wenzhou  
 Mr. Ruan Weifeng (appointed on 22 March 2019)  
 Dr. Lo Wing Yan William (retired on 5 June 2019)

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
 22/F, Prince's Building  
 Central  
 Hong Kong

## LEGAL ADVISERS

*As to Hong Kong law:*  
 Sidley Austin

*As to Cayman Islands law:*  
 Conyers Dill & Pearman

*As to PRC law:*  
 FenXun Partners

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
 Cricket Square  
 Hutchins Drive  
 P.O. Box 2681, Grand Cayman, KY1-1111  
 Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
 Shops 1712–1716, 17th Floor  
 Hopewell Centre  
 183 Queen's Road East, Wanchai  
 Hong Kong

## REGISTERED OFFICE

Cricket Square  
 Hutchins Drive  
 P.O. Box 2681, Grand Cayman, KY1-1111  
 Cayman Islands

## Corporate Information

**PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC**

Building L1B, Hongqiao World Center  
Lane 1588, Zhuguang Road  
Qingpu District  
Shanghai  
The People's Republic of China

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 1210, 12/F  
ICBC Tower  
3 Garden Road  
Central  
Hong Kong

**JOINT COMPANY SECRETARIES**

Mr. Yu Zuoyi (appointed on 20 February 2019)  
Ms. Ng Wing Shan (*FCS, FICS*)  
Ms. Zeng Feiyan (resigned on 20 February 2019)

**AUTHORISED REPRESENTATIVES**

Mr. Ou Zonghong  
Ms. Ng Wing Shan

**PRINCIPAL BANKERS**

Bank of China Limited  
Agricultural Bank of China Limited  
Industrial and Commercial Bank of China Limited

**WEBSITE**

[www.rongxingroup.com](http://www.rongxingroup.com)

**STOCK CODE****STOCK**

HKEx: 3301

**BOND**

US\$123,625,000 6.95% Senior Notes due 2019

Common Code: 152895577

ISIN: XS1528955773

US\$344,589,000 8.25% Senior Notes due 2021

Common Code: 174766592

ISIN: XS1747665922

US\$200,000,000 11.5% Senior Notes due 2020

Common Code: 192599709

ISIN: XS1925997097

US\$600,000,000 11.25% Senior Notes due 2021

Common Code: 195081972

ISIN: XS1950819729

US\$500,000,000 10.5% Senior Notes due 2022

Common Code: 195748144

ISIN: XS1957481440

US\$435,000,000 8.75% Senior Notes due 2022

Common Code: 197676078

ISIN: XS1976760782

US\$300,000,000 8.95% Senior Notes due 2023

Common Code: 203146973

ISIN: XS2031469732

# Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (“**Ronshine China**” or the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”).

	For the six months ended 30 June		Change in percentage
	2019	2018	
Revenue (RMB'000)	<b>26,616,331</b>	14,287,533	86.29%
Cost of sales (RMB'000)	<b>(20,254,931)</b>	(10,101,640)	100.51%
Gross profit (RMB'000)	<b>6,361,400</b>	4,185,893	51.97%
Other income and other gains (RMB'000)	<b>74,998</b>	52,638	42.48%
Profit before income tax (RMB'000)	<b>5,964,372</b>	3,951,066	50.96%
Profit for the period (RMB'000)	<b>3,509,880</b>	2,253,594	55.75%
— attributable to owners of the Company (RMB'000)	<b>1,978,627</b>	1,523,912	29.84%
— attributable to non-controlling interests (RMB'000)	<b>1,459,612</b>	629,804	131.76%
— attributable to holders of Perpetual Capital Instruments (RMB'000)	<b>71,641</b>	99,878	-28.27%

	As at	As at	Change in percentage
	30 June 2019	31 December 2018	
Total assets (RMB'000)	<b>200,980,678</b>	203,443,878	-1.21%
Total liabilities (RMB'000)	<b>161,199,468</b>	167,825,520	-3.95%
Total equity (RMB'000)	<b>39,781,210</b>	35,618,358	11.69%
Capital and reserve attributable to owners of the Company (RMB'000)	<b>15,270,368</b>	12,754,828	19.72%



# Business Review and Outlook

## SUMMARY OF PRINCIPAL PROPERTIES

The table below sets forth the details of the property development projects of the Group as at 30 June 2019.

## PROJECTS DEVELOPED BY THE GROUP

As at 30 June 2019, the subsidiaries, joint ventures and associated companies of the Group engaged in a total of 177 property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
1	Zhangzhou Wanke City (漳州萬科城)	Zhangzhou	235,606.37	20.00%	Residential	1,040,221.43	547,158.36	19/6/2018
2	Hangzhou Wocheng Project (杭州臥城地塊—天麓府)	Hangzhou	59,494.00	34.00%	Residential	206,868.03	23,156.40	13/6/2019
3	Nanjing 2016G58 Lot (南京仙林2016G58地塊—融築儒林花園)	Nanjing	106,002.49	30.60%	Residential	335,078.73	286,193.09	1/6/2018
4	The Twin Harbour City (融信雙杭城)	Fuzhou	259,519.00	100.00%	Residential	1,311,286.93	813,305.17	3/8/2018
5	The Long Island (融信長島)	Fuzhou	185,196.00	100.00%	Residential	690,792.60	94,265.27	7/1/2018
6	"Hot Spring City" (福州溫泉城項目)	Fuzhou	1,018,836.00	50.00%	Residential	1,662,219.56	1,246,836.26	1/12/2020
7	Huayun Mansion (華雲山莊)	Fuzhou	161,008.40	25.50%	Residential	258,248.00	167,082.52	1/12/2019
8	Xiamen Bowan (廈門同安鉅灣)	Xiamen	39,715.25	100.00%	Residential	185,558.66	72,741.20	8/6/2020
9	Imperial Villa (融信鉅灣)	Shanghai	121,376.80	51.00%	Residential	202,326.40	17,282.46	22/7/2016
10	Platinum (融信鉅爵)	Shanghai	21,195.60	51.00%	Residential	103,055.00	22,583.00	1/12/2018
11	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	Shanghai	31,034.10	50.00%	Residential	149,836.40	115,014.00	1/12/2020
12	Shanghai Qingpu Lot (青浦36-01地塊)	Shanghai	36,279.00	30.50%	Residential	161,959.90	74,864.29	1/12/2020
13	Xinjiangwan City (新江灣城)	Shanghai	39,805.80	50.00%	Residential	102,476.00	52,697.53	27/10/2020
14	Hangzhou Normal University Lot (杭師大地塊)	Hangzhou	45,573.99	100.00%	Residential	229,099.71	20,814.33	30/9/2017
15	Lan Sky (融信·瀾天)	Hangzhou	71,488.00	100.00%	Residential	244,592.00	27,038.75	1/12/2018
16	Jingkai Project (經開地塊)	Hangzhou	42,709.00	25.50%	Residential	166,196.62	58,682.11	1/6/2019
17	Nanjing Julonghu Project (南京九龍湖NO. 2016G73地塊)	Nanjing	42,707.52	100.00%	Residential	351,699.72	288,972.56	1/11/2020
18	Kunshan Project (昆山(2016)2-4地塊)	Suzhou	76,671.70	50.00%	Residential	280,319.55	107,081.30	1/10/2019
19	Hangzhou Yuhang Lot (余杭2016(48)號地塊)	Hangzhou	24,560.00	100.00%	Residential	61,640.00	19,140.04	8/12/2018
20	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	Longyan	53,131.00	44.37%	Residential	170,115.78	14,459.97	8/11/2019
21	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	Zhangzhou	52,438.88	93.03%	Residential	193,882.55	96,627.15	2/3/2020
22	Nanjing Jiangning Lot (江寧2017G02地塊)	Nanjing	82,627.65	44.90%	Residential	201,690.15	192,447.03	31/3/2020
23	Chengdu Jinniu Lot (金牛三號宗地)	Chengdu	11,109.78	93.76%	Residential	63,202.01	30,199.66	30/8/2019
24	Tianjin Jinghai Lot (靜海2013-92號地塊)	Tianjin	106,000.00	93.21%	Residential	181,915.76	155,636.00	9/7/2020
25	Tianjin Jinnan Lot (津南2016-06號地塊)	Tianjin	68,970.00	93.21%	Residential	130,100.00	105,198.00	9/7/2020
26	Putian Xibai Lot (溪白村2017-04地塊)	Putian	37,289.36	87.69%	Residential	125,867.40	71,518.58	17/5/2020
27	Guangzhou Zengcheng Lot (廣州增城地塊)	Guangzhou	28,001.00	45.53%	Residential	117,382.53	63,873.86	23/5/2020
28	Xiamen Tongan Lot (同安2017P01地塊)	Xiamen	11,386.12	87.00%	Residential	43,262.32	34,775.00	22/4/2020
29	Chongqing Banan Lot (重慶巴南地塊)	Chongqing	117,541.00	71.66%	Residential	332,207.09	299,630.67	25/2/2019

## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
30	Jinhua 2017-07 Lot (金華2017-07地塊一)	64,604.83	43.72%	Residential	182,740.09	95,554.64	1/11/2019
31	Hangzhou Jingjiang Lot (靖江花神廟地塊)	48,543.00	87.00%	Residential	131,391.96	61,038.00	10/6/2020
32	Shaoxing Shengzhou Lot (紹興嵊州地塊)	248,819.00	91.70%	Residential	816,861.61	455,474.12	10/5/2020
33	Hangzhou Xiaoshan Lot (蕭山2017-1號地塊)	47,326.00	54.28%	Residential	177,964.51	116,456.00	1/7/2020
34	Quzhou 2017 (4) Lot (衢州(2017)4號地塊)	85,300.00	39.15%	Residential	213,054.64	7,063.97	1/9/2018
35	Ningbo Fenghua Lot (寧波奉化地塊)	45,993.00	22.19%	Residential	140,666.35	81,784.66	29/4/2020
36	Hangzhou 2016-35 Lot (杭政儲出(2016)35號)	40,685.00	16.00%	Residential	83,868.69	41,354.75	15/12/2020
37	Hangzhou 2016-44 Lot (杭政儲出(2016)44號)	42,357.00	7.00%	Residential	96,140.02	79,812.36	25/6/2021
38	Nanjing 2017G31 Lot (NO.2017G31地塊)	108,521.76	6.21%	Residential	643,841.00	458,813.63	20/1/2020
39	Nanjing 2017G36 Lot (NO.2017G36地塊)	54,173.00	50.00%	Residential	268,209.36	174,120.29	25/6/2021
40	Hangzhou 2017-44 Lot (杭政儲出(2017)44號)	53,417.00	63.54%	Residential	219,298.35	175,801.82	20/12/2019
41	Hangzhou 2017-42 Lot (杭政儲出(2017)42號)	39,950.00	21.75%	Residential	164,116.00	90,202.29	20/12/2019
42	Hangzhou 2017-14 Lot (蕭政儲出(2017)14號)	63,742.00	22.27%	Residential	194,618.13	25,801.29	30/8/2020
43	Fuzhou 2017-06 Lot (馬宗地2017-06號地塊)	113,570.00	11.84%	Residential	216,400.00	194,615.00	30/5/2021
44	Hangzhou 2017-20 Lot (蕭政儲出(2017)20號)	106,872.00	25.30%	Residential	421,517.30	257,928.23	30/4/2022
45	Xinyang Yijiangnan Lot-1 (樂陽市億江南地塊-1)	236,877.44	87.89%	Residential	607,514.59	504,635.07	1/3/2021
46	Fuzhou 2017-23 Lot (宗地2017-23地塊)	25,668.00	100.00%	Residential	85,600.00	84,920.60	30/4/2021
47	Zhoushan 2017-007 Lot (2017-007地塊)	71,491.40	30.75%	Residential	202,096.70	158,681.73	30/6/2021
48	Hangzhou 2017-43 Lot (余政儲出(2017)43號)	104,698.00	25.50%	Residential	290,176.00	227,481.70	31/12/2020
49	Fuzhou 2016-1 Lot (2016拍-1號)	46,573.57	34.00%	Residential	115,983.00	65,880.87	1/12/2018
50	Tongling Lanshan Fu (銅陵瀾山府)	60,475.00	38.76%	Residential	161,075.00	78,178.28	30/10/2019
51	Ganzhou Rongxitai (贛州榕臺台)	39,013.00	55.00%	Residential	116,895.73	17,568.70	1/6/2019
52	Luan 2017-14 Lot (六出2017-14號地塊)	144,532.00	43.69%	Residential	347,695.00	18,632.67	30/6/2019
53	Suzhou Tang Ning Fu (唐寧府)	106,303.44	52.25%	Residential	278,962.28	61,423.66	30/12/2018
54	Hai Liang Yue Fu (海亮·悅府)	145,024.00	55.00%	Residential	400,569.59	25,025.69	2/2/2018
55	The Riverside Mansion (海亮·江灣城)	114,375.80	55.00%	Residential	388,881.00	45,093.44	15/6/2018
56	Hai Liang Xingfu Li (海亮·幸福里)	154,391.00	38.50%	Residential	402,143.00	197,999.06	5/12/2018
57	Xingfu Li East County (幸福里東郡)	86,710.00	49.50%	Residential	293,513.86	108,872.30	31/5/2019
58	Xingfu Li North County (幸福里北郡)	47,886.00	49.50%	Residential	141,097.11	43,157.25	30/5/2019
59	Tangning Mansion (唐寧府)	25,959.43	19.58%	Residential	75,857.71	51,065.48	31/12/2018
60	Hai Liang De Wen Jun (海亮·德文郡)	69,763.41	42.35%	Residential	225,344.00	-	30/5/2021
61	Hai Liang Tang Ning Fu (海亮·唐寧府)	70,065.04	26.40%	Residential	267,799.96	45,681.41	30/9/2020
62	Hai Liang Xi Yue (海亮熙悅)	63,448.10	7.04%	Residential	310,371.00	103,392.03	30/11/2020
63	Lanzhou Xi'an Hua Fu (熙岸華府)	65,784.80	52.25%	Residential	264,701.52	104,058.11	30/10/2018
64	Haimao No.1 Project (海茂壹號院)	176,146.41	26.95%	Residential	408,745.08	131,091.90	31/12/2018
65	Shiyuefu Project (世悅府)	136,828.38	26.95%	Residential	384,114.00	202,916.15	30/9/2019
66	Jurong 2017-J10-2-02 Lot (句容2017-J10-2-02號地塊)	53,873.00	15.66%	Residential	145,462.62	117,620.67	8/3/2020
67	Hushu Lot (湖墅地塊)	14,684.00	34.80%	Residential	49,994.80	38,975.10	8/1/2020

## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
68	Tongxiang 2017-52 Lot (桐土儲[2017]52號地塊)	62,774.55	18.27%	Residential	195,908.21	109,304.74	29/12/2019
69	Haining 2018-004 Lot (海土字[2018]004號地塊)	52,780.00	87.00%	Residential	111,019.12	61,120.13	6/3/2020
70	Xiaoshan 2018-4 Lot (蕭政儲出[2018]4號蜀山單元地塊)	25,318.00	17.40%	Residential	95,047.05	84,871.07	29/1/2020
71	Jiepai 3# Lot (界牌3#地塊慈溪市古塘街道)	113,857.00	18.27%	Residential	253,593.95	162,239.18	1/3/2020
72	Xiaoshan 2018-14 Lot (蕭政儲出[2018]14號地塊)	93,039.00	75.40%	Residential	362,335.58	158,870.36	16/4/2020
73	Anji Development Zone (安吉開發區)	53,254.00	21.66%	Residential	113,938.00	79,154.22	11/6/2020
74	Xinyang Yijiangnan Lot-2 (滎陽市憶江南地塊-2)	295,412.50	87.00%	Residential	441,400.14	433,645.78	30/6/2020
75	Xinjin Lot (新津地塊)	22,731.50	87.00%	Residential	80,810.32	67,519.85	27/3/2020
76	Fuyang 2017-33 Lot (阜陽2017-33號地塊)	77,605.00	15.31%	Residential	219,352.17	48,780.80	12/1/2020
77	Beihai Bridge Lot (北海大橋地塊)	55,320.00	13.75%	Residential	132,832.87	88,305.20	22/3/2020
78	Mengcheng 2018-6 Lot (蒙城縣2018-6號地塊)	71,359.39	22.97%	Residential	180,356.75	120,212.80	29/3/2020
79	Xinyang Yijiangnan Lot-3 (滎陽憶江南地塊-3)	80,190.01	87.89%	Residential	984,800.44	178,794.44	25/1/2020
80	The Ocean Coastal (Qingdao West Coast Center) (海月星灣(青島西海岸中心))	100,705.00	40.29%	Residential	422,259.08	386,663.72	31/12/2021
81	Helin E05 Lot (鶴林E05地塊)	65,666.00	4.52%	Residential	183,995.02	183,995.02	31/12/2022
82	Haining 18130 Lot (Haining Xieqiao New Lot) (海土字18130號地塊(海寧斜橋新地塊))	44,887.00	100.00%	Residential	149,641.31	133,556.13	20/1/2022
83	Shangjun (Fuyang 78 Lot) (上部(阜陽78地塊))	102,493.85	45.00%	Residential	267,212.42	144,233.39	1/5/2021
84	Fuzhou 2017-18 Lot (福州市晉安宦溪鎮羅漢村桂湖社區地塊一宗地2017-18)	77,113.00	3.50%	Residential	158,846.33	158,846.33	1/12/2021
85	Hailiang•Yuchen (海亮•樂辰)	27,695.33	33.00%	Residential	104,922.46	104,922.46	1/6/2021
86	Dingqiao R21-05 Lot (丁橋單元R21-05號地塊)	23,772.00	43.50%	Residential	99,390.59	80,329.13	1/7/2020
87	Bengbu Golden Age (蚌埠黃金時代)	97,021.93	21.10%	Residential	292,842.19	233,172.49	6/2021
88	Zhengzhou Delan Lot (鄭州德蘭地塊)	196,121.00	51.00%	Residential	576,552.70	576,552.70	24/8/2025
89	Zhengzhou Olympic Century (鄭州奧體世紀)	75,739.30	42.21%	Residential	370,374.85	109,593.04	26/10/2021
90	Suzhou Gusu 45 Lot (蘇州姑蘇45地塊)	26,930.70	50.38%	Residential	79,908.77	79,908.77	21/9/2021
91	Gouzhuang 8 Lot (勾莊8號)	18,703.00	36.66%	Residential	62,696.00	62,696.00	26/11/2021
92	Leqing Lot (樂清地塊)	31,677.00	24.75%	Residential	85,304.00	85,304.00	1/3/2022
93	Changle 2019-5 Lot (長樂2019-5地塊)	125,737.00	34.00%	Residential	319,742.20	319,742.20	1/3/2022
94	Chongqing Huixing Lot (重慶回興地塊)	37,791.00	71.66%	Residential	95,048.16	95,048.16	30/5/2021
95	Jiangmen Jianghai 02 Lot (江門江海02地塊)	30,230.62	33.00%	Residential	102,529.10	102,529.10	1/7/2022
96	Xiaoshan Beigan A47 Lot (蕭山北幹A47地塊)	25,811.00	47.01%	Residential	103,264.00	103,264.00	4/9/2022
97	Huzhou Caotian 1 Lot (湖州草田漾1地塊)	70,277.00	50.00%	Residential	186,456.00	186,456.00	12/10/2021
98	Wenzhou Cangnan Lot (溫州蒼南地塊)	44,518.00	34.00%	Residential	116,872.40	116,872.40	19/8/2021
99	Huzhou Caotian 4 Lot (湖州草田漾4地塊)	48,508.00	50.00%	Residential	120,000.00	120,000.00	12/10/2021
100	Jinhua Qingzhao Road Lot (金華清照路地塊)	43,597.51	49.00%	Residential	79,402.80	79,402.80	1/9/2022
101	Tianjin Dongli District 03 Lot (天津東麗區03地塊)	34,369.00	50.00%	Residential	54,228.00	54,228.00	1/11/2022
102	Tianjin Dongli District 04 Lot (天津東麗區04地塊)	27,184.00	50.00%	Residential	51,099.00	51,099.00	1/3/2022
103	Changzhou 1104 Lot (常州1104地塊)	19,278.00	100.00%	Residential	56,119.60	56,119.60	1/11/2022
104	Changtai Yintai Road Lot (長泰銀泰路地塊)	24,000.00	93.03%	Residential	81,500.00	81,500.00	1/8/2022

## Business Review and Outlook

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time	
105	lin'an Tianmu Pharmacy Harbor 24 Lot (臨安天目醫藥港24地塊)	Hangzhou	37,328.00	49.00%	Residential	133,070.00	117,206.00	1/3/2022
106	Pingtian 2019-G029 Lot (平潭2019-G029地塊)	Fuzhou	66,431.00	100.00%	Residential	190,561.36	190,561.36	1/10/2022
107	Jiujiang Mung Gulf (九江綠豆灣)	Jiujiang	67,374.00	47.50%	Residential	182,130.00	182,130.00	1/3/2022
108	Fuyang Linqun 2 Lot (阜陽臨泉2地塊)	Fuyang	92,155.95	27.50%	Residential	235,849.68	235,849.68	1/5/2022
109	Wenzhou Leqing Zhongneng Lot (溫州樂清中能地塊)	Wenzhou	134,979.00	30.60%	Residential	347,682.00	347,682.00	3/11/2022
110	Lin'an Tianmu Pharmacy Harbor 30 Lot (臨安天目醫藥港30地塊)	Hangzhou	57,103.00	25.00%	Residential	209,498.00	176,000.00	1/5/2022
111	Shengzhou Library Lot (嵊州圖書館地塊)	Shaoxing	19,403.00	91.70%	Residential	740,316.91	740,316.91	1/11/2021
112	Zhangwuzhai Lot (張五岩學院府)	Zhengzhou	199,774.58	51.00%	Residential	574,869.73	574,869.73	28/12/2021
113	Shanghai Huacao Lot I (KaiYU) (閔行區華漕鎮MHPO-1402 單元41-02地塊(愷譽))	Shanghai	26,360.30	50.00%	Office	117,903.52	-	21/12/2016
114	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮 MHPO-1402 單元35-01地塊(愷日))	Shanghai	13,455.90	50.00%	Office	48,226.59	-	24/12/2018
115	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402 單元36-01地塊(愷崇))	Shanghai	10,994.90	25.00%	Office	37,572.89	-	11/12/2018
116	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮 MHPO-1402 單元42-01地塊(愷暢))	Shanghai	30,921.50	50.00%	Office	106,744.00	-	15/12/2017
117	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	Zhengzhou	64,876.00	87.00%	Office	252,600.00	229,527.16	10/9/2019
118	Hailiang time ONE (海亮時代ONE)	Zhengzhou	50,053.14	55.00%	Commercial	304,542.42	40,732.59	30/11/2020
119	Yangpu 02B1-06 Lot (楊浦區平涼社區 02B1-06地塊)	Shanghai	16,112.30	15.20%	Commercial	81,398.21	65,091.00	1/4/2020
120-177	Others		6,109,766.98			13,777,091.72	99,442.03	
Total			15,817,490.53			43,970,041.00	18,165,708.93	

## OVERVIEW AND OUTLOOK

## Market and business review

During the first half of 2019, the state continued to implement the general requirements of "housing is for living in, not for speculation" and strictly implemented regulatory policies on the real estate market. According to statistics of Centaline Property Research Centre, in the first six months of this year, there were 251 newly issued national real estate regulatory policies, up by 31% as compared with the same period of last year. In June 2019 alone, China issued more than 46 real estate regulatory policies. Under the strict regulatory policies, the sales amount of commodity housing in China was stable with a downward trend. According to the data of the National Bureau of Statistics, from January to May 2019, the sales area of commercial housing was 555.18 million sq.m., down by 1.6% as compared with the same period of last year, which was 1.3 percentage points higher than the decrease of January to April 2019. The sales of commercial housing was RMB5,177.3 billion, up by 6.1% as compared with the same period of last year, which was down by 2 percentage points lower than the increase of January to April 2019.

## Business Review and Outlook

Under the backdrop of the returning of the real estate industry to the nature of “residential”, and “quality” becoming the new mainstream, the Group continued to uphold the vision of “become a property developer leader with quality and a service provider for an ideal life” by shaping cities with good quality and adhering to the keynote of stable growth. With the implementation of the strategies of “focus, balance and alliance with giants” and under the precise control of market cycle and the persistence of product quality, the Group regarded steadily increasing profitability and lowering leverage as its primary goals during the first half of 2019, and delivered a result of growing profitability and optimized capital structure.

Following the achievement of the strategic objective of contracted sales of RMB100 billion in 2018, Ronshine China maintained steadily rising profit indicators in the first six months of 2019. As at 30 June 2019, the Group recorded a revenue of RMB26.62 billion, an increase of 86.29% as compared with the same period of last year; a gross profit of RMB6.36 billion, an increase of 51.97% as compared with the same period of last year; and a net profit of RMB3.51 billion, an increase of 55.75% as compared with the same period of last year. During the Period, the Group recorded a contracted sales of RMB56.7 billion, a contracted gross floor area (“**GFA**”) of 2.82 million sq.m. and an average contracted sales price of RMB20,100 per sq.m. In terms of regional sales, the Group continued to maintain its leading position in Hangzhou and Fuzhou, reflecting clearly its regional competitive strength. According to China Real Estate Information Corporation, the Group ranked first in terms of sales and GFA in Fuzhou and ranked the second in terms of equity sales in Hangzhou in the first half of 2019.

As a property developer with contracted sales of RMB100 billion, the Group, with great vision, possesses insights into the trends of city development and property development, and seized the opportunities to invest in two featured development modes of urban renewal and transit-oriented development (the “**TOD**”) which is a comprehensive public transit-oriented urban development mode. With nearly 10 years of experience in urban renewal development, Ronshine China has developed representative properties such as Show Kingdom (世歐王莊) in Fuzhou, The Twin Harbour City (雙杭城) and China Legend (海月江潮) through carrying out high quality urban village renewal and old city reconstruction projects. While accumulating experience in urban renewal, the Group actively expended in Central China and participated in local renovation of shanty towns and old city reconstruction through the interaction of primary land development and secondary land development in Zhengzhou and Taiyuan. Representative properties including Zhengzhou Olympic Century (鄭州奧體世紀) have been developed.

Ronshine China believes that the TOD property development mode is the general trend in the future. With maturing urbanization development, policies that encourage the TOD mode have been introduced in many places. According to the “Middle and Long-term Development Plan for Comprehensive Traffic Network in Shandong Province(2018-2035)” (《山東省綜合交通網中長期發展規劃(2018-2035年)》), Qingdao will continue to promote the construction of urban rail traffic network characterizing “One ring with four lines, three districts with three networks and interconnection among networks (一環四綫、三城三網、網間互聯)”, with a view to achieving interwoven main lines and the connection of branch lines as soon as possible. The Group captured market opportunities to establish its first presence in Shandong Peninsula in November last year, and introduced Ronshine Xifa Ocean Costal (融信西發·海月星灣) as the first of its property project in Qingdao. Ocean Costal put forward the concept of “city suture (城市縫合)”, which aims to build a landmark with potentials for the new center of Qingdao with Ronshine Xifa Coastal Complex (融信西發濱海綜合體) at its core through establishing a seashore living community.

Satisfactory results have been achieved while establishing our first presence in Shandong. Shandong Peninsula urban agglomerations have been added into our previous eight core urban agglomerations and the Group has implemented its latest strategies in relation to the nine core urban agglomerations, including the west coast of the Straits, the Yangtze River Delta, middle reaches of the Yangtze River, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Zhongyuan

## Business Review and Outlook

(Central Plain), Chengdu, Chongqing Region, Northwest China and Shandong Peninsula urban agglomerations. Adhering to the strategy of rooting in the core first- and second-tier cities, the Company proactively expanded from the cities with existing business presence to surrounding satellite cities with obvious spillover demand, net inflows of population and emerging industries, and focused on creating innovative city projects of high quality, which have laid a solid foundation for stable and fast growth in the future.

In respect of land reserve, the Group adopted the principle of prudent land purchase. The Group accurately grasped the market cycle during the Period and purchased many high-quality land parcels at a low premium rate. At the same time, the projects in Zhengzhou and Taiyuan were gradually about to enjoy their harvest, which also brought abundant land reserve to the Group. In June 2019, Ronshine China won the residential land of Zhengzhou High-tech Zone with a total GFA of 574,870 sq.m. at the initial bidding price.

Looking forward, the Group will replenish its land reserve through diversified channels such as bidding, auction, listing, co-development, mergers and acquisitions, and first- and second- level linkages. In the first half of this year, the Group newly added 23 land projects with an additional GFA of 4,208,148 sq.m. As of 30 June, 2019, there were 177 projects in 43 cities, with the total GFA of land reserve reaching 26.54 million sq.m.

Since the beginning of this year, Ronshine China has accurately grasped the opportunity in the capital market to optimize its debt structure, moderately extending the debt period and reducing financing costs which have achieved stage results recently. In February 2019, the Group completed the swap of US\$390 million senior note to extend the debt period. In April 2019, the Group placed 108,000,000 shares to increase its share capital, and 60 institutional investors such as long-term funds, asset management companies, insurance companies and hedge funds were involved. In the same month, the Group successfully issued the 3.5-year senior notes with a coupon rate of 8.75%, which was the US dollar debt issued with the longest term and at the lowest interest rate for years. In June 2019, the Group redeemed private corporate bonds with principal amount of RMB1.75 billion in advance and repurchased and cancelled US\$64.95 million 8.25% senior notes due 2021.

With the optimization of capital structure, the lowering leverage measures have achieved remarkable results, and the Group has been recognized by international credit rating agencies. In April 2019, Moody's Investors Service, Inc. raised the Company's main rating from "B2" to "B1" while the outlook remained "stable". At the same time, S&P Global Ratings raised outlook rating from "stable" to "positive" and confirmed that the Company's long-term issuer's credit rating is "B".

The rapid growth, increasing capital market identification and huge potential of the Group have drawn the attention and recognition of the industry and investors. The Group won the "2018 Most Valuable Real Estate Company of Golden Hong Kong Stocks" award in January 2019, and ranked fifth in the "2019 China Top 100 Real Estate Developers – Growth Enterprises TOP 10" organized by the China Index Academy and 24th in the "2019 China Top 100 Real Estate Developers" in March 2019. The Group adhered to the establishment of high-quality projects. With the rapid and stable development, the Group ranked 21st in the "China's Top 500 Real Estate Developers in 2019" as well as sixth in the "2019 China Top 10 Comprehensive Developments of Real Estate Enterprises" in the same month.

### Prospects

Looking forward, the Group will adhere to its vision of "become a property developer leader with quality and a service provider for an ideal life", make unremitting efforts to improve the quality of urban living and promote the well-being of the livelihood. Through diversified development capabilities, we will deeply cultivate the existing nine core urban agglomerations, prudently acquire the land, grasp the investment opportunity, actively pursue the core business, and continuously promote the optimization and upgrading of enterprises. The Group has conscientiously fulfilled more corporate social responsibility and insisted on developing as a real estate developer with high-speed quality growth in China.

In the second half of 2019, the Group will newly launch 19 projects into the market, and the sales level is expected to increase, steadily achieving the annual contract sales target of the Company.

# Management Discussion and Analysis

## SUMMARY OF OPERATING RESULTS

	For the six months ended 30 June		Change in percentage
	2019	2018	
<b>Contracted sales</b>			
Contracted sales amount (RMB'000) <sup>(Note 1)</sup>	56,677,994	54,531,296	3.94%
Contracted gross floor area (sq.m.)	2,819,800	2,537,101	11.14%
Average unit price of contracted sales (RMB/sq.m.)	20,100	21,494	-6.49%
<b>Property delivered</b>			
Revenue from delivery of properties (RMB'000)	26,212,469	14,001,718	87.21%
Delivered gross floor area (sq.m.)	1,942,119	807,820	140.41%
Recognised average selling price of properties delivered (RMB/sq.m.)	13,497	17,333	-22.13%
<b>Revenue (RMB'000)</b>	<b>26,616,331</b>	14,287,533	86.29%
<b>Cost of Sales (RMB'000)</b>	<b>(20,254,931)</b>	(10,101,640)	100.51%
<b>Gross profit (RMB'000)</b>	<b>6,361,400</b>	4,185,893	51.97%
<b>Other income and other gains (RMB'000)</b>	<b>74,998</b>	52,638	42.48%
<b>Profit before income tax (RMB'000)</b>	<b>5,964,372</b>	3,951,066	50.96%
<b>Profit for the period (RMB'000)</b>	<b>3,509,880</b>	2,253,594	55.75%
– attributable to owners of the Company (RMB'000)	1,978,627	1,523,912	29.84%
– attributable to non-controlling interests (RMB'000)	1,459,612	629,804	131.76%
– attributable to holders of Perpetual Capital Instruments (RMB'000)	71,641	99,878	-28.27%
Core net profit contributable to owners of the company (RMB'000) <sup>(Note 2)</sup>	1,956.30	1,553.94	25.89%
Gross profit margin <sup>(Note 3)</sup>	23.9	29.3	-18.42%
Net profit margin <sup>(Note 4)</sup>	13.2	15.8	-16.46%

	As at	As at	Change in percentage
	30 June 2019	31 December 2018	
Total assets (RMB'000)	200,980,678	203,443,878	-1.21%
Total liabilities (RMB'000)	161,199,468	167,825,520	-3.95%
Total equity (RMB'000)	39,781,210	35,618,358	11.69%
Capital and reserve attributable to owners of the Company (RMB'000)	15,270,368	12,754,828	19.72%
Current ratio <sup>(Note 5)</sup>	1.55	1.41	9.93%
Gearing ratio <sup>(Note 6)</sup>	0.77	1.05	-26.67%

## Management Discussion and Analysis

### Notes:

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of core net profit contributed to owners of the Company means the net profit contributed to owners of the Company less the fair value gains on investment properties (after income tax), fair value gains on the remeasurement of a joint venture recognized in other income and other gains – net and net foreign exchange gains, and plus net foreign exchange losses and value of employee services under share option scheme.
- (3) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (4) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (5) The calculation of current ratio is based on current assets divided by current liabilities.
- (6) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.

## PROPERTY DEVELOPMENT

### Contracted Sales

For the six months ended 30 June 2019, the Group and its joint ventures and associates achieved contracted sales of RMB56,677.99 million, representing a growth of approximately 3.94% compared with RMB54,531.29 million for the six months ended 30 June 2018. This increase was mainly attributable to the increase in the total GFA of the Group's (include its joint ventures and associates) contracted sales by 11.14% from 2,537,101 sq.m. for the six months ended 30 June 2018 to 2,819,800 sq.m. for the six months ended 30 June 2019.

The amount of the Group's (include its joint ventures and associates) contracted sales in Hangzhou, Fuzhou, Shanghai, Nanjing, Zhengzhou, Zhangzhou, Fuyang, Xiamen, Xi'an, accounted for (i) 35.80%, 11.74%, 11.04%, 6.16%, 4.04%, 4.01%, 3.40%, 2.13% and 1.83% of the Group's (include its joint ventures and associates) total contracted sales amount for the six months ended 30 June 2019, respectively, and (ii) 18.73%, 8.76%, 6.27%, 5.49%, 6.59%, 5.38%, 9.86%, 1.27% and 3.23% of the Group's (include its joint ventures and associates) total GFA of contracted sales for the six months ended 30 June 2019, respectively. The following table sets forth details of the contracted sales of the Group (include its joint ventures and associates) for the six month ended 30 June 2019:

	Amount (RMB million)	Percentage (%)	GFA (sq.m.)	Percentage (%)	Average selling price (RMB/sq.m.)
Hangzhou	20,288	35.80	528,146	18.73	38,413.62
Fuzhou	6,655	11.74	247,142	8.76	26,927.84
Shanghai	6,256	11.04	176,854	6.27	35,373.81
Nanjing	3,491	6.16	154,732	5.49	22,561.59
Zhengzhou	2,287	4.04	185,790	6.59	12,309.60
Zhangzhou	2,275	4.01	151,838	5.38	14,983.07
Fuyang	1,928	3.40	278,063	9.86	6,933.68
Xiamen	1,206	2.13	35,748	1.27	33,736.15
Xi'an	1,040	1.83	91,162	3.23	11,408.26
Others	11,252	19.85	970,325	34.42	11,596.11
<b>Total</b>	<b>56,678</b>	<b>100.00</b>	<b>2,819,800</b>	<b>100.00</b>	<b>20,100.01</b>

## Management Discussion and Analysis

## Projects completed

For the six months ended 30 June 2019, the Group (include its joint ventures and associates) completed a total of 16 projects or phases of projects, with total GFA of 4,622,916 sq.m. (2,316,578 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

## Projects under construction

As at 30 June 2019, the Group (include its joint ventures and associates) had a total of 87 projects or phases of projects under construction, with total planned GFA of 16,712,874 sq.m. (8,315,012 sq.m., after taking into account the interests of owners of the Company in the relevant projects).

## Land reserve

During the six months ended 30 June 2019, there were a total of 23 newly acquired land parcels with a total GFA of 4,208,148 sq.m. (2,297,981 sq.m., after taking into account the interests of owners of the Company in the relevant projects). The average cost of land parcels acquired was RMB6,451 per sq.m.(calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's (include its joint ventures and associates) newly acquired land parcels during the six months ended 30 June 2019:

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Suzhou	Suzhou Gusu 45 Lot (蘇州姑蘇45地塊)	22/2/2019	26,931	79,909	40,254	1,309	659	19,436
Hangzhou	Gouzhuang 8 Lot (勾莊8號)	20/3/2019	18,703	62,696	22,984	873	320	21,211
Wenzhou	Leqing Lot (樂清地塊)	22/3/2019	31,677	85,304	21,113	521	129	8,216
Fuzhou	Changle 2019-5 Lot (長樂2019-5地塊)	29/3/2019	125,737	319,742	108,712	1,202	409	5,005
Chongqing	Chongqing Huixing Lot (重慶回興地塊)	10/4/2019	37,791	95,048	68,112	632	453	11,149
Jiangmen	Jiangmen Jianghai 02 Lot (江門江海02地塊)	10/4/2019	30,231	102,529	33,835	442	146	5,847
Hangzhou	Xiaoshan Beigan A47 Lot (蕭山北幹A47地塊)	12/4/2019	25,811	103,264	48,541	1,354	637	19,433
Huzhou	Huzhou Caotian 1 Lot (湖州草田漾1地塊)	7/5/2019	70,277	186,456	93,228	771	386	6,095
Wenzhou	Wenzhou Cangnan Lot (溫州蒼南地塊)	8/5/2019	44,518	116,872	39,737	757	257	8,500
Huzhou	Huzhou Caotian 4 Lot (湖州草田漾4地塊)	22/5/2018	48,508	120,000	60,000	450	225	5,457
Jinhua	Jinhua Qingzhao Road Lot (金華清照路地塊)	15/5/2019	40,891	79,403	38,907	561	275	10,562

## Management Discussion and Analysis

City	Project name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Tianjin	Tianjin Dongli District 03 Lot (天津東麗區03地塊)	22/5/2019	34,369	54,228	27,114	705	353	13,001
Tianjin	Tianjin Dongli District 04 Lot (天津東麗區04地塊)	22/5/2019	27,184	51,099	25,550	600	300	11,742
Changzhou	Changzhou 1104 Lot (常州1104地塊)	29/5/2019	19,278	56,120	56,120	395	395	9,313
Zhangzhou	Changtai Yintai Road Lot (長泰銀泰路地塊)	12/6/2019	24,000	81,500	75,819	73	68	1,127
Hangzhou	Lin'an Tianmu Pharmacy Harbor 24 Lot (臨安天目醫藥港24地塊)	14/6/2019	37,328	133,070	65,204	572	280	6,128
Fuzhou	Pingtian 2019-G029 Lot (平潭2019-G029地塊)	18/6/2019	66,431	190,561	190,561	811	811	5,549
Jiujiang	Jiujiang Mung Gulf (九江綠豆灣)	11/6/2019	67,374	182,130	86,512	696	331	5,167
Fuyang	Fuyang Linquan 2 Lot (阜陽臨泉2地塊)	13/5/2019	92,156	235,850	64,859	384	106	2,083
Wenzhou	Wenzhou Leqing Zhongneng Lot (溫州樂清中能地塊)	27/6/2019	134,979	347,682	106,391	1,820	557	7,491
Hangzhou	Lin'an Tianmu Pharmacy Harbor 30 Lot (臨安天目醫藥港30地塊)	24/6/2019	57,103	209,498	52,375	823	206	5,546
Shaoxing	Shengzhou Library Lot (嵊州圖書館地塊)	26/6/2019	19,403	740,317	678,871	136	124	3,492
Zhengzhou	Zhangwuzhai Lot (張五砦學院府)	4/6/2019	199,775	574,870	293,184	1,819	928	3,531
<b>Total</b>			<b>1,280,454</b>	<b>4,208,148</b>	<b>2,297,981</b>	<b>17,706</b>	<b>8,353</b>	<b>6,451</b>

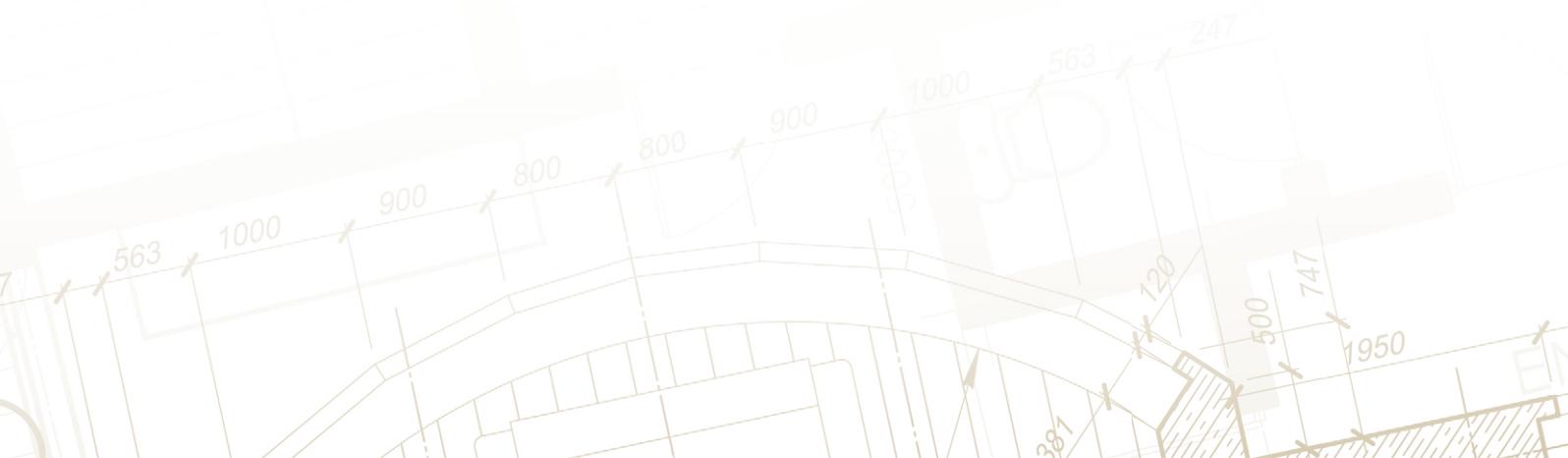
As at 30 June 2019, the total GFA of the Group's (include its joint ventures and associates) land reserve was approximately 26.5 million sq.m., among which, approximately 3.6 million sq.m. were completed properties held for sale, approximately 16.7 million sq.m. were under construction, and approximately 6.2 million sq.m. were held for future development.

As at 30 June 2019, the cost per sq.m. of the Group's (include its joint ventures and associates) land reserve was RMB6,365 of which 59.63% located in the prime area in the first-tier and second-tier cities in the PRC. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future development with quality.

## Management Discussion and Analysis

The following table sets forth details of the land reserve attributable to the owners of the Company as at 30 June 2019:

Region	Name of projects	Total land value of reserve <sup>(note)</sup> (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhoushan	Zhoushan 2017-007 Lot (2017-007地塊)	27,698.71	5.46	4,323.62
Chongqing	Chongqing Banan Lot (重慶巴南地塊)	95,924.08	21.78	6,189.33
	Chongqing Huixing Lot (重慶回興地塊)	45,289.12	6.81	11,149.04
Zhengzhou	Zhengzhou Zhongmou Lot (鄭州中牟縣地塊)	26,900.40	21.85	1,506.82
	Hailiang time ONE (海亮時代ONE)	28,494.26	12.56	3,284.25
	Xinyang Yijiangnan Lot (滎陽市憶江南地塊)	22,211.56	176.67	565.30
	Zhengzhou Delan Lot (鄭州德蘭地塊)	11,750.40	29.40	520.13
	Zhengzhou Olympic Century (鄭州奧體世紀)	21,392.87	15.63	1,824.13
	Zhangwuzhai Lot (張五砦學院府)	92,779.20	29.32	3,530.75
	Jurong 2017-J10-2-02 Lot (句容2017-J10-2-02號地塊)	8,161.68	2.25	4,837.12
Zhangzhou	Zhangzhou Wanke City (漳州萬科城)	15,942.40	10.94	1,773.17
	Zhangzhou 2017P01 Lot (漳州2017P01地塊)	148,848.00	17.59	10,897.04
	Changtai Yintai Road Lot (長泰銀泰路地塊)	6,791.19	7.58	1,126.54
Yinchuan	Binhe No.1 Project (濱河壹號)	6,509.80	14.13	529.80
	Haimao No.1 Project (海茂壹號院)	3,719.44	3.59	1,319.04
	Shiyuefu Project (世悅府)	9,413.10	10.04	1,280.77
Xi'an	Hai Liang De Wen Jun (海亮•德文郡)	24,282.22	9.46	2,545.62
	Hai Liang Tang Ning Fu (海亮•唐寧府)	10,148.95	6.98	1,960.03
	Hai Liang Xi Yue (海亮熙悅)	788.48	2.12	445.76
	Hailiang • Yuchen (海亮•禦辰)	12,320.55	3.46	4,820.70
Wenzhou	Leqing Lot (樂清地塊)	12,882.38	2.11	8,215.74
	Wenzhou Cangnan Lot (溫州蒼南地塊)	25,731.20	3.97	8,499.93
	Wenzhou Leqing Zhongneng Lot (溫州樂清中能地塊)	55,692.00	10.64	7,490.88
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	3,178.20	6.13	713.65



## Management Discussion and Analysis

Region	Name of projects	Total	Total GFA	Average cost	
		land value of reserve <sup>(note)</sup> (RMB'0,000)	of reserve (10,000 sq.m.)	per sq.m. (RMB/sq.m.)	
Tianjin	Tianjin Jinghai Lot (靜海2013-92號地塊)	97,744.67	14.74	8,237.63	
	Tianjin Jinnan Lot (津南2016-06號地塊)	99,967.73	9.77	12,959.16	
	Tianjin Dongli District 03 Lot (天津東麗區03地塊)	35,250.00	2.71	13,000.90	
	Tianjin Dongli District 04 Lot (天津東麗區04地塊)	30,000.00	2.55	11,741.91	
Suzhou	Kunshan Project (昆山(2016)2-4地塊)	135,150.00	13.56	13,573.43	
	Suzhou Tang Ning Fu (唐寧府)	87,936.75	7.74	15,992.52	
	Suzhou Gusu 45 Lot (蘇州姑蘇45地塊)	65,918.71	4.03	19,435.96	
Shaoxing	Shaoxing Shengzhou Lot (紹興嵊州地塊)	142,043.30	73.73	2,576.72	
	shengzhou Library Lot (嵊州圖書館地塊)	12,425.35	67.89	3,491.73	
Shanghai	Imperial Villa (融信鉑灣)	7,921.32	1.13	11,396.29	
	Shanghai Huacao Lot I (KaiYU) (閔行區華漕鎮 MHPO-1402 單元41-02地塊(愷譽))	7,516.55	1.67	6,165.40	
	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮 MHPO-1402 單元35-01地塊(愷日))	4,448.40	0.76	6,017.86	
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402 單元36-01地塊(愷崇))	2,347.80	0.36	6,098.18	
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮 MHPO-1402 單元42-01地塊(愷暢))	6,602.40	1.21	6,100.91	
	Platinum (融信鉑爵)	20,491.80	2.15	15,408.81	
	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	550,500.00	6.10	100,090.91	
	Shanghai Qingpu Lot (青浦36-01地塊)	59,788.04	3.86	21,610.30	
	Xinjiangwan City (新江灣城)	157,750.00	4.59	52,839.87	
	Yangpu 02B1-06 Lot (楊浦區平涼社區02B1-06 地塊)	15,667.06	0.99	25,592.76	
	Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400.00	18.54	23,207.05
		Xiamen Tongan Lot (同安2017P01地塊)	68,556.00	3.73	31,520.00
	Quzhou	Quzhou 2017(4) Lot (衢州(2017)4號地塊)	66,359.25	8.28	10,456.51
	Qingdao	The Ocean Costal (Qingdao West Coast Center) (海月星灣(青島西海岸中心))	35,539.81	17.01	3,503.70
Putian	Putian Xibai Lot (溪白村2017-04地塊)	81,990.15	10.88	10,032.19	
Ningbo	Ningbo Fenghua Lot (寧波奉化地塊)	17,902.19	3.09	8,772.53	
	Jiepai 3# Lot (界牌3#地塊 慈溪市古塘街道)	18,635.40	4.56	5,599.13	
Nantong	Nantong Yue Rong Shu (悅榕墅)	2,963.86	0.74	4,665.27	
Nanjing	Nanjing 2016G58 Lot (南京仙林2016G58 地塊-融築儒林花園)	178,067.56	10.21	24,957.12	
	Nanjing Jiulonghu Project (南京九龍湖 NO. 2016G73地塊)	53,700.00	35.09	2,514.78	

## Management Discussion and Analysis

Region	Name of projects	Total land value of reserve <sup>(note)</sup> (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Nanjing Jiangning Lot (江寧2017G02地塊)	85,759.00	8.98	12,842.08
	Nanjing 2017G31 Lot (NO.2017G31地塊)	30,499.94	3.97	12,129.86
	Nanjing 2017G36 Lot (NO.2017G36地塊)	85,000.00	13.35	9,464.35
Mengcheng	Mengcheng 2018-6 Lot (蒙城縣2018-6號地塊)	6,890.40	4.09	2,102.04
Longyan	Zijin Mountain Sports Park Lot (紫金山體育公園地塊)	18,546.66	7.46	3,146.94
Lu'an	Luan 2017-14 Lot (六出2017-14號地塊)	15,714.70	8.66	1,984.46
Lanzhou	Lanzhou Binhe Yi Hao (濱河一號)	22,760.10	18.50	1,545.70
	Lanzhou Xi'an Hua Fu (熙岸華府)	5,693.79	4.98	1,293.40
Jiujiang	Jiujiang Mung Gulf (九江綠豆灣)	33,074.64	8.65	5,167.48
Jinhua	Jinhua 2017-07 Lot (金華2017-07地塊一)	70,895.53	7.78	12,550.00
	Jinhua Qingzhao Road Lot (金華清照路地塊)	27,510.50	3.89	10,561.64
Jiangmen	Jiangmen Jianghai 02 Lot (江門江海02地塊)	14,583.36	3.38	5,847.32
Jiaying	Tongxiang 2017-52 Lot (桐土儲[2017]52號地塊)	8,859.98	3.53	3,219.19
	Haining 2018-004 Lot (海土字(2018)004號地塊)	49,590.00	9.60	7,199.70
Huzhou	Anji Development Zone (安吉開發區)	5,165.91	2.43	2,985.69
	Huzhou Caotian 1 Lot (湖州草田漾1地塊)	38,550.00	9.32	6,094.93
	Huzhou Caotian 4 Lot (湖州草田漾4地塊)	22,500.00	6.00	5,456.95
Hefei	Tangning Mansion (唐寧府)	18,446.52	1.40	18,155.55
Hangzhou	Hangzhou Wocheng Project (杭州臥城地塊一 天麓府)	2,730.20	0.77	5,112.55
	Hangzhou Normal University Lot (杭師大地塊)	43,996.81	2.88	25,717.10
	Lan Sky (融信•瀾天)	16,416.00	4.38	5,739.46
	Jingkai Project (經開地塊)	14,381.24	1.39	16,001.87
	Hangzhou Yuhang Lot (余杭2016(48)號地塊)	65,706.00	6.12	16,720.79
	Hangzhou Jingjiang Lot (靖江花神廟地塊)	43,083.27	6.13	5,100.74
	Hangzhou Xiaoshan Lot(蕭山2017-1號地塊)	197,904.88	9.52	30,816.04
	Hangzhou 2016-35 Lot (杭政儲出(2016)35號)	18,776.00	1.32	26,106.20
	Hangzhou 2016-44 Lot (杭政儲出(2016)44號)	8,897.00	0.67	27,278.95
	Hangzhou 2017-44 Lot (杭政儲出(2017)44號)	385,288.13	13.52	40,541.60
	Hangzhou 2017-42 Lot (杭政儲出(2017)42號)	55,810.50	3.40	24,703.96
	Hangzhou 2017-14 Lot (蕭政儲出(2017)14號)	51,781.84	4.30	16,579.62

## Management Discussion and Analysis

Region	Name of projects	Total land value of reserve <sup>(note)</sup> (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Hangzhou 2017-20 Lot (蕭政儲出(2017)20號)	161,312.20	10.00	22,949.96
	Hangzhou 2017-43 Lot (余政儲出(2017)43號)	85,459.17	7.33	16,004.79
	Hushu Lot (湖墅地塊)	35,469.90	1.67	31,551.04
	Xiaoshan 2018-4 Lot (蕭政儲出(2018)4號蜀山單元地塊)	19,381.86	1.63	8,441.83
	Xiaoshan 2018-14 Lot (蕭政儲出(2018)14號地塊)	324,532.91	27.07	17,133.99
	Dingqiao R21-05 Lot (丁橋單元R21-05號地塊)	42,603.90	3.49	17,161.86
	Gouzhuang 8 Lot (勾莊8號)	31,996.11	2.30	21,211.47
	Xiaoshan Beigan A47 Lot (蕭山北幹A47地塊)	63,660.17	4.85	19,432.86
	Lin'an Tianmu Pharmacy Harbor 24 Lot (臨安天目醫藥港24地塊)	28,022.12	5.74	6,128.16
	Lin'an Tianmu Pharmacy Harbor 30 Lot (臨安天目醫藥港30地塊)	20,586.00	4.40	5,546.25
Haining	Haining 18130 Lot (Haining Xieqiao New Lot) (海土字18130號地塊(海寧斜橋新地塊))	44,200.00	14.96	3,938.78
Guangzhou	Guangzhou Zengcheng Lot (廣州增城地塊)	53,537.40	3.47	14,999.46
Ganzhou	Ganzhou Rongxitai (贛州榕臺台)	18,832.00	6.32	3,510.62
Fuyang	Hai Liang Yue Fu (海亮•悅府)	13,029.89	14.34	990.00
	The Riverside Mansion (海亮•江灣城)	4,695.25	3.35	1,662.31
	Hai Liang Long Yuan (海亮•瓏園)	4,063.51	2.34	2,320.54
	Hai Liang Xing Cheng (海亮•星城)	3,201.53	2.19	1,934.00
	Hai Liang Xingfu Li (海亮•幸福里)	14,187.10	10.76	1,657.59
	Xingfu Li East County (幸福里東郡)	11,692.73	7.54	2,235.35
	Xingfu Li North County (幸福里北郡)	11,923.86	6.77	2,190.22
	Fuyang 2017-33 Lot (阜陽2017-33號地塊)	4,634.42	3.36	1,695.69
	Shangjun (Fuyang 78 Lot) (上郡(阜陽78地塊))	16,673.10	12.02	1,721.42
	Fuyang Linquan 2 Lot (阜陽臨泉2地塊)	10,558.55	6.49	2,083.14
Fuzhou	Helin E05 Lot (鶴林E05地塊)	12,902.93	0.83	21,731.19
	The Twin Harbour City (融信雙杭城)	415,880.00	96.35	6,064.53
	The Long Island (融信長島)	115,700.00	59.67	2,437.20
	"Hot Spring City" (福州溫泉城項目)	77,697.00	72.99	1,609.66
	Huayun Mansion (華雲山莊)	14,688.14	6.48	3,300.00
	Fuzhou 2017-06 Lot (馬宗地2017-06號地塊)	13,817.28	2.53	7,339.71
	Fuzhou 2017-23 Lot (宗地2017-23地塊)	141,000.00	8.49	21,972.88
	Fuzhou 2016-1 Lot (2016拍-1號)	8,364.00	3.94	2,137.35

## Management Discussion and Analysis

Region	Name of projects	Total land value of reserve <sup>(note)</sup> (RMB'0,000)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Fuzhou 2017-18 Lot (福州市晉安宦溪鎮羅漢村桂湖社區地塊一宗地2017-18)	3,111.50	0.56	7,686.59
	Changle 2019-5 Lot (長樂2019-5地塊)	40,868.00	10.87	5,005.05
	Pingtian 2019-G029 Lot (平潭2019-G029地塊)	81,100.00	19.06	5,549.16
Dongtai	Beihai Bridge Lot (北海大橋地塊)	3,780.43	1.79	2,761.11
Chengdu	Chengdu Jinniu Lot (金牛三號宗地)	70,415.64	5.92	16,914.86
	Xinjin Lot (新津地塊)	20,765.26	7.01	4,200.01
Changzhou	Changzhou 1104 Lot (常州1104地塊)	39,500.00	5.61	9,313.49
Bengbu	Bengbu Hai Liang Xi Yuan (蚌埠海亮熙園)	666.71	0.45	1,691.38
	Bengbu Golden Age (蚌埠黃金時代)	9,919.89	6.18	1,933.34
<b>Total</b>		<b>6,631,740.59</b>	<b>1,413.63</b>	<b>6,364.57</b>

Note:

- (1) This represents the original land costs of these projects only, and did not reflect the fair value increase that had been recognised upon acquisitions or consolidations by the Group during the six months ended 30 June 2019.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2019, the Group derived its revenue from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing; and (iii) the rental income and others, which were mainly generated from the lease of investment properties and hotel operation. The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the six months ended 30 June		Change in percentage
	2019 RMB'000	2018 RMB'000	
<b>Revenue</b>			
Sales of properties	26,212,469	14,001,718	87.21%
Construction services	237,674	148,146	60.43%
Rental income and others	166,188	137,669	20.72%
<b>Total</b>	<b>26,616,331</b>	<b>14,287,533</b>	<b>86.29%</b>

## Management Discussion and Analysis

The revenue of the Group increased by approximately 86.29% from RMB14,287.5 million for the six months ended 30 June 2018 to RMB26,616.33 million for the six months ended 30 June 2019. This increase was mainly attributable to:

- (i) the increase in the total GFA of properties delivered by the Group by 140.41% from 807,820 sq.m. for the six months ended 30 June 2018 to 1,942,119 sq.m. for the six months ended 30 June 2019;
- (ii) the increase in revenue from construction services by 60.43% from RMB148.15 million for the six months ended 30 June 2018 to RMB237.67 million for the six months ended 30 June 2019; and
- (iii) the rental income increased by 17.11% from RMB63.84 million for the six months ended 30 June 2018 to RMB74.76 million for the six months ended 30 June 2019. The others are mainly hotel operation. During the six months ended 30 June 2019, revenue from hotel operation of the Group was RMB76.70 million.

Revenue generated from the sales of properties amounted to RMB26,212.47 million for the six months ended 30 June 2019. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the six months ended 30 June 2019:

	For the six months ended 30 June					
	2019			2018		
	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)
Hangzhou	15,715	595,495	26,390	7,384	336,577	21,939
Fuzhou	2,892	269,883	10,716	1,900	92,673	20,502
Fuyang	1,873	300,202	6,239	430	53,167	8,088
Lu'an	1,473	250,842	5,872	–	–	–
Bengbu	1,407	228,448	6,159	–	–	–
Others	2,852	297,249	9,595	4,288	325,403	13,178
<b>Total</b>	<b>26,212</b>	<b>1,942,119</b>	<b>13,497</b>	<b>14,002</b>	<b>807,820</b>	<b>17,333</b>

### Cost of sales

The Group's cost of sales increased by 100.51% from RMB10,101.64 million for the six months ended 30 June 2018 to RMB20,254.93 million for the six months ended 30 June 2019. This increase was mainly attributable to the increase in the GFA of properties sold by the Group during the six months ended 30 June 2019.

## Management Discussion and Analysis

### Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by 51.97% from RMB4,185.89 million for the six months ended 30 June 2018 to RMB6,361.40 million for the six months ended 30 June 2019.

The Group's gross profit margin decreased from 29.30% for the six months ended 30 June 2018 to 23.90% for the six months ended 30 June 2019, primarily because the Group delivered different portfolio of properties in the first half of 2019 in comparison with the first half of 2018.

### Other income and other gains

The Group's other income and other gains primarily includes (i) gains from certain cash management products; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income and other gains increased by 42.48% from RMB52.64 million for the six months ended 30 June 2018 to RMB75.00 million for the six months ended 30 June 2019.

### Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) property management fees; and (iv) other costs including rental expense, office expense and other miscellaneous fees and expenses.

The Group's selling and marketing costs increased by 28.35% from RMB428.23 million for the six months ended 30 June 2018 to RMB549.62 million for the six months ended 30 June 2019, primarily due to increases in marketing expenses and staff cost of the Group as a result of increased sales activities.

### Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) other taxes; (iii) office and travel expenses; (iv) entertainment expenses; (v) consultation fees; (vi) office lease expenses; and (vii) others.

The Group's administrative expenses increased by approximately 19.84% from RMB620.75 million for the six months ended 30 June 2018 to RMB743.92 million for the six months ended 30 June 2019, primarily due to the increase in staff cost of the Group.

### Fair value gains on investment properties

The decrease in fair value gains on investment properties by 71.13% from RMB272.55 million for the six months ended 30 June 2018 to RMB78.69 million for the six months ended 30 June 2019 was mainly due to the different development progress of the investment properties which are under development.



## Management Discussion and Analysis

### Finance cost — net

Finance cost — net increased by 290.66% from RMB46.13 million for the six months ended 30 June 2018 to RMB180.21 million for the six months ended 30 June 2019, primarily due to the increase in non-capitalised interest expenses of RMB407.31 million.

### Share of net profit of associates and joint ventures accounted for using the equity method

The Group's share of net profit of associates and joint ventures accounted for using the equity method increased by 72.50% from RMB535.08 million for the six months ended 30 June 2018 to RMB923.03 million for the six months ended 30 June 2019, primarily due to increasing profits along with delivery of properties from joint ventures during the six months ended 30 June 2019.

### Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by 50.96% from RMB3,951.07 million for the six months ended 30 June 2018 to RMB5,964.37 million for the six months ended 30 June 2019.

### Income tax expenses

The Group's income tax expenses comprise provisions made for enterprise income tax ("EIT") (including deferred income tax) and LAT in the PRC.

The Group's income tax expenses increased by 44.60% from RMB1,697.47 million for the six months ended 30 June 2018 to RMB2,454.49 million for the six months ended 30 June 2019. Specifically, EIT (including deferred income tax) increased by 46.04% from RMB902.01 million for the six months ended 30 June 2018 to RMB1,317.26 million for the six months ended 30 June 2019, and LAT increased by 42.96% from RMB795.47 million for the six months ended 30 June 2018 to RMB1,137.23 million for the six months ended 30 June 2019.

The effective income tax rate of the Group for the six months ended 30 June 2019 was 33.74%, compared to 34.42% for the six months ended 30 June 2018. Effective income tax was calculated based on EIT divided by profit before income tax (excluding the share of net profits of associates and joint ventures accounted for using the equity method, fair value gains on the remeasurement of joint ventures and LAT).

### Profit for the period attributable to owners of the Company

As a result of the aforementioned changes of the Group's financials, the Group's profit for the period attributable to owners of the Company increased by 29.84% from RMB1,523.91 million for the six months ended 30 June 2018 to RMB1,978.63 million for the six months ended 30 June 2019.

### Profit for the period attributable to non-controlling interests

Profit for the period attributable to non-controlling interests increased by approximately 131.76% from a profit of RMB629.80 million to a profit of RMB1,459.61 million. This increase was primarily attributable to the recognition of revenue from sales of properties during the six months ended 30 June 2019 in the respective projects, which were jointly developed with non-controlling parties.

## Management Discussion and Analysis

### FINANCING ACTIVITIES

#### Exchange Offer and Consent Solicitation in relation to outstanding senior notes

Reference is made to the announcements of the Company dated 25 January 2018, 26 January 2018, 2 February 2018, 12 February 2018, 13 February 2018, 1 March 2018, 27 March 2018, 10 July 2018, 11 July 2018, 17 July 2018, 30 August 2018, 31 August 2018 and 6 September 2018 in relation to the Company's outstanding 8.25% senior note due 2021 (ISIN (Reg S): XS1747665922, Common Code (Reg S): 174766592), comprising US\$325,000,000 8.25% senior notes due 2021 first issued by the Company on 1 February 2018, with additional issuances of US\$100,000,000 8.25% senior notes due 2021 issued on 27 February 2018, US\$225,000,000 8.25% senior notes due 2021 issued on 12 July 2018 and US\$150,000,000 8.25% senior notes due 2021 issued on 4 September 2018 (the "**2018 Notes**").

On 8 February 2019, the Company offered to exchange the outstanding 2018 Notes (the "**Old Notes**") for new notes which are the US\$ denominated senior notes due 2021 to be issued by the Company (the "**New Notes**"), to be exchanged in accordance with the exchange offer (the "**Exchange Offer**") and commenced the solicitation of consent of holders of the Old Notes (the "**Consent Solicitation**"), upon the terms and subject to the conditions set forth in the exchange offer memorandum dated 8 February 2019.

On 22 February 2019, US\$390,466,000 principal amount of the Old Notes were exchanged and the Company delivered US\$392,238,000 of the New Notes and US\$1,083,282.69 in cash in full satisfaction of the exchange consideration for the Old Notes. Following the completion of the Exchange Offer and the Consent Solicitation, US\$390,466,000 principal amount of the Old Notes were cancelled. Application was also sought to list the New Notes on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). No listing of the New Notes had been sought in Hong Kong.

On the same date, the Company issued additional new notes in the aggregated principal amount of US\$207,762,000 due in 2021 (the "**Additional New Notes**") on SGX-ST pursuant to the concurrent offering (the "**Concurrent New Money Issuance**") by the Company to issue and sell the Additional New Notes that will form a single series with the corresponding New Notes issued in the Exchange Offer. For further details, please refer to the paragraph headed "Issuance of 2019 First Senior Notes due 2021" in this section.

On 18 June 2019, US\$64,945,000 principal amount of the 2018 Notes, representing 15.86% of the aggregate principal amount of the outstanding 2018 Notes, were repurchased by the Company and were cancelled. As at 19 June 2019, US\$344,589,000 in aggregate principal amount of the 2018 Notes remained outstanding.

For further details, please refer to the announcements of the Company dated 8 February 2019, 12 February 2019, 18 February 2019, 19 February 2019, 22 February 2019, 27 February 2019 and 19 June 2019.

#### Issuance of 2019 First Senior Notes due 2021

Reference is made to the announcements of the Company dated 8 February 2019, 12 February 2019, 18 February 2019 and 22 February 2019 in relation to, among other things, the Exchange Offer and Consent Solicitation, and the Concurrent New Money Issuance.

On 22 February 2019, the Company issued Additional New Notes in the aggregated principal amount of US\$207,762,000 due in 2021 on SGX-ST. The Additional New Notes will be consolidated and form a single series with the US\$392,238,000 principal amount of New Notes exchanged in accordance with the Exchange Offer (the "**2019 First Senior Notes**"). Upon consolidation, the total outstanding principal amount of the 2019 First Senior Notes will be US\$600,000,000, with an interest rate of 11.25% per annum payable semi-annually in arrears.

## Management Discussion and Analysis

The maturity date of the 2019 First Senior Notes is 22 August 2021. At any time and from time to time before the maturity date, the Company may at its option redeem the 2019 First Senior Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 12 February 2019, 19 February 2019, 22 February 2019 and 27 February 2019, and the relevant offering memorandum.

As at the date of this report, the Group had utilised most of the net proceeds from the issuance of the 2019 First Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

### Issuance of 2019 Second Senior Notes due 2022

On 25 February 2019, the Company issued senior notes in the aggregate principal amount of US\$300,000,000 due in 2022 (the **"Original 2019 Second Senior Notes"**) on SGX-ST, with an interest rate of 10.50% per annum payable semi-annually in arrears. The maturity date of the Original 2019 Second Senior Notes is 1 March 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Original 2019 Second Senior Notes, at a pre-determined redemption price.

On 29 April 2019, the Company issued additional notes in the aggregate principal amount of US\$200,000,000 (to be consolidated and form a single series with the Original 2019 Second Senior Notes) (the **"Consolidated 2019 Second Senior Notes"**) and together with the Original 2019 Second Senior Notes, **"2019 Second Senior Notes"**). The maturity date of the Consolidated 2019 Second Senior Notes is 1 March 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2019 Second Senior Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 26 February 2019, 30 April 2019 and 10 May 2019, and the relevant offering memorandums.

As at the date of this report, the Group had utilised most of the net proceeds from the issuance of the 2019 Second Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

### Public Offering of the 2019 Domestic Corporate Bonds in the PRC

On 28 February 2019, Rongxin (Fujian) Investment Group Co., Ltd\*. (融信(福建)投資集團有限公司) (**"Rongxin Investment"**), an indirect subsidiary of the Company established in the PRC, proposed to lodge an application to the Shanghai Stock Exchange to undertake public offering(s) of domestic corporate bonds to qualified investors with an aggregate principal amount of not more than RMB4.0 billion (RMB4.0 billion inclusive) (the **"2019 Domestic Corporate Bonds"**). Upon receipt of the approval from the Shanghai Stock Exchange, the 2019 Domestic Corporate Bonds shall be issued by Rongxin Investment in certain tranches in the PRC.

The 2019 Domestic Corporate Bonds are non-guaranteed bonds, and satisfy the basic conditions for conducting securities-pledged repurchase. For further details, please refer to the announcement of the Company dated 28 February 2019.

## Management Discussion and Analysis

### Placing in 2019

Reference is made to the Company's announcement dated 4 April 2019 (the "**2019 Placing Announcement**"). The Group successfully raised a net proceeds of HK\$1.18 billion through the placing (the "**2019 Placing**") of 108,000,000 existing shares (the "**2019 Placing Shares**") by Dingxin Company Limited ("**Dingxin**"), a controlling shareholder of the Company, to not less than six independent professional, institutional and/or individual investors at the placing price of HK\$10.95 each on 11 April 2019 for the Company's development purposes and as general working capital of the Group. The Company subsequently allotted and issued 108,000,000 new shares to Dingxin.

Upon the completion of the 2019 Placing, the Company received gross proceeds of HK\$1,182,600,000 and net proceeds, after deducting all applicable costs and related expenses, of HK\$1,171,460,000, representing a net issue price of HK\$10.85 per 2019 Placing Share.

As at the date of this report, the Group had utilised all the net proceeds from the 2019 Placing for the Company's development purposes and as general working capital of the Group, which was consistent with the purposes disclosed in the 2019 Placing Announcement.

### Issuance of 2019 Third Senior Notes due 2022

On 17 April 2019, the Company issued senior notes in the aggregated principal amount of US\$200,000,000 due in 2022 (the "**Original 2019 Third Senior Notes Due 2022**") on SGX-ST, with an interest rate of 8.75% per annum payable semi-annually in arrears on 25 April and 25 October of each year, commencing on 25 October 2019.

The maturity date of the Original 2019 Third Senior Notes Due 2022 is 25 October 2022. At any time and from time to time before the maturity date, the Company may at its option redeem up to 35% of the aggregate principal amount of the Original 2019 Third Senior Notes Due 2022 with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 108.75% of the principal amount of the Original 2019 Third Senior Notes Due 2022, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

On 6 June 2019, the Company issued additional notes in the aggregate principal amount of US\$235,000,000 (to be consolidated and form a single series with the Original 2019 Third Senior Notes Due 2022) (the "**Consolidated 2019 Senior Notes Due 2022**" and together with the Original 2019 Third Senior Notes Due 2022, "**2019 Third Senior Notes**"). The maturity date of the Consolidated 2019 Senior Notes Due 2022 is 25 October 2022. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 2019 Senior Notes Due 2022, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 18 April 2019, 30 April 2019, 9 June 2019 and 19 June 2019, and the relevant offering memorandums.

As at the date of this report, the Group had utilised most of the net proceeds from the issuance of the 2019 Third Senior Notes to refinance certain existing indebtedness, which was consistent with the purposes disclosed in the aforesaid announcements.

## Management Discussion and Analysis

### Completion of the partial redemption at the option of holders of senior notes due 2019

Reference is made to the announcements of the Company dated 2 December 2016 and 15 February 2017 in relation to the issue of the 6.95% senior notes due 2019 (the “**2019 Notes**”). On 20 December 2018, the Company announced that it has, at the put option of the holders, repurchased an aggregate principal amount of US\$229,735,000 of the 2019 Notes held by such holder from 8 December 2018 to 20 December 2018 at 100.00% of the principal amount of the 2019 Notes plus accrued and unpaid interest to (but not including) the repurchase dates. The aggregate repurchase price paid by the Company is US\$229,811,421.99. For more details, please refer to the announcement of the Company dated 20 December 2018.

On 13 June 2019, the Company announced that it has, at the put option of the holders, repurchased an aggregate principal amount of US\$46,640,000 of the 2019 Notes held by such holders till 13 June 2019 at 100.00% of the principal amount of the 2019 Notes plus accrued and unpaid interest to (but not including) the repurchase dates. The aggregate repurchase price paid by the Company is US\$46,943,730. As at 13 June 2019, the aggregate principal amount of the 2019 Notes repurchased by the Company is US\$276,375,000, and following cancellation of the repurchased notes, the outstanding aggregate principal amount of the 2019 Notes will be US\$123,625,000. For more details, please refer to the announcement of the Company dated 13 June 2019.

### Early Redemption of Private Corporate Bonds

Reference is made to the announcements the Company dated 25 January 2016 and 26 January 2016 in relation to, among other things, the First Tranche Private Corporate Bonds with an aggregate principal amount of RMB3.1 billion at the interest rate of 7.89% per annum and issued by Rongxin Investment, a wholly-owned subsidiary of the Company, on 26 January 2016.

On 17 June 2019, as proposed by Rongxin Investment and pursuant to a resolution passed by the bondholders of the First Tranche Private Corporate Bonds, Rongxin Investment exercised its right of early redemption in full the First Tranche Private Corporate Bonds before its maturity at the redemption price equal to its aggregate principle amount together with all accrued and unpaid interest thereon for a total amount of RMB1,830,716,849.32. Upon redemption, the First Tranche Private Corporate Bonds were delisted from the Shenzhen Stock Exchange and cancelled with effect from 17 June 2019. For more details, please refer to the announcement of the Company dated 17 June 2019.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group’s net current assets amounted to RMB63,183.10 million (31 December 2018: RMB52,798.12 million). Specifically, the Group’s total current assets decreased by approximately 0.81% from RMB180,468.55 million as at 31 December 2018 to RMB179,003.09 million as at 30 June 2019. The Group’s total current liabilities decreased by approximately 9.28% from RMB127,670.43 million as at 31 December 2018 to RMB115,819.99 million as at 30 June 2019. The decrease in the Group’s total current assets was primarily attributable to the decrease in properties under development by 6.48% from RMB116,692.07 million as at 31 December 2018 to RMB109,129.12 million as at 30 June 2019.

## Management Discussion and Analysis

As at 30 June 2019, the Group had cash and bank balances of RMB31,894.41 million (31 December 2018: RMB24,995.66 million), total borrowings of RMB62,351.07 million (31 December 2018: RMB62,532.83 million) and weighted average effective interest rate for outstanding borrowings of 6.94% (including bank borrowings, trust and other borrowings and the domestic corporate bonds) (31 December 2018: 7.09%).

As at 30 June 2019, the aggregated issued amount of the domestic corporate bonds was RMB7,358.16 million, representing 11.80% of the total borrowings of the Group.

### PLEDGE OF ASSETS

As at 30 June 2019, the Group's borrowings were secured by the Group's assets of RMB61,566.34 million (31 December 2018: RMB47,269.59 million) which includes (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain borrowings from financial institutions were also secured by the equity interests of certain subsidiaries.

### CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB33,409.35 million as at 30 June 2019 (31 December 2018: RMB32,066.20 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

### CURRENT RATIO

As at 30 June 2019, the current ratio of the Group was 1.55 times (31 December 2018: 1.41 times). The increase of the Group's current ratio was mainly attributable to the increase in cash and bank balances.

### GEARING RATIO

As at 30 June 2019, the gearing ratio of the Group was 0.77 (31 December 2018: 1.05), mainly due to the increase of cash and bank balances. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

## Management Discussion and Analysis

### SIGNIFICANT INVESTMENTS HELD

Save as disclosed in note 13 and note 14 to the consolidated financial statement on page 60 to page 61 in this report, there were no significant investment held by the Group as at 30 June 2019.

### FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcel in the first-tier cities in China. No concrete plan for future investments is in place as at the date of this report.

### FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pay to shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

### MATERIAL ACQUISITION AND DISPOSAL

#### Equity Interest Transaction

On 15 March 2019, Fujian Taikun Trading Company Limited (福建泰坤貿易有限公司) (a wholly owned subsidiary of the Company) (the **"Seller"**) and Greenland Property Group Co., Ltd (綠地地產集團有限公司) (the **"Purchaser"**) entered into a property transaction agreement, pursuant to which the Seller has conditionally agreed to dispose of and the Purchaser has conditionally agreed to purchase, the sale equity interest, representing 50% of the equity interest of Shanghai Kaitai Property Development Co., Ltd. (上海愷泰房地產開發有限公司) (a property holding company and its principal assets are the Properties, and a joint venture between the Group and the Purchaser) (the **"Target Company"**) at an aggregate consideration of RMB1,005,000,000 (equivalent to approximately HK\$1,175,146,500), which will be satisfied by the Purchaser to the Seller in cash upon completion. Upon completion of the transfer, the Target Company ceased to be an associate of the Seller and the Seller ceased to hold, directly or indirectly, any interest in the Target Company and, in substance, the properties constructed under the Shanghai Xujing Project in Qingpu district of Shanghai in the PRC. For further details, please refer to the announcement of the Company dated 18 March 2019.

Save as disclosed above, the Group has no material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2019.

### EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2019, the Group employed a total of 3,475 full-time employees (30 June 2018: 3,451 full-time employees). For the six months ended 30 June 2019, the staff cost recognised as expenses of the Group amounted to RMB806.31 million.

The remuneration policy of the Group is to provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary raise, bonus and promotion. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

## Management Discussion and Analysis

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the six months ended 30 June 2019, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

### EVENTS AFTER THE REPORTING PERIOD

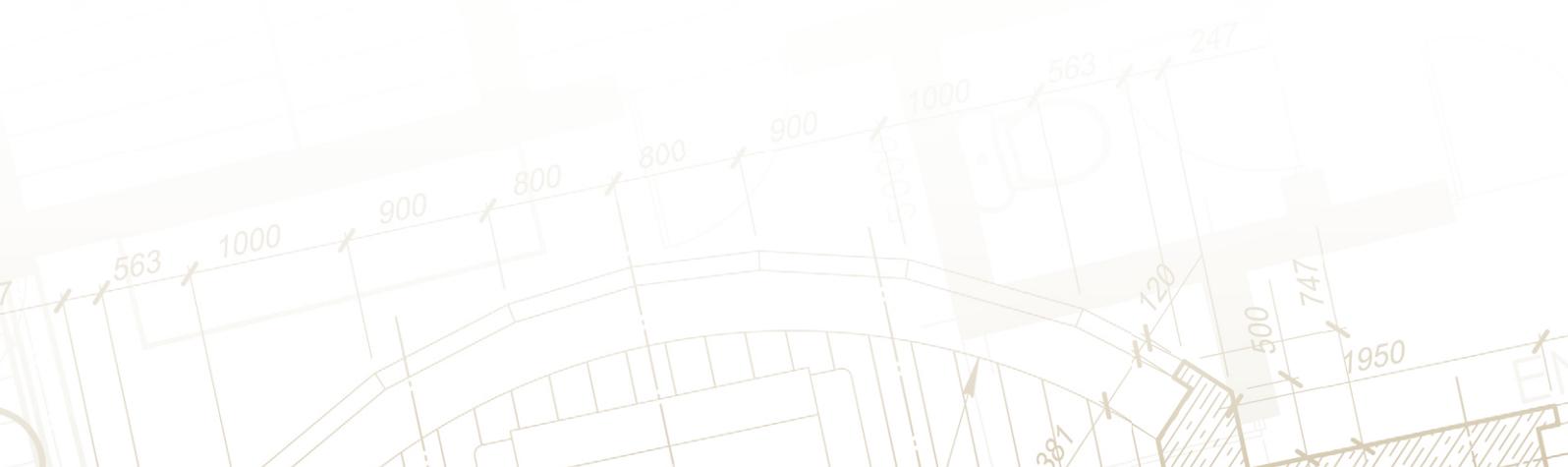
#### Issuance of 2019 Senior Notes due 2023

On 22 July 2019, the Company issued notes in the aggregated principal amount of US\$300,000,000 due in 2023 on SGX-ST, with an interest rate of 8.95% per annum payable semi-annually in arrears on 22 January and 22 July of each year, beginning on 22 January 2020.

For more details, please refer to the announcement of the Company dated 17 July 2019.

As at the date of this report, the Group had utilised most of the net proceeds from this offering to refinance certain existing indebtedness of the Company, which was consistent with the purposes disclosed in the aforesaid announcement.

Save as disclosed above, from 30 June 2019 till the date of this report, the Group has no other material events after the reporting period that is required to be disclosed.



# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the “**Shareholders**”) of the shares (the “**Shares**”) of the Company and to enhance corporate value and accountability.

The Company has adopted the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2019, save and except for the deviation from code provision A.2.1 of the Corporate Governance Code as disclosed below.

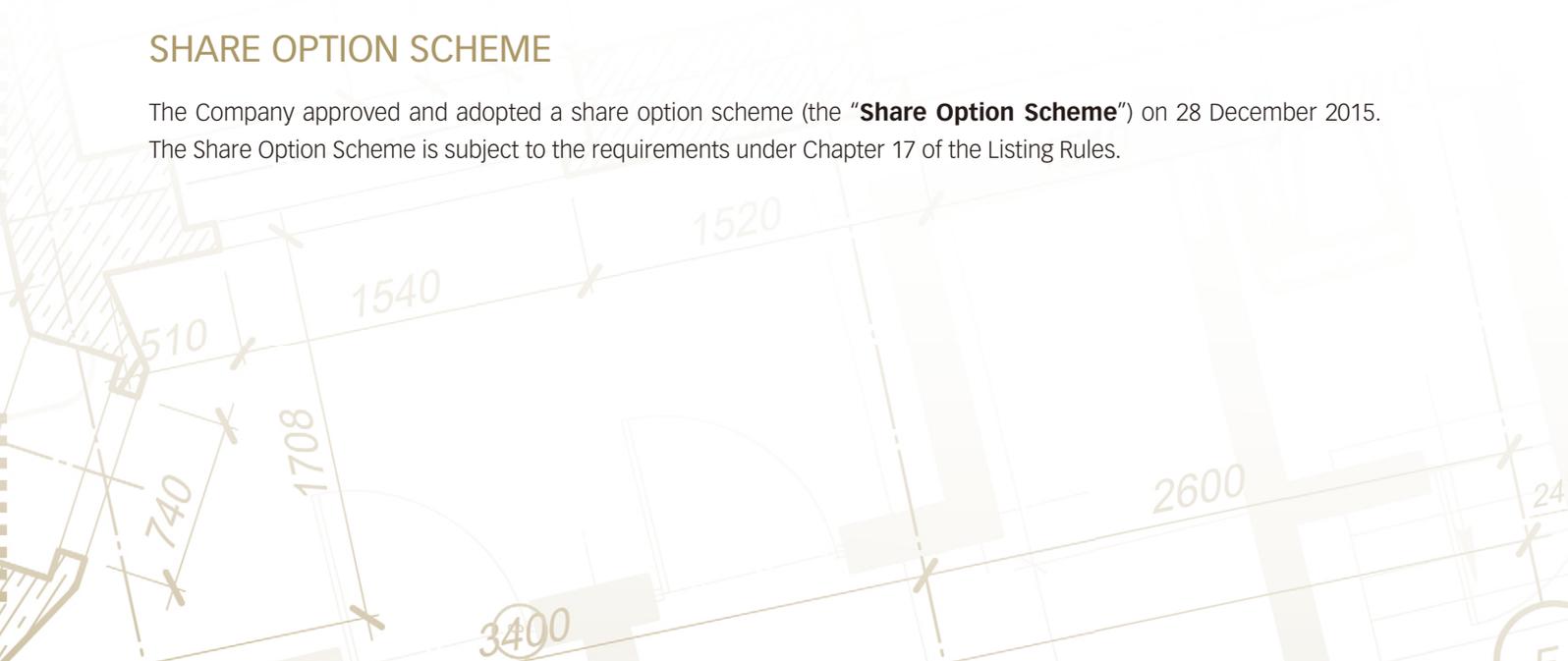
Code provision A.2.1 of the Corporate Governance Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong (“**Mr. Ou**”), an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou continues to act as the chairman and chief executive officer of the Group following the date upon which the Shares have been listed on the Main Board of the Stock Exchange, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Director, and independent non-executive Directors.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the six months ended 30 June 2019.

## SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the “**Share Option Scheme**”) on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.



## Corporate Governance and Other Information

### Details of the Share Option Scheme

#### (1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe that the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of the options will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

#### (2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the “**Eligible Participants**”):

- (i) any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

#### (3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares (approximately 7.83% of the total Shares in issue as at 30 June 2019).

#### (4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

#### (5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme.

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

## Corporate Governance and Other Information

### (6) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and
- (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1 is payable upon acceptance of the grant of an option.

### (7) The remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — Other information — Share Option Scheme" in Appendix V to the prospectus of the Company dated 31 December 2015.

### Details of the Share Option Granted

On 5 January 2017, 81,140,880 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$5.96 per Share, exercisable from 5 January 2018 to 4 January 2022 in three tranches. The closing price immediately before the date of grant of such share options was HK\$5.96.

## Corporate Governance and Other Information

On 30 April 2019, a total of 26,571,973 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$10.80 per Share, exercisable from 5 January 2020 to 4 January 2022. The closing price immediately before the date of grant of such share options was HK\$10.80.

As at 30 June 2019, the Company had 51,860,138 share options outstanding under the Share Option Scheme, details of the share options granted under the Share Option Scheme are as follows:

Name of grantee	Date of grant	Exercise price per share (HK\$)	Exercise period	Balance as at 1 January 2019	Changes during the six months ended 30 June 2019				Balance as at 30 June 2019
					Granted	Exercised	Cancelled	Lapsed	
<b>Directors</b>									
Mr. Zeng Feiyan	5 January 2017	5.96	5 January 2018 to 4 January 2022 <sup>(Note 1)</sup>	4,681,205	-	-	-	-	4,681,205
Mr. Ruan Youzhi	5 January 2017	5.96	5 January 2018 to 4 January 2022 <sup>(Note 1)</sup>	4,681,205	-	-	-	-	4,681,205
Mr. Zhang Lixin	5 January 2017	5.96	5 January 2018 to 4 January 2022 <sup>(Note 1)</sup>	1,282,256	-	-	-	-	1,282,256
	30 April 2019	10.80	5 January 2020 to 4 January 2022 <sup>(Note 2)</sup>	-	1,319,380	-	-	-	1,319,380
Ms. Yu Lijuan (appointed on 22 March 2019)	5 January 2017	5.96	5 January 2018 to 4 January 2022 <sup>(Note 1)</sup>	1,032,756	-	-	-	-	1,032,756
	30 April 2019	10.80	5 January 2020 to 4 January 2022 <sup>(Note 2)</sup>	-	1,319,380	-	-	-	1,319,380
<b>Others</b>									
Mr. Ou Guofei <sup>(Note 3)</sup>	30 April 2019	10.80	5 January 2020 to 4 January 2022 <sup>(Note 2)</sup>	-	1,244,480	-	-	-	1,244,480
Other employees	5 January 2017	5.96	5 January 2018 to 4 January 2022 <sup>(Note 1)</sup>	32,646,578	-	13,844,738	1,659,307	-	17,142,533
	30 April 2019	10.80	5 January 2020 to 4 January 2022 <sup>(Note 2)</sup>	-	22,688,733	-	3,531,790	-	19,156,943
<b>Total</b>				<b>44,324,000</b>	<b>26,571,973</b>	<b>13,844,738</b>	<b>5,191,097</b>	<b>-</b>	<b>51,860,138</b>

Notes:

- (1) in respect of each grantee, the share options granted shall be exercisable during the relevant periods in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020.
- (2) in respect of each grantee, 100% of the share options granted shall be exercisable and shall be vested on 5 January 2020.
- (3) Mr. Ou Guofei, the assistant president, is the son of Mr. Ou Zhonghong ("Mr. Ou"), the Chairman and an executive Director, and therefore is an associate of Mr. Ou.

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the six months ended 30 June 2019.

## Corporate Governance and Other Information

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

### INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding <sup>(Note 1)</sup>
Mr. Ou Zonghong <sup>(Note 2)</sup>	Beneficiary of a trust	1,110,809,411 (L)	64.46%
Mr. Zeng Feiyan <sup>(Note 3)</sup>	Beneficial owner	4,681,205 (L)	0.27%
Mr. Ruan Youzhi <sup>(Note 3)</sup>	Beneficial owner	5,545,205 (L)	
	Interest of spouse	419,000 (L)	
		Total: 5,964,205 (L)	0.34%
Mr. Zhang Lixin <sup>(Note 3)</sup>	Beneficial owner	2,601,636 (L)	0.15%
Ms. Yu Lijuan <sup>(Note 3)</sup>	Beneficial owner	2,521,554 (L)	0.14%

Notes:

- (1) As at 30 June 2019, the Company issued 1,723,105,476 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Mr. Ou is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly owned BVI company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,110,809,411 Shares as at 30 June 2019.
- (3) The Company adopted the Share Option Scheme on 28 December 2015. As at 30 June 2019, according to the Share Option Scheme, Ms. Zeng Feiyan had 4,681,205 outstanding share options, Mr. Ruan Youzhi had 4,681,205 outstanding share options, Mr. Zhang Lixin had 2,601,636 outstanding share options and Ms. Yu Lijuan had 2,352,136 outstanding share options.

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

## Corporate Governance and Other Information

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 30 June 2019, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholders	Nature of Interest/Capacity	Number of Shares or underlying Shares <sup>(Note 1)</sup>	Approximate percentage of shareholding <sup>(Note 1)</sup>
Dingxin Company Limited <sup>(Note 2)</sup>	Beneficial owner	1,110,809,411 (L)	64.46%
Honesty Global Holdings Limited <sup>(Note 2)</sup>	Interest in controlled corporation	1,110,809,411 (L)	64.46%
TMF (Cayman) Ltd. <sup>(Note 2)</sup>	Trustee of a trust	1,110,809,411 (L)	64.46%
Mr. Ou Guofei <sup>(Notes 2, 3)</sup>	Settlor of a trust	1,110,809,411 (L)	
	Beneficial owner	1,244,480 (L)	
		Total: 1,112,053,891 (L)	64.53%
Ms. Xu Lixiang <sup>(Note 4)</sup>	Beneficiary of a trust/ Interest of spouse	1,110,809,411 (L)	64.46%

Notes:

- (1) As at 30 June 2019, the Company issued 1,723,105,476 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.
- (3) Mr. Ou Guofei is the son of Mr. Ou Zonghong. As at 30 June 2019, according to the Share Option Scheme, Mr. Ou Guofei had 1,244,480 outstanding share options and therefore is deemed to be interested in 1,244,480 unlisted and physically settled derivatives.
- (4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

## INTERIM DIVIDEND

The Board resolved not to declare the payment of any interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

## Corporate Governance and Other Information

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

### CHANGES IN INFORMATION OF DIRECTORS

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

On 5 June 2019, Dr. Lo Wing Yan William retired as an independent non-executive Director and ceased to be the member of each of the audit committee and nomination committee of the Company.

On the same date, Mr. Ruan Weifeng, an independent non-executive Director, has been appointed as a member of each of the audit committee and the nomination committee of the Company.

Please refer to the Company's announcements dated 22 March 2019 and 5 June 2019 for further details.

### AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.rongxingroup.com](http://www.rongxingroup.com)).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications. The Audit Committee has reviewed the interim report and the interim results for the six months ended 30 June 2019. The interim results for the six months ended 30 June 2019 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board

**Ronshine China Holdings Limited**

**Ou Zhonghong**

Chairman

Hong Kong, 6 August 2019

# Interim Condensed Consolidated Income Statement

	Note	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	8	26,616,331	14,287,533
Cost of sales		(20,254,931)	(10,101,640)
<b>Gross profit</b>		<b>6,361,400</b>	4,185,893
Selling and marketing costs		(549,619)	(428,225)
Administrative expenses		(743,917)	(620,746)
Fair value gains on investment properties	13	78,687	272,548
Other income and other gains		74,998	52,638
<b>Operating profit</b>		<b>5,221,549</b>	3,462,108
Finance income	10	132,233	134,612
Finance costs	10	(312,444)	(180,738)
Finance cost — net	10	(180,211)	(46,126)
Share of net profit of associates and joint ventures accounted for using equity method	14	923,034	535,084
<b>Profit before income tax</b>		<b>5,964,372</b>	3,951,066
Income tax expenses	11	(2,454,492)	(1,697,472)
<b>Profit for the period</b>		<b>3,509,880</b>	2,253,594
<b>Profit for the period attributable to:</b>			
Owners of the Company		1,978,627	1,523,912
Non-controlling interests		1,459,612	629,804
Holders of Perpetual Capital Instruments	21	71,641	99,878
		<b>3,509,880</b>	2,253,594
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
— Basic	12	1.19	1.02
— Diluted	12	1.18	1.00

The above interim condensed consolidated income statements should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>3,509,880</b>	2,253,594
Other comprehensive income	—	—
<b>Total comprehensive income for the period</b>	<b>3,509,880</b>	2,253,594
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	<b>1,978,627</b>	1,523,912
Non-controlling interests	<b>1,459,612</b>	629,804
Holders of Perpetual Capital Instruments	<b>71,641</b>	99,878
	<b>3,509,880</b>	2,253,594

The above interim condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.



# Interim Condensed Consolidated Balance Sheet

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,678,846	1,447,648
Investment properties	13	12,580,000	12,031,700
Right-of-use assets	13	474,207	—
Land use rights		—	449,296
Intangible assets		6,483	7,516
Investments accounted for using equity method	14	6,095,342	7,697,952
Financial assets at fair value through profit or loss	6	633,301	802,087
Deferred tax assets		509,410	539,127
<b>Total non-current assets</b>		<b>21,977,589</b>	<b>22,975,326</b>
<b>Current assets</b>			
Properties under development	15	109,129,115	116,692,069
Completed properties held for sale	15	7,710,491	8,806,284
Contract assets		680,556	530,514
Trade and other receivables and prepayments	16	22,923,239	18,482,121
Amounts due from related parties	28(d)	3,899,686	8,359,546
Prepaid taxation		2,765,588	2,602,357
Cash and bank balances	17	31,894,414	24,995,661
<b>Total current assets</b>		<b>179,003,089</b>	<b>180,468,552</b>
<b>Total assets</b>		<b>200,980,678</b>	<b>203,443,878</b>
<b>EQUITY</b>			
Share capital	18	15	14
Share premium	18	4,968,140	4,423,556
Other reserves	19	10,302,213	8,331,258
<b>Capital and reserves attributable to the owners of the Company</b>		<b>15,270,368</b>	<b>12,754,828</b>
Non-controlling interests		23,574,589	21,915,398
Perpetual Capital Instruments	21	936,253	948,132
<b>Total equity</b>		<b>39,781,210</b>	<b>35,618,358</b>

## Interim Condensed Consolidated Balance Sheet

	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	22	43,193,559	37,709,817
Lease liabilities		18,590	—
Deferred tax liabilities		2,167,333	2,445,271
<b>Total non-current liabilities</b>		<b>45,379,482</b>	40,155,088
<b>Current liabilities</b>			
Borrowings	22	19,157,509	24,823,017
Lease liabilities		14,719	—
Contract liabilities	23	63,110,698	63,962,973
Trade and other payables	24	22,613,530	28,338,602
Amounts due to related parties	28(d)	5,323,614	5,478,112
Current tax liabilities		5,599,916	5,067,728
<b>Total current liabilities</b>		<b>115,819,986</b>	127,670,432
<b>Total liabilities</b>		<b>161,199,468</b>	167,825,520
<b>Total equity and liabilities</b>		<b>200,980,678</b>	203,443,878

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserves	Statutory reserves	Share-based compensation reserves	Retained earnings	Subtotal	Non-controlling interests	Perpetual Capital Instruments	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 18)	(Note 18)	(Note 19)	(Note 19)	(Note 19)				(Note 21)	
<b>Six months ended 30 June 2019 (Unaudited)</b>										
<b>Balance at 1 January 2019</b>	14	4,423,556	851,583	1,261,235	68,668	6,149,772	12,754,828	21,915,398	948,132	35,618,358
<b>Comprehensive income</b>										
— Profit for the period	—	—	—	—	—	1,978,627	1,978,627	1,459,612	71,641	3,509,880
— Other comprehensive income	—	—	—	—	—	—	—	—	—	—
<b>Total comprehensive income</b>	—	—	—	—	—	1,978,627	1,978,627	1,459,612	71,641	3,509,880
<b>Transactions with owners in their capacities as owners</b>										
Issuance of ordinary shares in connection with private placement (Note 18)	1	1,002,617	—	—	—	—	1,002,618	—	—	1,002,618
Redemption of Perpetual Capital Instruments (Note 21)	—	—	—	—	—	—	—	—	(30,000)	(30,000)
Distribution made to holders of Perpetual Capital Instruments (Note 21)	—	—	—	—	—	—	—	—	(53,520)	(53,520)
Capital injections from non-controlling interests	—	—	—	—	—	—	—	277,125	—	277,125
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(77,546)	—	(77,546)
Final dividend of 2018 (Note 20)	—	(552,645)	—	—	—	—	(552,645)	—	—	(552,645)
Share option scheme:										
— Exercise of share options	—	94,612	—	—	(23,813)	—	70,799	—	—	70,799
— Value of employee services	—	—	—	—	16,141	—	16,141	—	—	16,141
<b>Total transactions with owners in their capacities as owners</b>	1	544,584	—	—	(7,672)	—	536,913	199,579	(83,520)	652,972
<b>Balance at 30 June 2019</b>	15	4,968,140	851,583	1,261,235	60,996	8,128,399	15,270,368	23,574,589	936,253	39,781,210

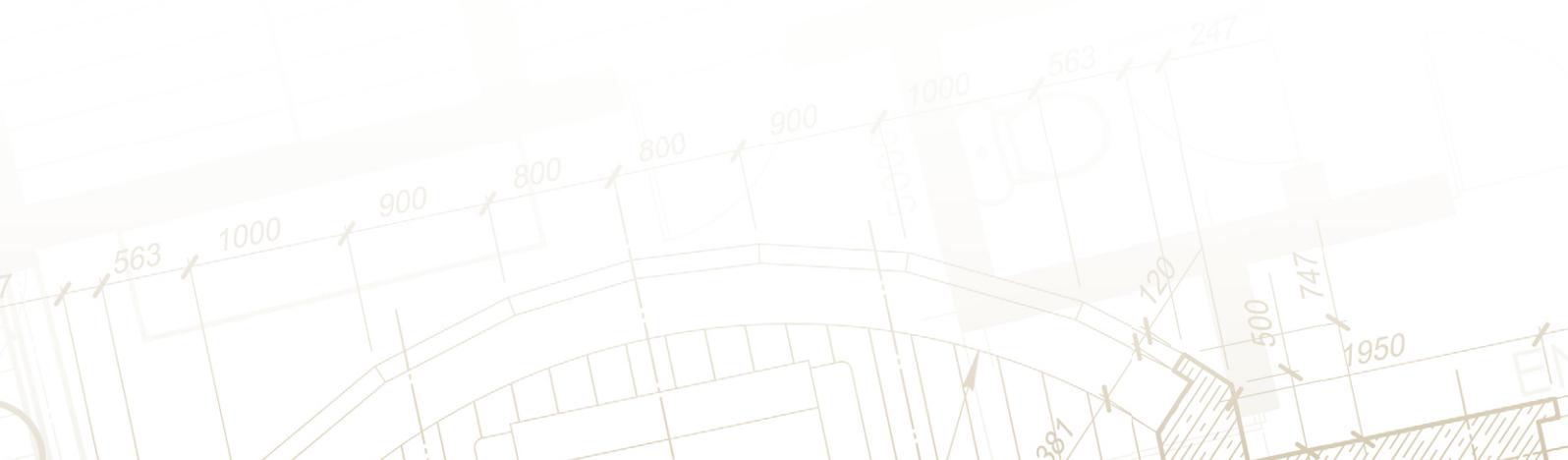
## Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserves	Statutory reserves	Share-based compensation reserves	Retained earnings	Subtotal	Non-controlling interests	Perpetual Capital Instruments	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 18)	(Note 18)	(Note 19)	(Note 19)	(Note 19)				(Note 21)	
<b>Six months ended 30 June 2018 (Unaudited)</b>										
<b>Balance at 1 January 2018</b>	13	3,506,038	1,403,011	826,193	53,868	4,435,154	10,224,277	17,794,795	2,741,981	30,761,053
<b>Comprehensive income</b>										
— Profit for the period	—	—	—	—	—	1,523,912	1,523,912	629,804	99,878	2,253,594
— Other comprehensive income	—	—	—	—	—	—	—	—	—	—
<b>Total comprehensive income</b>	—	—	—	—	—	1,523,912	1,523,912	629,804	99,878	2,253,594
<b>Transactions with owners in their capacities as owners</b>										
Issuance of ordinary shares in connection with private placement (Note 18)	1	893,180	—	—	—	—	893,181	—	—	893,181
Redemption of Perpetual Capital Instruments (Note 21)	—	—	—	—	—	—	—	—	(1,000,000)	(1,000,000)
Distribution made to holders of Perpetual Capital Instruments (Note 21)	—	—	—	—	—	—	—	—	(97,044)	(97,044)
Change from a joint venture to a subsidiary	—	—	—	—	—	—	—	10,162	—	10,162
Capital injections from non-controlling interests	—	—	—	—	—	—	—	252,272	—	252,272
Share option scheme										
— Value of employee services	—	—	—	—	12,174	—	12,174	—	—	12,174
<b>Total transactions with owners in their capacities as owners</b>	1	893,180	—	—	12,174	—	905,355	262,434	(1,097,044)	70,745
<b>Balance at 30 June 2018</b>	14	4,399,218	1,403,011	826,193	66,042	5,959,066	12,653,544	18,687,033	1,744,815	33,085,392

The above interim condensed consolidated statement of change in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	7,644,937	7,368,735
PRC corporate income tax paid	(1,325,747)	(612,925)
PRC land appreciation tax paid	(1,008,009)	(506,561)
Net cash generated from operating activities	5,311,181	6,249,249
<b>Cash flows from investing activities</b>		
Payments for purchase of property and equipment and investment properties	(597,675)	(358,889)
Payment for purchase of intangible assets	(235)	(1,428)
Proceeds from disposal of property and equipment	8,637	4,316
Capital injections to joint ventures and associates	(555,657)	(87,618)
Payments for acquisition of financial assets at fair value through profit and loss	—	(57,731)
Proceeds from disposal of financial assets at fair value through profits and loss	190,048	16,959
Cash advances to related parties	(1,585,061)	(2,776,052)
Repayments from related parties	6,044,921	1,167,591
Interest received	119,287	134,612
Increase in term deposits	(8,505,667)	(592,240)
Net cash used in investing activities	(4,881,402)	(2,550,480)



## Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	29,260,967	16,307,350
Repayments of borrowings	(29,582,126)	(19,134,599)
Redemption of Perpetual Capital Instruments	(30,000)	(1,000,000)
Distribution to holders of Perpetual Capital Instruments	(53,520)	(97,044)
Cash advances from related parties	1,008,169	1,212,289
Repayments to related parties	(1,141,775)	(288,098)
Issuance of shares in connection with private placement	1,002,618	893,181
Issuance of ordinary shares in connection with exercise of share options	70,799	—
Capital injections from non-controlling interests	277,125	252,272
Interest paid	(2,734,829)	(3,030,864)
Principal elements of lease payments	(9,759)	—
Restricted cash pledged for borrowings	503,581	(792,228)
Net cash used in financing activities	(1,428,750)	(5,677,741)
<b>Net decrease in cash and cash equivalents</b>	<b>(998,971)</b>	<b>(1,978,972)</b>
Cash and cash equivalents at beginning of the period	21,848,572	18,472,631
Exchange gains/(losses) on cash and cash equivalents	152,513	(148)
<b>Cash and cash equivalents at end of the period</b>	<b>21,002,114</b>	<b>16,493,511</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Interim Condensed Consolidated Financial Information

## 1 General information

Ronshine China Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together the “**Group**”) are principally engaged in property development business in the People’s Republic of China (the “**PRC**”).

The Company’s shares were listed on the Main Board of The Stock Exchange Hong Kong Limited (the “Stock Exchange”) on 13 January 2016.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board on 6 August 2019.

This interim condensed consolidated financial information has not been audited.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The interim report does not include all the notes of the type normally included in annual financial statements. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSS**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).



## Notes to the Interim Condensed Consolidated Financial Information

### 3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

#### (a) New and amended standards and interpretations adopted by the Group

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
HKAS 28 (Amendment)	Long-term investment in an Associate or Joint Venture
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015-2017 cycle	

Except for the impact of adoption of HKFRS16 set out in Note 4 below, the adoption of other applicable new and amended standards and interpretations did not have any material impact on the interim condensed consolidated financial statements of the Group.

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of material	1 January 2020
HKFRS 3 (Amendment)	Definition of a business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing this interim condensed consolidated financial information. The impact of new standards and amendments to standards and interpretations above is still under assessment by the Group.

## Notes to the Interim Condensed Consolidated Financial Information

## 4 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 4(b) below.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2018 reporting period. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

### (a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

	RMB'000
Operating lease commitments as at 31 December 2018	57,977
Discounted using the lessee's incremental borrowing rate of the date of initial application	53,472
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	(15,696)
<b>Lease liability recognised as at 1 January 2019</b>	<b>37,776</b>
Of which are:	
Current lease liabilities	16,554
Non-current lease liabilities	21,222

## Notes to the Interim Condensed Consolidated Financial Information

## 4 Changes in accounting policies (continued)

### (a) Adjustments recognised on adoption of HKFRS 16 (continued)

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The land used rights are reclassified to right-of-use assets as of 30 June 2019 and 1 January 2019, respectively.

The recognised right-of-use assets mainly relate to properties and land use rights.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB487,072,000
- lease liabilities — increase by RMB37,776,000
- land use right — decrease by RMB449,296,000

No significant impact on the Group's net profit after tax for the six months ended 30 June 2019 as a result of adoption of HKFRS 16.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 *Determining whether an Arrangement contains a Lease*.

## Notes to the Interim Condensed Consolidated Financial Information

## 4 Changes in accounting policies (continued)

### (b) The Group's leasing activities and how these are accounted for

The Group leases only offices for long-term contracts. Rental contracts are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.



## Notes to the Interim Condensed Consolidated Financial Information

#### 4 Changes in accounting policies (continued)

##### (b) The Group's leasing activities and how these are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets consist of properties and land use rights.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.



## Notes to the Interim Condensed Consolidated Financial Information

### 5 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

### 6 Financial risk management

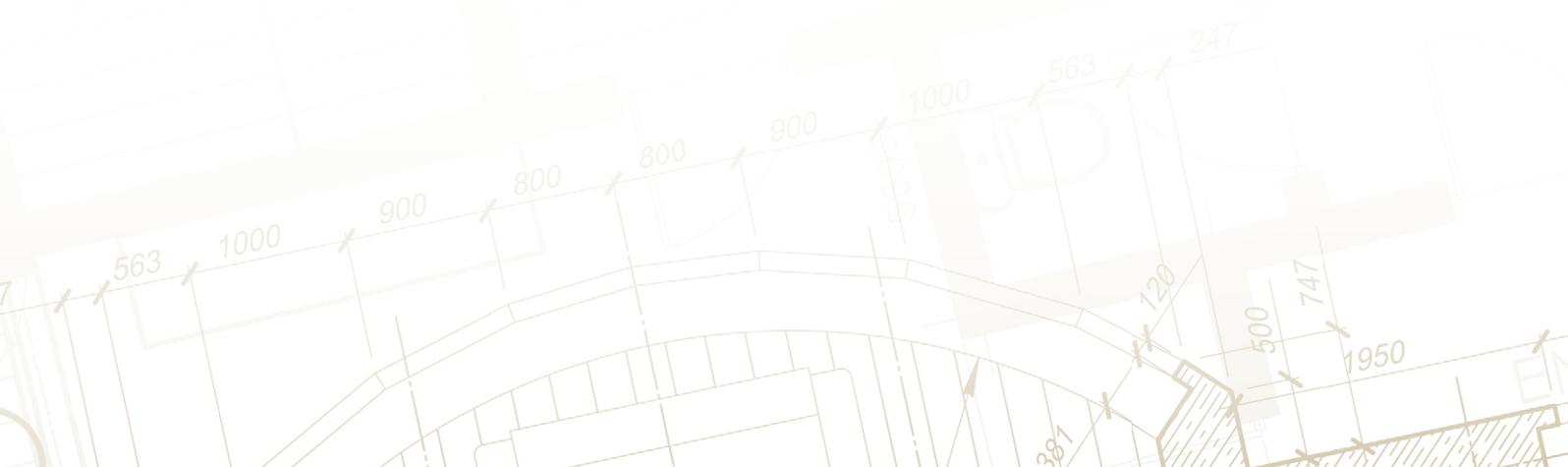
#### 6.1 Financial risk factors

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

The Group's businesses are principally conducted in RMB. As at 30 June 2019, the non-RMB assets and liabilities of the Group are mainly cash and bank balances (Note 17) denominated in United States Dollars ("USD") and Hong Kong Dollars ("HK\$"), financial assets at fair value through profit or loss denominated in USD and borrowings (Note 22) denominated in USD. The Group has not entered into forward exchange contract to hedge its exposure to foreign exchange risk.

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

There have been no changes in the risk management policies since 31 December 2018.



## Notes to the Interim Condensed Consolidated Financial Information

## 6 Financial risk management (continued)

### 6.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and bank balances or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and bank balances and through having available sources of financing.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 30 June 2019 (Unaudited)</b>					
Borrowings (Note 22)	23,155,938	25,804,818	20,612,225	658,957	70,231,938
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	21,265,921	—	—	—	21,265,921
Lease liabilities	20,333	10,049	3,641	2,797	36,820
Amounts due to related parties	5,323,614	—	—	—	5,323,614
Financial guarantee	30,865,196	—	—	—	30,865,196
Guarantee provided for joint ventures	2,544,150	—	—	—	2,544,150
	83,175,152	25,814,867	20,615,866	661,754	130,267,639

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>As at 31 December 2018 (Audited)</b>					
Borrowings (Note 22)	28,640,031	28,835,664	9,989,755	1,387,133	68,852,583
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	24,599,291	—	—	—	24,599,291
Amounts due to related parties	5,478,112	—	—	—	5,478,112
Financial guarantee	29,066,196	—	—	—	29,066,196
Guarantee provided for joint ventures	3,000,000	—	—	—	3,000,000
	90,783,630	28,835,664	9,989,755	1,387,133	130,996,182

Note: Interest on borrowings is calculated on borrowings held as at 30 June 2019 and 31 December 2018, respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2019 and 31 December 2018, respectively.

## Notes to the Interim Condensed Consolidated Financial Information

## 6 Financial risk management (continued)

### 6.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owners, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the condensed consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current portions as shown in the condensed consolidated balance sheet) less cash and bank balances.

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Total borrowings (Note 22)	62,351,068	62,532,834
Less: Cash and bank balances (Note 17)	(31,894,414)	(24,995,661)
Net borrowings	30,456,654	37,537,173
Total equity	39,781,210	35,618,358
Gearing ratio	0.77	1.05

## Notes to the Interim Condensed Consolidated Financial Information

## 6 Financial risk management (continued)

### 6.4 Fair value estimation of financial instruments

The Group's financial assets include cash and bank balances, trade and other receivables, amounts due from related parties, and financial assets at fair value through profit or loss (FVPL). The Group's financial liabilities include trade and other payables, amounts due to related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2019 and 31 December 2018 on a recurring basis:

	Level 2	Level 3	Total
At 30 June 2019	RMB'000	RMB'000	RMB'000
FVPL:			
— Unlisted equity securities	529,191	104,110	633,301
At 31 December 2018			
	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000
FVPL			
— Unlisted equity securities	697,977	104,110	802,087

The FVPL and investment properties are measured at fair value, which is grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, discount rate and etc., are used to determine fair value for the FVPL and investment properties.

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers among levels 1, 2 and 3 for recurring fair value measurements.

## Notes to the Interim Condensed Consolidated Financial Information

## 7 Segment information

The Executive Directors have been identified as the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Executive Directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the six months ended 30 June 2019 (six months ended 30 June 2018: same).

As at 30 June 2019, the total non-current assets, other than financial assets at fair value through profit or loss and deferred tax assets, were located in the PRC (31 December 2018: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the six months ended 30 June 2019 (six months ended 30 June 2018: same).

## 8 Revenue

Revenue of the Group for the six months ended 30 June 2019 is as follow:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Revenue from sales of properties		
— Recognised at a point in time	26,212,469	14,001,718
Revenue from construction services, hotel operations and others:		
— Recognised at a point in time	91,429	73,827
— Recognised over time	237,674	148,146
Revenue from other sources — rental income	74,759	63,842
	<b>26,616,331</b>	<b>14,287,533</b>

## Notes to the Interim Condensed Consolidated Financial Information

## 9 Expenses by nature

	Six months ended 30 June	
	2019	2018
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cost of properties sold (excluding staff costs)	19,850,269	10,089,407
Staff costs (including directors' emoluments)	806,312	604,219
Marketing and advertising costs	162,823	149,878
Property management fees	59,175	55,838
Depreciation (Note 13)	78,502	53,964

## 10 Finance cost — net

	Six months ended 30 June	
	2019	2018
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Finance income		
— Net foreign exchange gains	(12,946)	—
— Interest income from bank deposits	(119,287)	(134,612)
	(132,233)	(134,612)
Finance costs		
— Net foreign exchange losses	—	170,586
— Borrowing expenses	2,652,371	2,757,392
— Less: capitalised interest	(2,339,927)	(2,747,240)
	312,444	180,738
Finance cost — net	180,211	46,126

## Notes to the Interim Condensed Consolidated Financial Information

## 11 Income tax expenses

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
PRC corporate income tax	1,565,480	948,817
Land appreciation tax ("LAT")	1,137,233	795,467
	<b>2,702,713</b>	1,744,284
Deferred income tax		
PRC corporate income tax	(248,221)	(46,812)
	<b>2,454,492</b>	1,697,472

**PRC corporate income tax**

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2019 and 2018, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

**PRC LAT**

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

## Notes to the Interim Condensed Consolidated Financial Information

## 11 Income tax expenses (continued)

### PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

### Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June 2019 (six months ended 30 June 2018: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profit for the six months ended 30 June 2019 (six months ended 30 June 2018: same).

### Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

## 12 Earnings per share

### 12.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2019 and 2018.

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	1,978,627	1,523,912
Weighted average number of ordinary shares in issue (in thousand)	1,658,147	1,500,188
Basic earnings per share (RMB per share)	1.19	1.02

## Notes to the Interim Condensed Consolidated Financial Information

## 12 Earnings per share (continued)

## 12.2 Dilutive

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share option scheme. For the share option scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>1,978,627</b>	1,523,912
Weighted average number of ordinary shares in issue (in thousand)	<b>1,658,147</b>	1,500,188
Adjustments — share options and awarded shares (in thousand)	<b>13,081</b>	21,144
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	<b>1,671,228</b>	1,521,332
Diluted earnings per share (RMB per share)	<b>1.18</b>	1.00

## Notes to the Interim Condensed Consolidated Financial Information

## 13 Property, plant and equipment, right-of-use assets and investment properties

	Property, plant and equipment RMB'000	Right-of-use assets — Land use rights and properties RMB'000	Investment properties RMB'000
<b>Six months ended 30 June 2019 (Unaudited)</b>			
Opening net book amount as at 1 January 2019	1,447,648	449,296	12,031,700
Adoption of HKFRS16	—	37,776	—
Additions	318,349	4,030	469,613
Disposals	(8,649)	—	—
Fair value gains	—	—	78,687
Depreciation and amortisation	(78,502)	(16,895)	—
Closing net book amount as at 30 June 2019	1,678,846	474,207	12,580,000
<b>Six months ended 30 June 2018 (Unaudited)</b>			
Opening net book amount as at 1 January 2018	1,518,138	464,407	10,465,400
Additions	26,050	—	332,839
Disposals	(4,230)	—	—
Fair value gains	—	—	272,548
Depreciation and amortisation	(53,964)	(7,542)	—
Closing net book amount as at 30 June 2018	1,485,994	456,865	11,070,787

Refer to Note 27 for information on non-current assets pledged as security by the Group.



## Notes to the Interim Condensed Consolidated Financial Information

## 14 Investment accounted for using the equity method

There was no associate nor joint venture of the Group as at 30 June 2019 which, in the opinion of the executive directors, are material to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the consolidated balance sheet and the consolidated income statement are set out as below:

## (i) Amounts recognised in the condensed consolidated balance sheet

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Investments accounted for using the equity method:		
— Joint ventures	4,563,200	6,454,808
— Associates	1,532,142	1,243,144
	<b>6,095,342</b>	<b>7,697,952</b>

## (ii) The amounts recognised in the condensed consolidated income statement

	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method:		
— Joint ventures	905,417	569,975
— Associates	17,617	(34,891)
	<b>923,034</b>	<b>535,084</b>

During the period, the Group received dividend from Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai") amounting to approximately RMB1,995 million, and thereafter the Group has disposed of its investment in Shanghai Kaitai at an aggregate consideration of approximately RMB1,005 million.

## Notes to the Interim Condensed Consolidated Financial Information

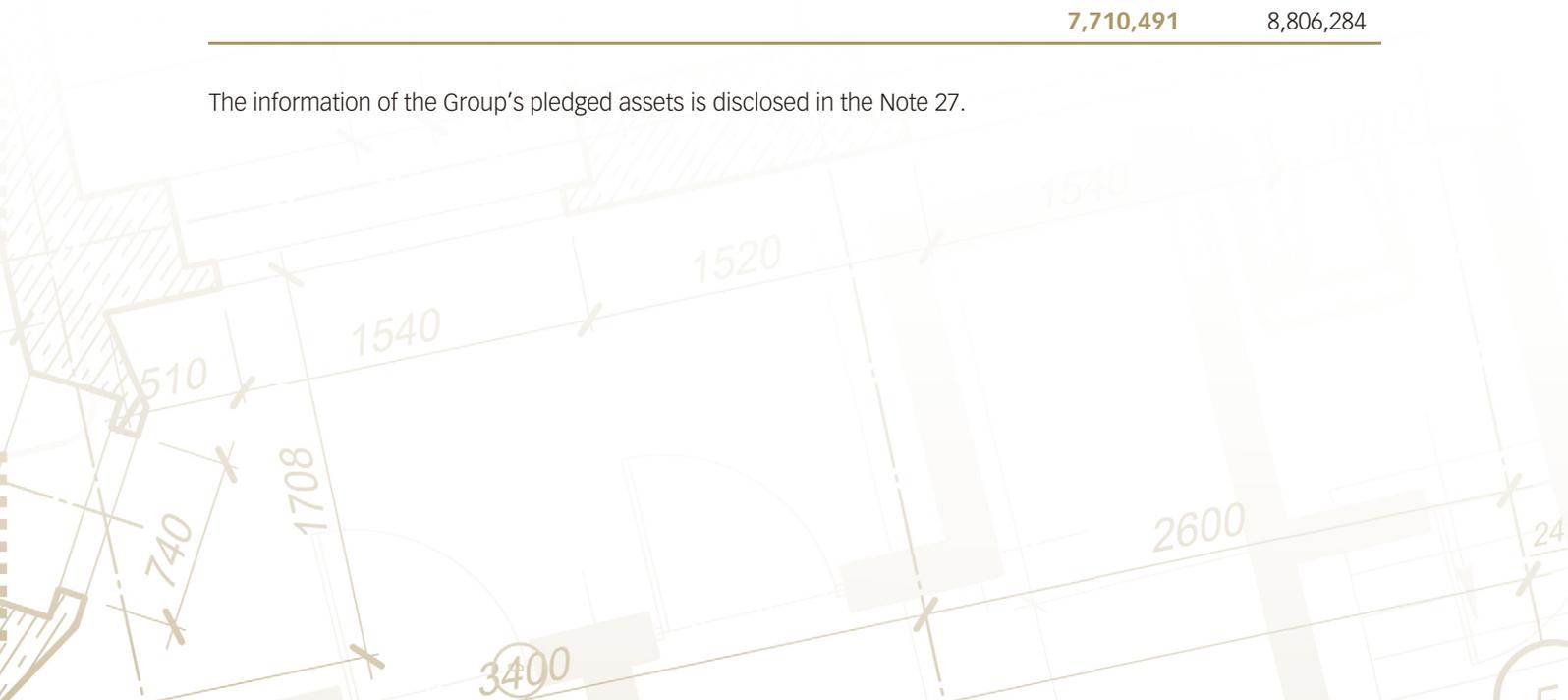
## 15 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Properties under development comprise:		
— Construction costs	25,260,878	24,629,424
— Capitalised interests	11,260,100	10,316,532
— Land use rights	72,608,137	81,746,113
	<b>109,129,115</b>	<b>116,692,069</b>

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Completed properties held for sale comprise:		
— Construction costs	3,797,083	4,314,331
— Capitalised interests	1,007,152	1,198,545
— Land use rights	2,906,256	3,293,408
	<b>7,710,491</b>	<b>8,806,284</b>

The information of the Group's pledged assets is disclosed in the Note 27.



## Notes to the Interim Condensed Consolidated Financial Information

## 16 Trade and other receivables and prepayments

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>Trade receivables (note (a))</b>	<b>48,737</b>	59,580
<b>Notes receivable</b>	<b>3,944</b>	—
<b>Other receivables</b>		
— Amounts due from minority shareholders	<b>6,376,004</b>	6,503,833
— Deposits for acquisition of land use rights and property development projects	<b>2,491,584</b>	871,281
— Receivables from local governments	<b>100,000</b>	100,000
— Deposits for construction contracts	<b>50,000</b>	50,000
— Others	<b>1,380,495</b>	858,387
	<b>10,398,083</b>	8,383,501
<b>Prepayments</b>		
— Prepayments for acquisition of land use rights	<b>7,384,389</b>	4,635,286
— Prepaid value added tax, business tax and other taxes	<b>4,966,291</b>	5,149,216
— Others	<b>121,795</b>	254,538
	<b>12,472,475</b>	10,039,040
<b>Trade and other receivables and prepayments</b>	<b>22,923,239</b>	18,482,121

## Notes to the Interim Condensed Consolidated Financial Information

## 16 Trade and other receivables and prepayments (continued)

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements.

Aging analysis of the trade receivables is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	45,189	55,190
Over one year	3,548	4,390
	<b>48,737</b>	59,580

These trade receivables relate to a number of independent customers for whom there is no significant financial difficulty. Management does not expect any credit loss for these receivables.

- (b) As at 30 June 2019, the Group's trade and other receivables were mainly denominated in RMB(31 December 2018: same). As at 30 June 2019, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2018: same).

## Notes to the Interim Condensed Consolidated Financial Information

## 17 Cash and bank balances

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Cash and cash equivalents denominated in (Note (a)):		
— RMB	20,843,296	21,838,867
— USD	85,032	5,418
— HK\$	73,786	4,287
	<b>21,002,114</b>	21,848,572
Term deposits denominated in (Note (b)):		
— RMB	1,619,980	888,905
— USD	7,752,599	—
— HK\$	21,993	—
	<b>9,394,572</b>	888,905
Restricted cash denominated in RMB (Note (c)):	1,497,728	2,258,184
Cash and bank balances	<b>31,894,414</b>	24,995,661

- (a) The Group's cash on hand as at 30 June 2019 amounted to RMB57,667 (31 December 2018: RMB592,000).
- (b) The weighted average effective interest rate of the Group's term deposits as at 30 June 2019 was 3.27% per annum (31 December 2018: 2.25% per annum). The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.
- (c) Amounts mainly represent cash deposits with designated banks as guarantee deposits for construction of properties, securities for borrowings and for issuance of commercial bills.

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place certain amount of properties presale proceeds at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

## Notes to the Interim Condensed Consolidated Financial Information

## 18 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Six months ended 30 June 2018 (Unaudited)					
As at 1 January 2018	1,494,800,500	14,948	13	3,506,038	3,506,051
Issue of ordinary shares in connection with private placement (Note (b))	103,500,000	1,035	1	893,180	893,181
As at 30 June 2018	1,598,300,500	15,983	14	4,399,218	4,399,232
Six months ended 30 June 2019 (Unaudited)					
As at 1 January 2019	1,601,260,500	15,983	14	4,423,556	4,423,570
Issue of ordinary shares in connection with private placement (Note (c))	108,000,000	1,080	1	1,002,617	1,002,618
Final dividend of 2018 (Note 20)	—	—	—	(552,645)	(552,645)
Share option scheme					
— Exercise of share options	13,845,000	138	—	94,612	94,612
As at 30 June 2019	1,723,105,500	17,201	15	4,968,140	4,968,155

- (a) The authorised share capital of the Company as at 30 June 2019 was HK\$380,000 (31 December 2018: same) divided into 38,000,000,000 shares (31 December 2018: same).
- (b) On 12 June 2018, 103,500,000 shares of the Company were placed to certain independent investors at a price of HK\$10.62 per share.
- (c) On 3 April 2019, 108,000,000 shares of the Company were placed to certain independent investors at a price of HK\$10.95 per share.

## Notes to the Interim Condensed Consolidated Financial Information

## 19 Other reserves

## (a) Capital reserves

Capital reserves mainly represented accumulated capital contribution from the shareholders of the Group companies.

## (b) Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

## (c) Share-based compensation reserve

The Company approved and adopted a share option scheme on 28 December 2015 (the "**Share Option Scheme**"). Share options under the Share Option Scheme (the "**Option**") are granted to eligible participant (the "**Eligibles**") including directors and other employees. Options are conditional on the Eligibles have served the Group for certain periods (the vesting period). Share Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

On 5 January 2017, approximately 62,469,000 share options (the "**2017 Options**") were granted to Eligibles with an exercise price of HK\$5.96 per share. The expiry date of the 2017 Options will be 4 January 2022.

On 30 April 2019, 26,571,973 share options (the "**2019 Options**") were granted to Eligibles with an exercise price of HK\$10.80 per share. The expiry date of the 2019 Options will be 4 January 2022.

There were two types of vesting schedule for above share options, which are: i) 30% of the options will be vested after 12 months of the grant date; 30% of the options will be vested after 24 months of the grant date and the remaining 40% will be vested after 36 months of the grant date, ii) options will be vested after 8 months of the grant date.

Set out below are movement of Options granted under the Share Option Scheme:

	Number of Options
As at 1 January 2019	44,324,000
Granted during the period	26,571,973
Forfeited during the period	(5,191,097)
Exercised during the period	(13,844,738)
As at 30 June 2019	51,860,138

## Notes to the Interim Condensed Consolidated Financial Information

## 19 Other reserves (continued)

The fair values of Options determined by reference to valuation prepared by an independent valuer. The significant inputs in the model were as follows:

	2017 Options	2019 Options
Fair value per Option at measurement date	HK\$1.88 to HK\$1.99	<b>HK\$2.38 to HK\$2.41</b>
(a) expected maturity date:	4 January 2022	<b>4 January 2022</b>
(b) stock price at grant date and exercise price:	HK\$5.96 per share	<b>HK\$10.80 per share</b>
(c) volatility:	34.41%	<b>41.56%</b>
(d) annual risk-free interest rate:	2.09%	<b>2.04%</b>
(e) dividend yield	nil	<b>2.8%</b>
(f) suboptimal factors:	2 or 3	<b>1.69 to 1.77</b>

The total expense recognised in consolidated income statement for share options granted to directors and employees for the six months ended 30 June 2019 was RMB16,141,000 (30 June 2018: RMB12,174,000).

## 20 Dividend

The 2018 final dividend of HK\$0.365 per ordinary share, totalling HK\$584,460,000 (equivalent to approximately RMB552,645,000), was approved by the shareholders at the annual general meeting held on 5 June 2019 and will be paid on 31 August 2019.

## Notes to the Interim Condensed Consolidated Financial Information

## 21 Perpetual Capital Instruments

In 2016, certain group companies issued certain subordinated Perpetual Capital Instruments (the “Perpetual Capital Instruments”). The Perpetual Capital Instruments do not have maturity dates and the distribution payments can be deferred at the discretion of either the group companies or the Company. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the group companies or the Company elects to declare dividends to their shareholders, the group companies shall make distributions to the holders of Perpetual Capital Instruments at the distribution rates as defined in the subscription agreements. Movements of the Perpetual Capital Instruments are as follows:

	Principal	Distribution/ Appropriation of profit	Total
	RMB'000	RMB'000	RMB'000
<b>Balance as at 1 January 2019 (Audited)</b>	<b>900,000</b>	<b>48,132</b>	<b>948,132</b>
Redemption of Perpetual Capital Instruments	(30,000)	—	(30,000)
Profit attributable to holders of Perpetual Capital Instruments	—	71,641	71,641
Distribution made to holders of Perpetual Capital Instruments	—	(53,520)	(53,520)
Balance as at 30 June 2019 (Unaudited)	<b>870,000</b>	<b>66,253</b>	<b>936,253</b>
<b>Balance as at 1 January 2018 (Audited)</b>	<b>2,700,000</b>	<b>41,981</b>	<b>2,741,981</b>
Redemption of Perpetual Capital Instruments	(1,000,000)	—	(1,000,000)
Profit attributable to holders of Perpetual Capital Instruments	—	99,878	99,878
Distribution made to holders of Perpetual Capital Instruments	—	(97,044)	(97,044)
Balance as at 30 June 2018 (Unaudited)	<b>1,700,000</b>	<b>44,815</b>	<b>1,744,815</b>

## Notes to the Interim Condensed Consolidated Financial Information

## 22 Borrowings

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>Borrowings included in non-current liabilities:</b>		
Senior notes — unsecured	15,035,286	6,266,527
Asset backed securities — secured	1,150,000	1,300,000
Corporate bonds — unsecured	7,358,163	10,454,463
Borrowings from financial institutions — secured (Note (a))	35,899,535	39,392,048
Less: current portion of non-current borrowings	(16,249,425)	(19,703,221)
	<b>43,193,559</b>	<b>37,709,817</b>
<b>Borrowings included in current liabilities:</b>		
Borrowings from financial institutions — secured (Note (a))	2,908,084	5,119,796
Current portion of non-current borrowings	16,249,425	19,703,221
	<b>19,157,509</b>	<b>24,823,017</b>
Total borrowings	<b>62,351,068</b>	<b>62,532,834</b>

- (a) The carrying amounts of financial and non-financial assets pledged as security for borrowings are disclosed in Note 27. In addition to pledge of the Group's assets, Mr. Ou Zonghong ("Mr. Ou", the controlling shareholder of the Company) has provided personal guarantee for the borrowings from financial institutions of RMB192,000,000 as at 30 June 2019 (31 December 2018: RMB1,932,000,000).

## Notes to the Interim Condensed Consolidated Financial Information

## 22 Borrowings (continued)

(b) The Group's borrowings were repayable as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 1 year	19,157,509	24,823,017
Between 1 and 2 years	23,337,436	27,141,264
Between 2 and 5 years	19,236,936	9,259,579
Over 5 years	619,187	1,308,974
<b>Total</b>	<b>62,351,068</b>	<b>62,532,834</b>

(c) The Group's borrowings are denominated in:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
— RMB	46,620,733	54,852,070
— US\$	15,718,956	7,232,740
— HK\$	11,379	448,024
	<b>62,351,068</b>	<b>62,532,834</b>

(d) The fair value of senior notes as at 30 June 2019 was RMB14,764,841,000 (31 December 2018: RMB6,385,508,000), which was quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than senior notes approximate their fair values as at 30 June 2019 (31 December 2018: same) as either the impact of discounting were not significant or the borrowings carry floating rates of interests.

## Notes to the Interim Condensed Consolidated Financial Information

## 23 Contract liabilities

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current contract liabilities — sales of properties	<b>63,110,698</b>	63,962,973

- (a) The following table set out the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Six months ended 30 June 2019 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<b>25,069,448</b>

- (b) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 30 June 2019 and 31 December 2018.



## Notes to the Interim Condensed Consolidated Financial Information

## 24 Trade and other payables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables (Note (a))	8,806,586	8,423,760
Note payables	443,242	1,064,455
Other payables:		
— Amounts due to non-controlling interests	7,995,569	11,913,987
— Other taxes payable	1,229,917	3,496,506
— Interests payable	692,328	776,048
— Deposits received for sales of properties	644,815	662,059
— Dividend payable	552,645	—
— Deposits from contractors and suppliers	465,152	399,443
— Accrued payroll	117,692	242,805
— Others	1,665,584	1,359,539
	<b>22,613,530</b>	<b>28,338,602</b>

(a) The ageing analysis of the trade payables is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within one year	6,668,977	6,470,999
Over one year	2,137,609	1,952,761
	<b>8,806,586</b>	<b>8,423,760</b>

(b) Trade and other payables were unsecured, interest-free, repayable on demand and denominated in RMB, except the dividend payable was denominated in HK\$.

(c) The carrying amounts of trade and other payables were considered to be the same as their fair values.

## Notes to the Interim Condensed Consolidated Financial Information

## 25 Financial guarantee

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	30,865,196	29,066,196
Guarantee provided for the borrowings of the joint ventures (Note (b))	2,544,150	3,000,000
	<b>33,409,346</b>	32,066,196

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of loss of the Group resulting from the default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) Amounts represented the maximum exposure of the guarantees provided by the Group.

## 26 Commitments

Commitments for property development expenditures and equity investments are as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted but not provided for		
— Property development activities	14,618,049	15,644,616
— Land use rights	1,689,442	170,513
— Equity investment	78,005	355,185
	<b>16,385,496</b>	16,170,314

## Notes to the Interim Condensed Consolidated Financial Information

## 27 Assets pledged as security

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,252,491	1,271,614
Land use rights	431,418	439,352
Investment properties	7,638,226	5,661,872
<b>Total non-current assets pledged as security</b>	<b>9,322,135</b>	7,372,838
<b>Current assets</b>		
Properties under development and completed properties held for sale	50,758,589	38,821,044
Restricted cash	1,485,612	1,075,706
<b>Total current assets pledged as security</b>	<b>52,244,201</b>	39,896,750
<b>Total assets pledged as security</b>	<b>61,566,336</b>	47,269,588

Set out above are the Group's assets pledged as securities for the Group's borrowings (Note 22(a)).

The Company's shares in certain subsidiaries were pledged as security for borrowing of the Group at 30 June 2019.

## Notes to the Interim Condensed Consolidated Financial Information

## 28 Significant related party transactions

## (a) Major related parties that had transactions during the six month ended 30 June 2019 with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou Zonghong (“Mr. Ou”)	Controlling Shareholder and director of the Company
Dingxin Company Limited (“Dingxin”)	Immediate parent company of the Company
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Shiou Property Management Co., Ltd. 福建世歐物業管理有限公司	A company controlled by the Controlling Shareholder
Xiujing (Fujian) Landscape Engineering Co., Ltd. 秀景(福建)園林工程有限公司	A company controlled by the Controlling Shareholder
Xiuyi (Fujian) Landscape Engineering Co., Ltd. 秀藝(福建)園林工程有限公司	A company controlled by the Controlling Shareholder
Nanjing Kaijingsheng Property Development Co., Ltd 南京愷璟晟房地產開發有限公司	Joint Venture
Hangzhou Xinchun Property Co., Ltd. 杭州信辰置業有限公司	Joint Venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint Venture
Hangzhou Ronghao Property Co., Ltd. 杭州融浩置業有限公司	Joint Venture
Ningbo Fenghua Hedu Property Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint Venture
Fujian Fengrong Property Co., Ltd. 福建豐融置業有限公司	Associate
Fujian Rongyao Property Co., Ltd. 福建融耀置業有限公司	Associate
Hangzhou Zhehan Real Estate Development Co., Ltd. 杭州哲瀚房地產開發有限公司	Associate
Hangzhou Mingyu Real Estate Development Co., Ltd. 杭州銘昱房地產開發有限公司	Associate
Hangzhou Longyi Real Estate Development Co., Ltd. 杭州龍毅房地產開發有限公司	Associate
Nanjing Huihe Property Co., Ltd. 南京薈合置業有限公司	Joint Venture

## Notes to the Interim Condensed Consolidated Financial Information

## 28 Significant related party transactions (continued)

## (a) Major related parties that had transactions during the six month ended 30 June 2019 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Rongxuan Real Estate Development Co., Ltd. 杭州融暉房地產開發有限公司	Joint Venture
Hangzhou Wanjing Property Co., Ltd. 杭州萬璟置業有限公司	Joint Venture
Jinhua Ruiying Real Estate Co., Ltd. 金華市瑞盈房地產有限公司	Joint Venture
Zhoushan Kairong Real Estate Development Co., Ltd. 舟山愷融房地產開發有限公司	Joint Venture
Nanjing Taiyi Hexin Management Consultancy Co., Ltd. 南京泰熠和信企業管理諮詢有限公司	Joint Venture
Cixi Jingui Property Co., Ltd. 慈溪市金桂置業有限公司	Joint Venture
Dongtai Xinbi Real Estate Development Co., Ltd. 東台市新碧房地產開發有限公司	Joint Venture
Fuyang Lvdi Property Co., Ltd. 阜陽綠地置業有限公司	Joint Venture
Hefei Hailiang Property Co., Ltd. 合肥海亮置業有限公司	Joint Venture
Fuzhou Liboshuntai Property Development Co., Ltd. 福州利博順泰房地產開發有限公司	Joint Venture
Bengbu City Bicheng Real Estate Development Co., Ltd. 蚌埠市碧誠房地產開發有限公司	Joint Venture
Fujian Rongteng Property Co., Ltd. 福建融騰置業有限公司	Joint Venture
Shanghai Kaidai Real Estate Development Co., Ltd. 上海愷岱房地產開發有限公司	Joint Venture
Hangzhou Yuqian Real Estate Development Co., Ltd. 杭州譽乾房地產開發有限公司	Joint Venture
Zhengzhou Langu Management Consultancy Co., Ltd. 鄭州藍穀企業管理諮詢有限公司	Joint Venture
Hairong (Zhangzhou) Property Co., Ltd. 海融(漳州)房地產有限公司	Joint Venture
Qidong Bilian Property Co., Ltd. 啟東碧聯置業有限公司	Joint Venture

## Notes to the Interim Condensed Consolidated Financial Information

## 28 Significant related party transactions (continued)

## (a) Major related parties that had transactions during the six month ended 30 June 2019 with the Group are as follows: (continued)

Related parties	Relationship with the Group
Fuzhou Yubaichuan Real Estate Development Co., Ltd. 福州裕百川房地產開發有限公司	Joint Venture
Hangzhou Rongxin Real Estate Development Co., Ltd. 杭州融歆房地產開發有限公司	Associate
Zhenjiang Yiteng Real Estate Development Co., Ltd. 鎮江億騰房地產開發有限公司	Associate
Shaanxi Shengshi Haihong Real Estate development Co., Ltd. 陝西盛世海宏房地產開發有限公司	Associate
Hangzhou Lvcheng Wangxi Real Estate Development Co., Ltd. 杭州綠城望溪房地產開發有限公司	Associate
Fuzhou Wanxi Real Estate Co., Ltd. 福州市萬曦房地產有限公司	Associate
Shaanxi Hai He Real Estate Development Co., Ltd. 陝西海和房地產開發有限公司	Associate
Yinchuan Shihai Real Estate Co., Ltd. 銀川世海房地產有限公司	Associate
Yinchuan Hai Mao Real Estate Co., Ltd. 銀川海茂房地產有限公司	Associate
Anji Rongshang Real Estate Co.,Ltd. 安吉融尚房地產有限公司	Joint Venture
Fuzhou Hongbailong Real Estate Development Co.,Ltd. 福州泓百隆房地產開發有限公司	Joint Venture
Fuyang Shangjun Real Estate Co.,Ltd. 阜陽上郡房地產有限公司	Joint Venture
Fujian Rongdaxin Investment Co.,Ltd. 福建融達信投資有限公司	Joint Venture
Jiaxing Zhenyue Property Co., Ltd. 嘉興臻嶽置業有限公司	Associate

- (i) On 31 March 2019, the Group completed the disposal of its equity interest, representing 50% equity interest, in Shanghai Kaitai. Therefore Shanghai Kaitai ceased to be the related party of the Group.
- (ii) The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

## Notes to the Interim Condensed Consolidated Financial Information

## 28 Significant related party transactions (continued)

## (b) Key management compensation

Compensation for key management including directors is set out below:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Key management compensation:		
— Salaries and other employee benefits	5,959	4,705
— Pension costs	123	123
— Value of employee services under share option scheme	5,683	4,831
	11,765	9,659

## (c) Transactions with related parties

Save as disclosed elsewhere in this interim condensed consolidated financial information, during the six months ended 30 June 2019, the Group had the following transactions with related parties.

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Service provided by companies controlled by the Controlling Shareholder</b>		
— Property management services	36,084	44,858
— Landscape engineering services	38,928	35,843
<b>Purchase from a joint venture</b>		
— Purchase of properties	506,990	—

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

Please refer to Note 25 and Note 22(a) for the guarantee provided for the borrowings of the joint ventures by the Group and the guarantee provided by Mr. Ou for the borrowings of the Group, respectively.

## Notes to the Interim Condensed Consolidated Financial Information

## 28 Significant related party transactions (continued)

## (d) Balances with related parties

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Amounts due from related parties:		
— Joint ventures	3,207,584	7,858,014
— Associates	692,102	501,532
	<b>3,899,686</b>	<b>8,359,546</b>
Amounts due to related parties:		
— Joint ventures	4,065,022	3,646,941
— Associates	1,116,814	1,055,576
— Other related parties	141,778	775,595
	<b>5,323,614</b>	<b>5,478,112</b>

Amounts due from or to related parties are denominated in RMB.

Amounts due from related parties represented mainly the cash advances made to related parties which are unsecured, interest-free and repayable on demand.

Amounts due to Rongxin Shiou Property Management Group Limited represented mainly the payables of property management fees which are unsecured, interest-free and to be settled according to agreed terms.

Amounts due to Xiuyi (Fujian) Landscape Engineering Co., Ltd. represented mainly the payables of landscape engineering services fee which are unsecured, interest-free and to be settled according to agreed terms.

Other amounts due to related parties mainly represented cash advances from related parties which were unsecured, interest-free and repayable on demand.