新城发展
FUTURE HOLDINGS

Future Land Development Holdings Limited

新城發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1030)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

RESULTS HIGHLIGHTS

– Contracted sales were approximately RMB122,418 million, representing a period-on-period growth of approximately 28.4%;

– Rental income* from Wuyue Plazas was approximately RMB1,741 million, representing a period-on-period growth of approximately 104.5%;

– Revenue was approximately RMB17,552 million, representing a period-on-period growth of approximately 9.5%;

– Gross profit was approximately RMB6,242 million, representing a period-on-period growth of approximately 6.0%; gross profit margin was 35.6%;

– Net profit was approximately RMB2,708 million. Core earnings were approximately RMB2,323 million;

– Total cash in bank and at hand was approximately RMB46,826 million;

– As at 30 June 2019, the contracted amount of pre-sold but not recognized properties** was approximately RMB326,577 million, subject to recognition;

– As at 30 June 2019, the weighted average interest rate was 6.3%; and

– As at 30 June 2019, the total Gross Floor Area ("**GFA**") of the land bank was approximately 134 million sq.m., with an average acquisition cost of approximately RMB2,575 per sq.m.

* Rental income includes property management fees

** Including joint ventures and associates

The board (the "**Board**") of directors (the "**Directors**") of Future Land Development Holdings Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2019 (or the "**Reporting Period**"), together with comparative figures for 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	**30 June 2019 Unaudited** *RMB'000*	31 December 2018 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,889,769**	3,014,910
Right-of-use assets	*4*	**147,953**	–
Investment properties		**51,106,242**	40,758,000
Intangible assets		**507,078**	539,109
Investment in associates		**7,254,343**	6,840,149
Investment in joint ventures		**13,700,874**	12,633,050
Deferred income tax assets		**3,759,204**	3,031,448
Financial assets at fair value through profit or loss		**1,131,649**	1,032,194
Financial assets at amortised costs		**837,397**	734,735
Goodwill		**10,260**	10,260
Land use right		**425,778**	427,949
Other receivables and prepayments	*6*	**321,813**	463,427
Total non-current assets		**82,092,360**	69,485,231
Current assets			
Prepayments for leasehold land		**15,486,296**	13,610,385
Properties held or under development for sale		**210,901,614**	145,596,570
Trade and other receivables and prepayments	*6*	**71,907,676**	58,906,517
Contract cost		**1,519,772**	1,229,533
Other financial asset at amortised costs		**68,891**	220,001
Derivative financial instruments		**7,669**	151,475
Restricted cash		**6,700,983**	6,441,945
Cash and cash equivalents		**40,125,062**	41,213,881
Total current assets		**346,717,963**	267,370,307
Total assets		**428,810,323**	336,855,538

	Note	30 June 2019 Unaudited RMB'000	31 December 2018 Audited RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital: nominal value	*7*	**4,807**	4,813
Reserves		**18,810,292**	19,147,278
Non-controlling interests		**30,525,375**	26,568,692
Total equity		**49,340,474**	45,720,783
LIABILITIES			
Non-current liabilities			
Borrowings	*8*	**68,860,892**	56,515,373
Lease liabilities		**28,228**	–
Deferred income tax liabilities		**4,278,749**	3,720,666
Trade and other payables	*9*	**101,053**	144,505
Total non-current liabilities		**73,268,922**	60,380,544
Current liabilities			
Trade and other payables	*9*	**89,963,683**	75,524,146
Advances from customers		**463,676**	435,133
Contract liabilities		**172,330,394**	118,230,992
Current income tax liabilities		**7,486,923**	9,476,038
Borrowings	*8*	**35,792,044**	24,987,790
Lease liabilities		**105,968**	–
Financial liabilities at fair value through profit or loss		**–**	2,069,576
Derivative financial instruments		**22,558**	12,478
Dividends payables		**35,681**	18,058
Total current liabilities		**306,200,927**	230,754,211
Total liabilities		**379,469,849**	291,134,755
Total equity and liabilities		**428,810,323**	336,855,538

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 Unaudited RMB'000	2018 Unaudited RMB'000
Revenue		**17,552,281**	16,035,395
Cost of sales and services	10	**(11,310,505)**	(10,147,949)
Gross profit		**6,241,776**	5,887,446
Fair value gains on investment properties		**599,871**	653,277
Fair value loss on financial instruments at fair value		**(2,807)**	(94,675)
Selling and marketing costs	10	**(977,743)**	(627,640)
Administrative expenses	10	**(1,362,118)**	(1,258,045)
Net impairment losses on financial assets		**(51,668)**	(170,488)
Other income		**79,229**	14,014
Other expenses		**(1,610)**	(13,336)
Other gains – net		**27,153**	44,760
Operating profit		**4,552,083**	4,435,313
Financial income		**198,728**	136,879
Financial cost		**(679,164)**	(562,054)
Finance costs – net	11	**(480,436)**	(425,175)
Share of results of associates		**367,981**	120,438
Share of results of joint ventures		**127,451**	533,872
Profit before income tax		**4,567,079**	4,664,448
Income tax expense	12	**(1,859,038)**	(2,197,957)
Profit for the period		**2,708,041**	2,466,491
Profit for the period attributable to:			
– Equity holders of the Company		**1,528,171**	1,595,548
– Non-controlling interests		**1,179,870**	870,943
		2,708,041	2,466,491
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	13	**RMB0.26**	RMB0.27
– Diluted earnings per share	13	**RMB0.26**	RMB0.27
		HKD'000	*HKD'000*
Dividends			
Special dividend	14	**–**	414,228

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Profit for the period	**2,708,041**	2,466,491
Other comprehensive income		
Items that may be reclassified to profit or loss		
– Currency translation differences	**(1,006)**	4,174
Items that may not be reclassified to profit or loss		
– Fair value gain/(loss) of financial assets at fair value through other comprehensive income	**2,069**	(4,512)
Total comprehensive income for the period	**2,709,104**	2,466,153
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	**1,528,331**	1,597,015
– Non-controlling interests	**1,180,773**	869,138
	2,709,104	2,466,153

1 GENERAL INFORMATION

Future Land Development Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 23 April 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road P.O. Box 31119, Grand Cayman KYI-1205, Cayman Islands.

The principal activities of the Company and its subsidiaries (together, the "**Group**") are property development and property investment in the People's Republic of China (the "**PRC**"). The Company's parent company is Wealth Zone Hong Kong Investments Limited ("**Wealth Zone Hong Kong**") and the Company's ultimate holding company is First Priority Group Limited, both of which are incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Wang Zhenhua ("**Mr. Wang**" or the "**Controlling Shareholder**").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 November 2012 (the "**Listing**").

The condensed consolidated interim financial statements are presented in thousands of Renminbi ("**RMB**"), unless otherwise stated, and were approved and authorized for issue by the board of directors of the Company on 23 August 2019.

The condensed consolidated interim financial statements have not been audited.

2 BASIC OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

3 ACCOUNTING POLICIES

Except for the newly effective standards, amendments and interpretations that became applicable to the Group first time in the six months ended 30 June 2019 and the early adoption of amendment to HKFRS 3, the accounting policies adopted are consistent with those of the 2018 Financial Statements as described therein.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 New standards, amendments and interpretation adopted by the Group in the six months ended 30 June 2019

A number of new or amended standards became applicable for the current Reporting Period and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

- HKFRS 16 – Lease
- HK International Financial Reporting Interpretations Committee ("**IFRIC**") 23 – Uncertainty over income tax treatments
- Amendments to HKFRS 9 – Prepayment features with negative compensation
- Amendments to HKAS 28 – Long-term interests in associates and joint ventures
- Amendments to HKAS 19 – Plan amendment, curtailment or settlement
- Amendments improvement to HKFRSs – Annual improvements to HKFRS standards 2015-2017 cycle

The Group also elected to early adopt the following amendment which is mandatory for annual periods begin on or after 1 January 2020

- Amendments to HKFRS 3 – Definition of a business

The effects of the adoption of HKFRS 16 and Amendment to HKFRS 3 is disclosed in Note 4. The other standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's condensed consolidated interim financial statements.

3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning 1 January 2019 and relevant to the Group and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2022
Revised Conceptual Framework for Financial Reporting	Conceptual Framework	1 January 2020
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 standards, amendments and interpretation described above are either not relevant to the Group or had no material impact on the Group's financial statements.

4 CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Lease and amendments to HKFRS 3 on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

4.1 Adoption of HKFRS16

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening financial position on 1 January 2019.

4.1.1 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. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.63%.

	2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	**409,631**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**371,863**
(Less): short-term and low-value leases recognised on a straight-line basis as expense	**(188,569)**
Lease liability recognised as at 1 January 2019	**183,294**
Of which are:	
Current lease liabilities	**153,996**
Non-current lease liabilities	**29,298**
	183,294

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial position 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 recognised right-of-use assets relate to the following types of assets:

	30 June 2019	**1 January 2019**
	RMB'000	***RMB'000***
Property, plant and equipment	**147,953**	215,512
Total right-of-use assets	**147,953**	215,512

The change in accounting policy affected the following items in the financial position on 1 January 2019:

- right-of-use assets – increased by RMB215,512,000
- current lease liabilities – increased by RMB153,996,000
- non-current lease liabilities – increased by RMB29,298,000
- trade and other receivables and prepayments – decreased by RMB32,218,000

There is no impact on retained earnings as at 1 January 2019.

(a) *Impact on segment disclosures and earnings per share*

Adjusted segment assets and segment liabilities for 30 June 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Segment profit *RMB'000*	**Segment assets** *RMB'000*	**Segment liabilities** *RMB'000*
A share companies	(3,103)	109,250	111,577
Non-A share companies	(430)	7,260	7,619
	(3,533)	116,510	119,196

There is no material impact for earnings per share for the six months ended 30 June 2019 as a result of the adoption of HKFRS 16.

(b) *Practical expedients applied*

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 HKFRIC 4 Determining whether an Arrangement contains a Lease.

4.1.2 The Group's leasing activities and how these are accounted for

The Group leases various offices and shopping malls. Rental contracts are typically made for fixed periods of 1 to 7 years but may have extension options. 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 property, plant and equipment were classified as either finance or 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 a right-of-use asset and a corresponding liability 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.

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.

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. Low-value assets comprise IT-equipment and small items of office furniture.

4.2 Adoption of amendments to HKFRS 3 – Definition of a business

The Group elected to adopt the "Amendments to HKFRS 3 – Definition of a Business" from 1 January 2019.

The definition of a business was amended. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. The new model also introduces an optional concentration test that, if met, eliminates the need for further assessment.

Concentration test

Under the concentration test, the Group considers whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets). If so, the assets acquired would not represent a business and no further analysis is required. Gross assets acquired exclude cash, deferred tax assets and any goodwill that results from the effects of deferred tax liabilities. The fair value of the gross assets acquired can usually be determined based on the consideration transferred (plus the fair value of any non-controlling interest and previously held interest, if any) plus the fair value of any liabilities assumed, other than deferred tax liabilities. In order to compare like with like, any items excluded from the "gross assets acquired" would also be excluded from the fair value of gross assets acquired calculation.

The Group carefully considers the specific facts and circumstances, including class of property and location when concluding whether assets purchased in a transaction are similar. A group of properties are not similar if they have significantly different risk characteristics.

Amended definition of business

The amended HKFRS 3 requires a business to include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Outputs are defined as "the results of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities".

If there is no outputs, an acquired process is considered substantive where:

- the process is critical in converting an acquired input to an output;
- the inputs acquired include an organized workforce that has the necessary skills, knowledge and experience to perform that process; and
- other inputs are acquired that can be developed or converted into outputs by the organized workforce, for example, intellectual property, other economic resources that could be developed to create outputs, or rights to obtain materials or that enable future output to be created.

If outputs exist, an acquired process is considered substantive where, either:

- the process is critical in continuing to produce outputs, and the input includes an organized workforce with the necessary skills, knowledge or experience to perform that process; or
- the process significantly contributes to the ability to continue to produce outputs and is unique or scarce or cannot be replaced without significant cost.

The early adoption of the amendments to HKFRS 3 does not have material impact on the Group's beginning retained earnings, nor is profit for the six months period ended 30 June 2019 affected. Nevertheless, it resulted in more acquisitions accounted for as asset acquisition.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (the "**CODM**") that are used to make strategic decisions. The board of directors have been identified as the CODM.

The Group manages its business by two operating segments, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

- Seazen Holdings Co., Ltd., (formerly known as "**Future Land Holdings Co., Ltd**")a company listed on the Shanghai Stock Exchange (the "**A share company**" or "**Seazen Holdings**").

- Property management and other services companies not within the A share company (the "**Non-A share companies**").

The A share company is mainly engaged in development of residential properties and mixed-use complexes for sale and investment, while the Non-A share companies are mainly engaged in services including certain newly established businesses which are at start-up stage. Corporate expenses are also primarily included in the Non-A share companies segment. All the property development projects are in the PRC, and accordingly majority of the revenue of the Group are derived from the PRC and most of the assets are located in the PRC.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before income tax. The measurement basis excludes the effects of income tax expense.

	Six months ended 30 June 2019 (Unaudited)				
	A share companies *RMB'000*	**Non-A share companies** *RMB'000*	**Total segment** *RMB'000*	**Elimination** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**17,063,563**	**541,726**	**17,605,289**	**(53,008)**	**17,552,281**
– At a point in time	*14,700,824*	*302,223*	*15,003,047*	*(1,358)*	*15,001,689*
– Over time	*1,325,705*	*239,503*	*1,565,208*	*(19,492)*	*1,545,716*
– Rental income	*1,037,034*	*–*	*1,037,034*	*(32,158)*	*1,004,876*
Segment profit before income tax expense	**4,771,834**	**2,068,945**	**6,840,779**	**(2,273,700)***	**4,567,079**
Fair value gains on investment properties	**599,871**	**–**	**599,871**	**–**	**599,871**
Fair value losses on financial liabilities at fair value	**12,016**	**(14,823)**	**(2,807)**	**–**	**(2,807)**
Finance income	**170,086**	**287,614**	**457,700**	**(258,972)**	**198,728**
Finance costs	**(417,250)**	**(520,886)**	**(938,136)**	**258,972**	**(679,164)**
Depreciation and amortisation	**(159,698)**	**(76,559)**	**(236,257)**	**–**	**(236,257)**
Share of results of associates	**368,805**	**(824)**	**367,981**	**–**	**367,981**
Share of results of joint ventures	**127,451**	**–**	**127,451**	**–**	**127,451**

* The elimination represents mainly the dividend declared by the A share company.

A reconciliation to profit for the period is as follows:

	Six months ended 30 June 2019 *RMB'000* **(Unaudited)**
Total segment profits before income tax expense after elimination	**4,567,079**
Income tax expense	**(1,859,038)**
Profit for the period	**2,708,041**

	As at 30 June 2019 (Unaudited)				
	A share companies *RMB'000*	**Non-A share companies** *RMB'000*	**Total segment** *RMB'000*	**Elimination** *RMB'000*	**Total Group** *RMB'000*
Segment assets	**423,319,602**	**18,003,338**	**441,322,940**	**(12,512,617)**	**428,810,323**
Segment assets include:					
Investments in associates	**6,727,529**	**4,586,215**	**11,313,744**	**(4,059,401)**	**7,254,343**
Investments in joint ventures	**13,591,018**	**109,856**	**13,700,874**	**–**	**13,700,874**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**10,353,924**	**(158,684)**	**10,195,240**	**–**	**10,195,240**
Segment liabilities	**367,004,744**	**16,937,671**	**383,942,415**	**(4,472,566)**	**379,469,849**

	Six months ended 30 June 2018 (Unaudited)				
	A share companies *RMB'000*	Non-A share companies *RMB'000*	Total segment *RMB'000*	Elimination *RMB'000*	Total Group *RMB'000*
Segment revenue	15,757,537	299,665	16,057,202	(21,807)	16,035,395
– At a point in time	*14,718,941*	*163,770*	*14,882,711*	*–*	*14,882,711*
– Over time	*540,044*	*135,895*	*675,939*	*–*	*675,939*
– Rental income	*498,552*	*–*	*498,552*	*(21,807)*	*476,745*
Segment profit before income tax expense	4,758,760	1,145,647	5,904,407	(1,239,959)*	4,664,448
Fair value gains on investment properties	653,277	–	653,277	–	653,277
Fair value losses on financial liabilities at fair value	–	(94,675)	(94,675)	–	(94,675)
Finance income	58,530	311,107	369,637	(232,758)	136,879
Finance costs	(554,030)	(240,782)	(794,812)	232,758	(562,054)
Depreciation and amortisation	(108,590)	(74,672)	(183,262)	–	(183,262)
Share of results of associates	113,790	6,648	120,438	–	120,438
Share of results of joint ventures	533,159	713	533,872	–	533,872

* The elimination represents mainly the dividend declared by the A share company.

A reconciliation to profit for the period is as follows:

	Six months ended 30 June 2018 *RMB'000* (Unaudited)
Total segment profits before income tax expense after elimination	4,664,448
Income tax expense	(2,197,957)
Profit for the period	2,466,491

	As at 30 June 2018 (Unaudited)				
	A share companies *RMB'000*	**Non-A share companies** *RMB'000*	**Total segment** *RMB'000*	**Elimination** *RMB'000*	**Total Group** *RMB'000*
Segment assets	246,237,596	14,444,602	260,682,198	(8,702,968)	251,979,230
Segment assets include:					
Investments in associates	2,362,752	418,140	2,780,892	–	2,780,892
Investments in joint ventures	12,023,319	136,324	12,159,643	–	12,159,643
Additions to non-current assets (other than financial instruments and deferred tax assets)	5,286,436	55,831	5,342,267	–	5,342,267
Segment liabilities	217,462,199	12,892,419	230,354,618	(6,627,383)	223,727,235

6 TRADE AND OTHER RECEIVABLES AND PREPAYMENT

	As at 30 June 2019 ***RMB'000*** **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Trade accounts receivables	**416,510**	309,362
Notes receivables	**51,060**	89,605
Total trade receivables	**467,570**	398,967
Less: Impairment losses	**(4,165)**	(3,094)
Trade receivables – net	**463,405**	395,873
Prepayments		
– Prepaid income tax and land appreciation tax	**7,335,221**	5,145,787
– Prepaid value-added tax and input VAT to be deducted	**10,270,960**	6,197,867
– Prepaid surcharges and other taxes	**519,479**	344,843
– Prepayments for construction costs	**333,439**	560,693
– Others	**1,108,925**	723,146
	19,568,024	12,972,336
Receivables from government related bodies		
– Earnest money for reconstructing villages	**2,300,000**	2,300,000
– Tender deposits	**542,040**	345,000
– Advanced proceeds received from customers deposited with a government designated entity	**1,737,257**	187,759
– Government issued coupon for house buyers	**282,109**	294,478
– Deposits with public housing fund centres	**134,302**	140,923
– Deposits with property maintenance	**153,267**	183,340
– Others	**1,179,252**	1,557,689

	As at 30 June 2019 *RMB'000* **(Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
	6,328,227	5,009,189
Less: Impairment losses	**(6,328)**	(5,009)
	6,321,899	5,004,180
Due from related parties	**29,602,605**	24,350,112
Less: Impairment losses	**(296,026)**	(243,501)
	29,306,579	24,106,611
Receivables from joint venture partners	**2,597,850**	5,636,983
Receivables from non-controlling shareholders of subsidiaries	**12,453,599**	9,983,992
	15,051,449	15,620,975
Less: Impairment losses	**(150,514)**	(156,210)
	14,900,935	15,464,765
Receivables from others		
– Lending to an investee	**278,489**	390,485
– Other deposits	**556,334**	121,901
– Others	**867,299**	944,819
	1,702,122	1,457,205
Less: Impairment losses for a particular item	**(16,620)**	(16,620)
	1,685,502	1,440,585
Less: Impairment losses	**(16,855)**	(14,406)
	1,668,647	1,426,179
Total trade and other receivables and prepayments	**72,719,997**	59,808,784
Less: Total impairment losses	**(490,508)**	(438,840)
	72,229,489	59,369,944
Less: Non-current portion	**(321,813)**	(463,427)
Current portion	**71,907,676**	58,906,517

Trade receivables are mainly arisen from sales of properties, leases of investment properties and various services. Proceeds in respect of properties sold are normally received within three months after signing of related sales and purchase agreements, and rentals in respect of leased properties are generally received in advance. Customers receiving the Group's services are generally granted a credit term of 30 days to 90 days.

As at 30 June 2019 and 31 December 2018, the aging of trade receivables and notes receivable are all less than one year.

The maximum exposure to credit risk at 30 June 2019 and 31 December 2018 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 30 June 2019 and 31 December 2018, the fair value of trade and other receivables approximate their carrying amounts.

As at 30 June 2019 and 31 December 2018, the carrying amounts of trade and other receivables and prepayments are primarily denominated in RMB.

7 SHARE CAPITAL

(a) Authorized shares

	Number of authorised shares
	HKD share
As at 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019 (Unaudited)	10,000,000,000

(b) Issued shares

	Number of issued shares	**Ordinary shares**
	HKD0.001 each	***RMB'000***
Opening balance as at 1 January 2019	5,907,000,000	4,813
Cancellation of shares	(8,000,000)	(6)
Balance as at 30 June 2019	5,899,000,000	4,807

8 BORROWINGS

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current, secured:		
– Bank loans, trust financing arrangements and non-bank financial institutions	**48,192,345**	33,936,304
– Senior notes	**7,834,970**	4,408,200
– Guaranteed senior notes	**10,135,224**	8,067,678
– Asset backed notes	**3,580,000**	2,100,000
	69,742,539	48,512,182
Non-current, unsecured:		
– Middle term notes	**7,500,000**	6,500,000
– Private placement notes	**4,500,000**	4,500,000
– Corporate bonds	**12,108,101**	11,193,345
	24,108,101	22,193,345
Less: Current portion of long-term borrowings	**(24,989,748)**	(14,190,154)
	68,860,892	56,515,373
Current, secured:		
– Bank loans and trust financing arrangements	**4,185,876**	3,551,127
– Guaranteed senior notes	**2,055,532**	2,058,022
– Financing under securitisation arrangements	**3,691,700**	1,811,800
	9,933,108	7,420,949
Current, unsecured:		
– Bank loans	**269,188**	136,687
– Corporate bonds	**–**	840,000
– Short-term Commercial Paper	**600,000**	2,400,000
	869,188	3,376,687
Current portion of long-term borrowings	**24,989,748**	14,190,154
	35,792,044	24,987,790

9 TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade payables	**33,940,558**	26,291,978
Notes payable	**1,565,346**	1,680,056
Payables to related parties	**36,275,525**	31,415,600
Payables for acquisition of subsidiaries, joint ventures and associates	**937,212**	1,215,328
Advances from non-controlling shareholders of subsidiaries	**4,728,511**	5,812,882
Accrued payroll	**358,040**	1,360,853
Amounts received for potential investments in property projects	**6,194,181**	1,679,451
Business, value-added and other taxes payable	**1,363,838**	1,623,750
Deposits for construction biddings and rental deposits	**1,569,639**	1,506,274
Interest payable	**1,383,710**	1,212,088
Amounts received from participants of the A share company's restricted share incentive scheme	**61,862**	61,862
Intention deposits from potential property purchasers	**348,355**	317,287
Deed tax collected on behalf	**65,129**	80,551
Maintenance & decoration fees collected on behalf	**61,450**	138,197
Others	**1,211,380**	1,272,494
	90,064,736	75,668,651
Less: Non-current portion	**(101,053)**	(144,505)
Current portion	**89,963,683**	75,524,146

The aging analysis of trade payables and notes payable as at 30 June 2019 and 31 December 2018 are as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Less than 1 year	**33,302,111**	23,829,427
Between 1 and 2 years	**1,086,883**	3,479,076
Between 2 and 3 years	**836,607**	593,155
Over 3 years	**280,303**	70,376
	35,505,904	27,972,034

As at 30 June 2019 and 31 December 2018, the fair values of trade and other payables approximate their carrying amounts.

As at 30 June 2019 and 31 December 2018, the carrying amounts of trade and other payables are primarily denominated in RMB.

10 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Construction costs	**5,404,778**	5,270,299
Land use rights costs	**2,587,855**	2,833,400
Capitalised interest	**1,601,035**	1,158,675
Staff costs	**1,410,817**	1,028,644
Direct operating costs incurred for service income	**709,944**	242,994
Advertising and publicity costs and sales commission	**576,528**	438,903
Stamp duty, property tax and land use tax	**208,769**	113,099
Depreciation of property, plant and equipment	**198,979**	171,849
Professional and consulting fees	**127,760**	67,391
Travelling expenses	**119,712**	80,681
Other tax and surcharges	**100,920**	83,350
Bank charges	**69,639**	76,539
Entertainment expenses	**45,039**	77,299
Amortisation of intangible assets	**37,278**	11,413
Provision for properties held for sale	**26,592**	13,061
Rental expenses	**22,041**	55,053
Auditor's remuneration	**1,200**	1,200
Other expenses	**401,480**	309,784
	13,650,366	12,033,634

11 FINANCE COST – NET

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
– Interest on borrowings	**(2,950,566)**	(1,589,068)
– Interest on proceeds from presale to customers	**(2,458,090)**	(1,555,219)
– Interest on lease liabilities	**(5,627)**	–
– Less: Interest capitalised	**4,818,784**	2,868,664
	(595,499)	(275,623)
– Net foreign exchange losses relating to borrowings	**(63,169)**	(408,658)
– Net foreign exchange (losses)/gains on cash and cash equivalents	**(20,496)**	122,227
Total finance costs	**(679,164)**	(562,054)
Finance income		
– Interest income on bank deposits	**198,728**	136,879
Net finance costs	**(480,436)**	(425,175)

12 INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	**950,228**	1,284,736
– PRC corporate income tax	**1,068,498**	1,167,910
	2,018,726	2,452,646
Deferred income tax	**(159,688)**	(254,689)
Total income tax charged for the period	**1,859,038**	2,197,957

Hong Kong profits tax

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profits in Hong Kong during the six months ended 30 June 2019 (For the six months ended 30 June 2018: Nil).

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC ("**CIT Law**"), the CIT rate applicable to the Group's subsidiaries located in mainland China is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. For the six months ended 30 June 2019, the Group accrued for PRC withholding tax based on the tax rate of 5% on a portion of the earnings generated by its PRC entities. The Group controls the dividend policies of these subsidiaries and it has been determined that it is probable that a majority of these earnings will not be distributed in the foreseeable future.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statement of profit or loss as income tax expense.

13 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Consolidated profit attributable to ordinary equity holders of the Company (RMB'000)	**1,528,171**	1,595,548
Weighted average number of ordinary shares in issue ('000)	**5,899,133**	5,895,314
Basic earnings per share (RMB)	**0.26**	0.27

As there were no dilutive options and other dilutive potential shares in issue during the six months ended 30 June 2019, diluted earning per share is the same as basic earnings per share.

For the six months ended 30 June 2018, diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had one category of dilutive potential ordinary shares: convertible bond. The convertible bond were assumed to have been converted into ordinary shares.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Consolidated profit attributable to ordinary equity holders of the Company (RMB'000)	**1,528,171**	1,595,548
Add: interest savings of convertible bonds (RMB'000)	**–**	18,373
Consolidated profit attributable to equity holders of the Company in calculating diluted earnings per share (RMB'000)	**1,528,171**	1,613,921
Weighted average number of ordinary shares in issue ('000)	**5,899,133**	5,895,314
Add: maximum conversion ('000)	**–**	170,414
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share ('000)	**5,899,133**	6,065,728
Diluted earnings per share (RMB)	**0.26**	0.27

14 DIVIDENDS

A final dividend in respect of 2018 of RMB0.3 per ordinary share, amounting to RMB1,769,700,000, was approved at the annual general meeting of the Company held on 8 May 2019. The dividend is reflected as an appropriation of share premium and retained earnings for the six months ended 30 June 2019. As of 30 June 2019, RMB1,769,700,000 had been paid.

Management Discussion and Analysis

Review

In the first half of 2019, the central government made emphasis on the policy principle of "housing properties are for accommodation, not for speculative trading" at important meetings. Various agencies including Ministry of Housing and Urban-Rural Development, the central bank, China Banking and Insurance Regulatory Commission, and other departments have jointly established a mechanism for risk management in the real estate market. Local governments have improved the accuracy of regulation and control and strived to build consistently effective mechanisms such as "implementing city-specific policies " and "One city and one strategy" to ensure a steady and healthy development of the property market through more independent management approaches.

Under the guidance of the "residential and commercial" two-drivers strategy, all our staff worked hand in hand to achieve steady growth results during the first half of the year. The Group achieved contracted sales of approximately RMB122.418 billion during the period, representing a period-on-period growth of approximately 28% and ranking 8th nationwide in terms of sales figures. The Group also completed the opening of a total of 44 Wuyue Plazas, generating a rental income* from Wuyue Plazas of approximately RMB1.74 billion, representing a period-on-period increase of approximately 105%. The complementary advantages and synergy of residential and commercial construction have established core competitiveness of the Group's sustainable development.

High-efficiency operation of residential development and a promising future built on solid foundation

The Group adopted regional in-depth development as its strategy, adhered to a high turnover model that prioritizes operation and high quality, and orderly carried out the sales plan formulated at the beginning of the year. During the first half of 2019, the Group completed contracted sales of approximately RMB122.418 billion, fulfilling 45% of the annual sales target of RMB270 billion. Meanwhile, the Group seized the momentum by expanding its coverage in popular first and second-tier cities such as Beijing, Shanghai, Suzhou, Tianjin, Changsha and Wuhan, with 80 newly acquired projects and land reserves that cover a GFA of approximately 24,590,000 sq.m. Such moves have further solidified the Group's regional coverage and ensured the Group's sustainable development in the medium and longer term. As at 30 June 2019, the Group's land reserves have covered 103 cities nationwide, with a total land bank GFA of 134 million sq.m., providing sufficient saleable resources for maintaining rapid growth in the future.

Steadily advancing commercial layout and accelerating construction of "Wuyue Plaza in 100 cities"

In the commercial sector, the rapid expanding commercial development and management are profit drivers of the Group. In the first half of 2019, the Group has opened two new Wuyue Plazas in Shangrao and Hefei, both achieving first-day customer flow of over 300,000 headcounts. As of the end of June 2019, the Group opened a total of 44 Wuyue Plazas with an average occupancy rate of over 98%, which generated a rental income* of RMB1.74 billion and provided the Group with stable profit safeguard. As of the date of this interim results announcement, the Group has a total of 119 Wuyue Plazas located in 77 cities across the country. The Group plans to open 20 new Wuyue Plazas in the second half of the year and to reach a total of 64 new Wuyue Plazas by the end of the year, with a target to achieve a full-year rental income from Wuyue Plazas of RMB4 billion.

* Rental income includes property management fees

Prospects

Given that real estate is an integral component of the macro economy, the Group strongly agrees with the relevant long-term mechanism policies formulated by the central government on stabilizing the real estate market. With the increase of industry concentration and evolving of competitive landscape, in order to ensure the Group maintaining healthy growth in such a complex and volatile market, the Group will focus on the customer, quality as the priority, adhere to the concepts of providing customers with customer-oriented and quality products and services, further focusing on the long-term development strategy supported by the two drivers, "residential and commercial properties" and systematically and gradually optimize the Company's assets and liability structure to achieve stable and high-quality development of the Company, thereby protecting the interests of all investors and related parties of the Company.

The Group consistently upholds its mission of "Happy Home Happy Life" and is committed to bringing happiness to the wider public by continuously satisfying the needs from customers' pursuit of a better life through its professional innovation iteration capability. The Group will adhere to its original aspirations, engage in responsible decision-making and actions, and constantly strive to become an industry-leading and green enterprise that is built to last.

Overall Overview

For the six months ended 30 June 2019, contracted sales of the Group increased by 28.4% to approximately RMB122,418 million from the same period last year. Revenue increased by 9.5% to approximately RMB17,552 million from the same period last year; gross profit increased by 6.0% to approximately RMB6,242 million from the same period last year; gross profit margin was 35.6%; net profit was approximately RMB2,708 million, and net profit attributable to equity holders of the Company was approximately RMB1,528 million; core earnings were approximately RMB2,323 million, and core earnings attributable to equity holders of the Company were approximately RMB1,296 million.

Business Review

Property Development

For the six months ended 30 June 2019, the contracted sales of the Group amounted to approximately RMB122,418 million, representing a period-on-period increase of 28.4%, and the total GFA sold was approximately 10,495,000 sq.m., representing a period-on-period increase of 35.5%. A total of 91 cities and over 300 projects contributed to our sales revenue, of which three regions (Suzhou, Shanghai and Sunan) all achieved a sales volume of over RMB10 billion. The average contracted selling price (excluding carparks) amounted to RMB12,323 per sq.m.

Table 1: Details of the Group's contracted sales in the first half of 2019

The following table sets out the geographic breakdown of the Group's contracted sales in the first half of 2019:

City/Region	Contracted GFA sold *(sq.m.)*	Contracted sales *(RMB million)*
Yangtze River Delta Area		
Changzhou	716,242	10,746.92
Suzhou	538,465	9,625.36
Shanghai	115,114	6,248.51
Shaoxing	402,773	5,805.51
Nantong	296,177	3,864.08
Jiaxing	168,851	2,751.30
Hefei	189,498	2,684.32
Wenzhou	132,881	2,498.36
Hangzhou	104,814	2,264.59
Yancheng	215,298	2,121.26
Wuxi	140,631	2,027.86
Huai'an	238,337	2,022.43
Suqian	268,206	2,018.83
Huzhou	120,446	1,842.13
Taizhou	137,731	1,646.48
Lianyungang	162,993	1,539.02
Taizhou	72,282	1,479.26
Jinhua	130,272	1,317.82
Ningbo	101,611	1,315.32
Zhenjiang	113,699	1,285.53
Nanjing	28,982	951.17
Yangzhou	97,520	875.28
Xuzhou	116,327	841.31
Huaibei	124,939	737.98
Bengbu	85,178	642.44
Fuyang	45,611	560.40
Lu'an	66,312	547.90
Suzhou	53,346	516.64
Chuzhou	37,757	351.42
Huainan	16,729	208.16
Ma'anshan	17,010	163.75

City/Region	Contracted GFA sold *(sq.m.)*	Contracted sales *(RMB million)*
Central and Western China Area		
Chongqing	327,194	3,235.52
Kunming	272,491	2,920.04
Chengdu	327,883	2,841.07
Changsha	251,269	2,653.60
Wuhan	137,456	1,381.32
Nanning	99,357	1,110.19
Jingzhou	105,059	1,051.31
Xi'an	87,901	986.87
Xiangyang	97,426	962.78
Zhaotong	78,747	778.24
Shangrao	126,909	763.55
Yan'an	84,059	662.85
Zhengzhou	77,451	647.17
Hanzhong	81,694	633.37
Qinzhou	88,515	576.98
Baoji	81,274	576.52
Taiyuan	41,954	550.10
Xuchang	80,962	532.12
Xining	46,935	496.41
Huangshi	66,433	487.85
Guigang	44,634	487.33
Xiaogan	64,326	442.29
Guiyang	41,566	402.00
Huanggang	54,871	359.52
Guilin	43,447	356.94
Xiangtan	48,302	271.79
Beihai	14,591	229.67
Ezhou	24,681	227.54
Meishan	32,205	212.92
Suizhou	9,122	159.61
Zunyi	17,045	123.06
Nanchang	7,131	90.44
Leshan	18,360	90.06
Zhuzhou	11,249	89.85
Ya'an	10,277	70.45

City/Region	Contracted GFA sold (sq.m.)	Contracted sales (RMB million)
Bohai Rim Area		
Tianjin	265,101	3,862.33
Jinan	206,936	2,553.12
Beijing	44,649	2,263.98
Qingdao	149,586	2,131.84
Tangshan	95,578	1,344.52
Baotou	112,176	932.68
Changchun	87,826	906.34
Shenyang	87,120	842.16
Cangzhou	86,624	814.80
Langfang	34,055	526.20
Zibo	48,585	423.01
Dezhou	43,427	409.12
Liaocheng	53,338	364.81
Tai'an	20,099	341.52
Rizhao	21,027	178.10
Weihai	14,896	132.20
Yantai	6,550	123.46
Weifang	10,616	76.34
Linyi	1,343	9.14
Greater Bay Area		
Huizhou	92,087	861.05
Zhaoqing	87,860	791.05
Foshan	49,286	700.36
Jiangmen	35,782	232.11
Zhongshan	14,103	168.81
Shanwei	15,168	104.69
Carparks	752,544	2,361.30
Total	10,495,173	122,417.73

Note:

1. Joint ventures and associates' projects are included in the above contracted sales information on an 100% basis.

As at 30 June 2019, the Group's pre-sold but not delivered properties amounted to approximately RMB326,577 million, with a total GFA of approximately 29,595,094 sq.m. (including joint ventures and associates), laying a solid foundation for the continuous and steady growth in the Group's future recognized revenue.

Land Bank

As at 30 June 2019, the total land bank of the Group was approximately 134,015,751 sq.m., covering a total of 103 cities. The average acquisition cost of our land bank was approximately RMB2,575 per sq.m. The geographic spread of the land bank of the Group was as follows:

Table 2: Breakdown of land bank of the Group

City/Region	Total GFA	Percentage of the Group's total GFA	GFA attributable to the Group's interests	Percentage of GFA attributable to the Group's interests
	(sq.m.)	*(%)*	*(sq.m.)*	*(%)*
Yangtze River Delta Area				
Changzhou	7,092,549	5.29%	3,228,776	4.64%
Suzhou	6,894,982	5.14%	2,280,971	3.28%
Yancheng	3,457,369	2.58%	2,297,320	3.30%
Xuzhou	3,013,485	2.25%	1,500,177	2.16%
Huai'an	2,801,454	2.09%	1,814,764	2.61%
Hefei	2,579,814	1.93%	1,193,632	1.72%
Zhenjiang	2,567,148	1.92%	1,411,801	2.03%
Nantong	2,450,066	1.83%	738,057	1.06%
Taizhou	2,285,111	1.71%	1,213,213	1.74%
Suqian	1,992,396	1.49%	1,060,067	1.52%
Yangzhou	1,945,277	1.45%	1,292,101	1.86%
Jiaxing	1,935,559	1.44%	1,110,457	1.60%
Taizhou	1,919,964	1.43%	1,158,926	1.67%
Wenzhou	1,870,637	1.40%	472,279	0.68%
Nanjing	1,709,504	1.28%	700,418	1.01%
Shaoxing	1,610,360	1.20%	633,865	0.91%
Fuyang	1,605,459	1.20%	827,783	1.19%
Huzhou	1,562,579	1.17%	893,793	1.28%
Shanghai	1,431,522	1.07%	412,662	0.59%
Chuzhou	1,400,705	1.05%	858,535	1.23%
Lianyungang	1,362,070	1.02%	911,367	1.31%
Hangzhou	1,302,274	0.97%	472,301	0.68%
Ningbo	1,250,984	0.93%	785,408	1.13%
Jinhua	1,243,995	0.93%	377,604	0.54%
Wuxi	961,709	0.72%	220,692	0.32%
Huaibei	701,483	0.52%	468,744	0.67%
Suzhou	673,615	0.50%	443,647	0.64%
Lu'an	668,314	0.50%	446,580	0.64%
Tongling	541,989	0.40%	362,167	0.52%
Huainan	451,438	0.34%	301,659	0.43%
Bengbu	417,245	0.31%	275,314	0.40%
Bozhou	239,815	0.18%	79,143	0.11%
Ma'anshan	206,539	0.15%	133,650	0.19%
Wuhu	163,056	0.12%	105,381	0.15%

City/Region	Total GFA	Percentage of the Group's total GFA	GFA attributable to the Group's interests	Percentage of GFA attributable to the Group's interests
	(sq.m.)	*(%)*	*(sq.m.)*	*(%)*
Central and Western China Area				
Changsha	4,226,905	3.15%	2,292,443	3.30%
Chongqing	3,904,248	2.91%	1,574,141	2.26%
Kunming	3,614,001	2.70%	1,926,358	2.77%
Chengdu	2,715,178	2.03%	1,189,628	1.71%
Wuhan	2,559,789	1.91%	1,409,003	2.03%
Zhengzhou	1,849,617	1.38%	819,864	1.18%
Xi'an	1,693,271	1.26%	1,110,674	1.60%
Taiyuan	1,493,448	1.11%	839,044	1.21%
Xiangyang	1,163,128	0.87%	818,267	1.18%
Zunyi	1,030,826	0.77%	691,636	0.99%
Shangrao	1,019,971	0.76%	681,563	0.98%
Xuchang	991,192	0.74%	362,927	0.52%
Xiaogan	956,664	0.71%	401,343	0.58%
Guilin	947,091	0.71%	578,438	0.83%
Zhaotong	818,915	0.61%	598,848	0.86%
Jingzhou	784,886	0.59%	426,659	0.61%
Guiyang	771,225	0.58%	440,541	0.63%
Meishan	732,984	0.55%	338,165	0.49%
Xiangtan	717,806	0.54%	483,866	0.70%
Suizhou	693,301	0.52%	506,990	0.73%
Guigang	642,107	0.48%	429,068	0.62%
Baoji	613,862	0.46%	410,194	0.59%
Qinzhou	583,835	0.44%	390,129	0.56%
Huangshi	564,970	0.42%	266,473	0.38%
Hanzhong	559,313	0.42%	373,743	0.54%
Neijiang	556,479	0.42%	371,850	0.53%
Yinchuan	556,046	0.41%	371,560	0.53%
Nanning	554,399	0.41%	308,551	0.44%
Deyang	525,760	0.39%	351,323	0.51%
Yan'an	525,158	0.39%	350,920	0.50%
Beihai	522,641	0.39%	349,238	0.50%
Xining	346,942	0.26%	231,833	0.33%
Zhuzhou	285,688	0.21%	96,290	0.14%
Ya'an	280,441	0.21%	117,177	0.17%
Leshan	231,497	0.17%	148,801	0.21%
Nanchang	229,154	0.17%	134,161	0.19%
Huanggang	217,647	0.16%	46,166	0.07%
Jiujiang	145,042	0.11%	58,156	0.08%
Ezhou	112,692	0.08%	72,435	0.10%
Shangqiu	98,030	0.07%	70,006	0.10%

City/Region	Total GFA	Percentage of the Group's total GFA	GFA attributable to the Group's interests	Percentage of GFA attributable to the Group's interests
	(sq.m.)	*(%)*	*(sq.m.)*	*(%)*
Bohai Rim Area				
Tianjin	4,527,409	3.38%	2,560,493	3.68%
Qingdao	4,032,838	3.01%	1,527,349	2.20%
Jinan	1,556,731	1.16%	823,797	1.18%
Weifang	1,486,013	1.11%	766,511	1.10%
Baotou	1,121,241	0.84%	726,078	1.04%
Beijing	1,082,477	0.81%	292,442	0.42%
Dezhou	1,004,952	0.75%	671,527	0.97%
Shenyang	995,336	0.74%	665,102	0.96%
Tangshan	989,992	0.74%	576,365	0.83%
Cangzhou	957,802	0.71%	673,154	0.97%
Tai'an	950,952	0.71%	695,403	1.00%
Changchun	654,517	0.49%	439,532	0.63%
Jining	583,972	0.44%	390,221	0.56%
Rizhao	539,488	0.40%	283,898	0.41%
Zibo	411,936	0.31%	192,693	0.28%
Liaocheng	390,293	0.29%	270,734	0.39%
Langfang	285,416	0.21%	144,470	0.21%
Linyi	278,329	0.21%	186,579	0.27%
Weihai	234,442	0.17%	110,662	0.16%
Yantai	231,277	0.17%	125,703	0.18%
Dongying	100,447	0.07%	44,029	0.06%
Greater Bay Area				
Huizhou	2,295,401	1.71%	624,596	0.90%
Shanwei	1,038,306	0.77%	700,753	1.01%
Zhaoqing	994,373	0.74%	700,304	1.01%
Foshan	842,728	0.63%	349,007	0.50%
Zhongshan	254,045	0.19%	74,960	0.11%
Dongguan	200,750	0.15%	117,890	0.17%
Quanzhou	164,079	0.12%	109,641	0.16%
Jiangmen	136,734	0.10%	97,166	0.14%
Other completed projects	2,526,864	1.89%	1,705,381	2.45%
Total	134,015,751	100.00%	69,568,165	100.00%

Note:

1. As of the date of this interim results announcement, the disposal of a total of 15 projects had been completed. The total GFA was approximately 3.31 million sq.m., net of which, the total land bank of the Group was approximately 131 million sq.m.

In the first half of 2019, the Group acquired a total of 80 new projects to replenish its land bank, all of which were acquired through government public tender, auction, listing-for-sale acquisition or equity acquisition. These new acquisitions of land have a total GFA of approximately 24,591,984 sq.m., with an average cost of newly acquired land amounting to RMB2,990 per sq.m.

Table 3: Land acquisition in the first half of 2019

City	Name of Land Parcel	Land use	Proportion of interest	Site area *(sq.m.)*	Total GFA *(sq.m.)*	Total land premium *(RMB million)*
Beijing	Limited-competition Housing Project in Xihuangcun, Beijing	Residential	34.42%	48,464	196,075	4,953.00
Shanghai	Land Parcel Project 1801 in Shibei, Jing'an District, Shanghai	Residential	22.66%	26,190	95,070	3,051.74
Tianjin	Land Parcel No. 8 in Qiaobei New District, Ninghe	Residential	73.13%	78,520	391,166	878.00
	Land Parcel 019 in Dazhangzhuang, Beichen, Tianjin	Residential	73.29%	69,359	145,600	461.85
	Land Parcel in Hujiayuan	Residential	33.51%	36,042	111,301	361.10
	Tianjin Dongli Junliangcheng Project	Residential	66.82%	58,750	127,753	419.00
	Land Parcel Project No. 026 in Wuqing Development Area	Residential	52.12%	119,867	257,891	1,520.00
	Land Parcel Project No. 8 on Guangming Road, Ninghe	Residential	33.41%	28,664	75,960	269.00
	Land Parcel Project No. 027 in Wuqing Development Area	Residential	64.70%	46,012	105,461	434.00
	Land Parcel Project No. 028 in Wuqing Development Area	Residential	64.70%	47,511	110,363	452.00
	Tianjin Binhai Wuyue Plaza	Complex	73.67%	163,956	572,076	1,465.50
	Tianjin Ninghe Wuyue Plaza	Complex	66.82%	56,035	150,260	151.40
Qingdao	Land Parcel located to the west of Synutra Dairy in West Coast New Area	Residential	67.44%	27,026	66,330	216.48
Chongqing	Project on Haier Road, Jiangbei District, Chongqing	Residential	64.28%	48,667	167,195	910.00
Suzhou	Land Parcel Project No. 2019WG 2 in Suzhou	Residential	26.73%	77,915	180,429	3,226.95
	Land Parcel Project in Chengnan	Residential	10.69%	66,210	163,138	1,279.47
	Land Parcel 005 in the cultural district of Changshu	Residential	66.82%	44,671	137,118	1,446.00
Hangzhou	Land Parcel Project in Jiubao, Genbei, Hangzhou	Residential	67.44%	48,953	166,139	2,715.81
Ningbo	Land Parcel located to the west of Yiyuan, Ninghai	Residential	65.84%	48,361	148,912	775.61
Hefei	Land Parcel Project in Lujiang County	Residential	71.35%	161,263	433,993	1,097.87
Changsha	Seazen Yuejun Project	Residential	66.82%	58,652	237,545	545.47
	Land Parcel 006 in Xingsha	Residential	40.45%	52,477	272,004	330.61
	Seazen Jinmao Mengxiang Huafu	Residential	18.88%	45,274	376,614	1,385.39
	Seazen Jinmao Mengxiang Xiyue	Residential	18.88%	51,270	196,195	953.61
	Changsha Ningxiang Wuyue Plaza	Complex	66.82%	160,964	693,501	524.36
Wuhan	Wuhan Guanggu Fourth Road Project	Residential	51.42%	171,524	554,210	2,800.18
	Wuhan Dongxihu Project	Residential	51.42%	171,968	677,604	2,508.20
Xi'an	110 Mu Land Parcel Project on Lanchih Second Road, Qinhan New Town, Xi'an	Residential	67.33%	66,213	197,858	784.60
Taiyuan	Taiyuan Wuyue Plaza	Complex	50.12%	59,877	521,607	849.20
	Taiyuan Dajingyu Project	Residential	66.82%	107,202	542,134	1,044.70
Kunming	Kunming Anning Wuyue Plaza	Complex	66.82%	185,619	947,238	751.05
	Project on the south bank of Dian Lake, Jinning	Residential	14.70%	320,095	630,041	754.55

City	Name of Land Parcel	Land use	Proportion of interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Wuxi	Land Parcel Project in Wangpo Village, Yixing	Residential	67.41%	56,266	148,318	808.00
Zhengzhou	Land Parcel Project 244 in Gongyi	Residential	64.28%	69,629	179,781	423.50
	Land Parcel Project 410 in Gongyi	Residential	64.28%	50,086	129,826	285.90
Wenzhou	Wenzhou Longwan Wuyue Plaza	Complex	33.41%	34,271	128,380	1,243.00
	Land Parcel located at Shidai Supermarket on Huaide Road	Residential	65.16%	21,500	70,677	842.00
	Land Parcel located to the east of Vanke City	Residential	64.63%	111,718	327,491	2,211.00
Jiaxing	Land Parcel 2019 Ping No. 7 in Caoqiao, Pinghu, Shanghai Company	Residential	64.76%	31,865	101,117	248.54
	Haiyan Seazen Jingjun Lanting Project	Residential	73.59%	27,154	77,946	382.19
	Land Parcel Project 2019 Ping-No. 17 in Xincang Town, Pinghu City	Residential	64.76%	20,930	62,021	204.07
	Land Parcels Nos. 2017-31 and 32 in Guigu, Jiashan County	Residential	64.76%	48,625	161,994	352.53
Jinhua	Land Parcel in Jiangdong, Yiwu	Residential	16.18%	72,268	279,053	1,610.00
Chuzhou	Chuzhou Nanqiao Wuyue Plaza	Complex	66.82%	219,782	616,473	800.14
	Chuzhou Tianchang Wuyue Plaza	Complex	66.82%	226,919	613,911	468.39
Zhenjiang	Land Parcel (Xuefu Road) Project 2 2J1902 in Jingkou District, Zhenjiang	Residential	64.71%	49,964	86,260	300.15
	Zhenjiang Yangzhong Wuyue Plaza	Complex	66.82%	191,444	697,016	933.88
Yancheng	Yancheng Dafeng Wuyue Plaza	Complex	73.13%	226,792	828,014	599.00
	Yancheng Dongtai Wuyue Plaza	Complex	73.13%	198,689	700,851	927.70
Yantai	Yantai Airport Road Project	Residential	67.44%	17,216	81,697	470.00
Taian	Land Parcel Projects 2019-No. 7 and No. 9 in Taian	Residential	73.13%	103,224	382,676	940.03
	Land Parcel 2019 No. 7 Project in Taian	Residential	73.13%	59,846	228,645	687.35
	Taian Taishan Wuyue Plaza	Complex	73.13%	94,988	339,631	227.22
Rizhao	Seazen Yuejun Shi Dai	Residential	67.44%	53,731	165,346	414.00
Linyi	Land Parcel No. 027 in Tangtou, Linyi	Residential	67.44%	61,541	96,809	111.00
Wuhu	Land Parcel A on Cangjin Road, Yijiang District 1901, Wuhu	Residential	64.63%	62,643	163,056	874.26
Bozhou	Land Parcel Project located to the east of Weiwu Avenue, Bozhou City	Residential	33.00%	109,620	239,815	415.00
Jiujiang	Jiujiang Train Station Project	Residential	40.10%	87,200	145,042	675.90
Meishan	60 Mu Project in Shigao	Residential	64.28%	76,120	261,643	188.50
Xuchang	Land Parcel No. B132 in Dongcheng District, Xuchang City	Residential	32.78%	90,063	277,087	670.83
Xuzhou	Project located to the east of Xinyuan Avenue, Xuzhou	Residential	38.83%	90,236	273,738	1,826.00
Fuyang	Seazen Yunyu Dongfang	Residential	64.63%	63,721	183,786	367.99
	Land Parcel Project on Nanjing Road, Yingzhou District 2019 20, Fuyang	Residential	64.63%	57,145	157,211	557.08
Xiangyang	Xiangzhou Land Parcel Project in Xiangyang City	Residential	64.28%	93,846	331,661	843.00
Taizhou	Shentongmen in Wenling	Residential	39.88%	114,369	379,714	2,649.00
	Tangyue Xueyuan	Residential	61.36%	25,886	74,969	477.60
Cangzhou	Cangzhou Jinyu	Residential	67.42%	41,618	142,362	313.20
	Cangzhou Wuyue Plaza	Complex	73.13%	134,239	501,937	1,148.00
Deyang	Deyang Wuyue Plaza	Complex	66.82%	133,700	525,760	606.06
Suizhou	Suizhou Wuyue Plaza	Complex	73.13%	299,953	693,301	477.10

City	Name of Land Parcel	Land use	Proportion of interest	Site area *(sq.m.)*	Total GFA *(sq.m.)*	Total land premium *(RMB million)*
Shangrao	Land Parcel Project in Yangjiatang, Shangrao	Residential	66.82%	112,098	425,361	672.62
Huai'an	Huai'an Lianshui Wuyue Plaza	Complex	73.13%	241,591	687,273	297.10
Suzhou	Land Parcel Project 2018 31 in Suzhou	Residential	64.71%	111,827	306,520	872.25
Shangqiu	Land Parcel Project No. 2019 4 in Shangqiu City	Residential	71.41%	37,311	98,030	176.77
Huizhou	Zhongkai Jiahong Seazen Project in Huizhou	Residential	24.97%	57,151	232,073	686.27
Dongying	Land Parcel 21 in Dongying	Residential	43.83%	62,647	100,447	210.50
Jining	Jining Wuyue Plaza	Complex	66.82%	232,099	583,972	1,496.87
Yinchuan	Yinchuan Wuyue Plaza	Complex	66.82%	260,757	556,046	734.33
Tongling	Tongling Wuyue Plaza	Complex	66.82%	214,900	541,989	1,031.63
Neijiang	Neijiang Wuyue Plaza	Complex	66.82%	164,208	556,479	450.01

Property Delivery and Revenue from Sale of Properties

In the first half of 2019, the revenue of the Group's property development business was approximately RMB14,483.7 million. Properties with a total GFA of approximately 1,537,551 sq.m. were delivered. Average selling price of properties delivered and recognized as sales was approximately RMB9,420 per sq.m., representing a period-on-period increase of 4.6%.

Table 4: Breakdown of property development revenue by projects in the first half of 2019

The following table sets forth the revenue information relating to the properties the Group delivered for sale during the first half of 2019:

Name of project	City	Revenue *(RMB million)*	GFA *(sq.m.)*	Average selling price *(RMB/sq.m.)*
Taizhou Taixing Wuyue Plaza	Taizhou	2,260.2	245,417	9,210
Kunming Wuyue Plaza	Kunming	1,262.1	147,302	8,568
Linyi Wuyue Plaza	Linyi	1,181.2	176,021	6,711
Zhengzhou Xingyang Wuyue Plaza	Zhengzhou	1,059.5	138,516	7,649
Seazen Future France	Nantong	1,002.3	126,005	7,954
Changsha Songya Lake Wuyue Plaza	Changsha	905.5	33,175	27,295
Wenzhou Rui'an Wuyue Plaza	Wenzhou	818.4	43,422	18,848
Nanning Wuyue Plaza	Nanning	755.3	47,903	15,767
Tianjin Wuyue Plaza	Tianjin	752.7	58,503	12,866
Seazen Shili Jinxiu	Suzhou	558.6	72,192	7,738
Excellent Queen's Road	Qingdao	506.3	62,438	8,109
Nanchang New District Wuyue Plaza	Nanchang	494.9	32,184	15,377
Taizhou Yuhuan Wuyue Plaza	Taizhou	388.7	13,889	27,986
Nantong Qidong Wuyue Plaza	Nantong	372.4	18,452	20,183
Shaoxing Shengzhou Wuyue Plaza	Shaoxing	303.5	40,318	7,528
Other projects		1,862.1	281,814	6,608
Total		14,483.7	1,537,551	9,420

Property Investment

With the completion of various investment properties, the Group recorded rental and management fees income from investment properties of approximately RMB1,761 million for the six months ended 30 June 2019, representing a period-on-period increase of 101%.

Table 5: Breakdown of rental income from investment properties of the Group in the first half of 2019

Name of project/property	**First half of 2019 (*RMB'000*)**	First half of 2018 (*RMB'000*)
Changzhou Wujin Wuyue Plaza	**102,908**	86,146
Changzhou Wuyue International Plaza	**74,996**	65,395
Shanghai Qingpu Wuyue Plaza	**70,799**	58,473
Suzhou Wujiang Wuyue Plaza	**36,711**	24,226
Suzhou Zhangjiagang Wuyue Plaza	**37,583**	34,666
Zhenjiang Danyang Wuyue Plaza	**49,472**	36,874
Haikou Wuyue Plaza	**52,887**	41,237
Nanchang Wuyue Plaza	**37,180**	29,396
Changzhou Jintan Wuyue Plaza	**44,085**	34,307
Anqing Wuyue Plaza	**36,278**	25,568
Chengdu Wuyue Plaza	**43,574**	37,755
Jiaxing Tongxiang Wuyue Plaza	**49,841**	33,322
Quzhou Wuyue Plaza	**37,255**	26,508
Changchun Wuyue Plaza	**45,379**	37,818
Shaoxing Zhuji Wuyue Plaza	**20,197**	22,955
Zhenjiang Wuyue Plaza	**45,102**	28,491
Qingdao Wuyue Plaza	**54,354**	44,740
Shaoxing Shengzhou Wuyue Plaza	**39,466**	29,185
Nantong Rugao Wuyue Plaza	**38,419**	29,369
Ningbo Wuyue Plaza	**32,257**	26,735
Nanjing Wuyue Plaza	**31,423**	29,487
Chengdu Wuhou Wuyue Plaza	**25,704**	34,287
Quanzhou Jinjiang Wuyue Plaza	**29,542**	29,134
Weinan Wuyue Plaza	**18,020**	5,081
Wenzhou Rui'an Wuyue Plaza	**59,224**	-
Jinhua Yiwu Wuyue Plaza	**42,010**	-
Huainan Wuyue Plaza	**30,648**	-
Taizhou Huangyan Wuyue Plaza	**38,439**	-
Jiaxing Pinghu Wuyue Plaza	**32,045**	-
Kunshan Wuyue Plaza	**29,257**	-
Yangzhou Wuyue Plaza	**35,056**	-
Nanchang New District Wuyue Plaza	**30,207**	-
Kunming Wuyue Plaza	**37,590**	-
Taizhou Taixing Wuyue Plaza	**38,075**	-
Changsha Wuyue Plaza	**47,278**	-
Nanning Wuyue Plaza	**32,913**	-
Zhenjiang Jurong Wuyue Plaza	**35,229**	-
Linyi Wuyue Plaza	**37,472**	-
Taizhou Yuhuan Wuyue Plaza	**39,347**	-
Nantong Qidong Wuyue Plaza	**35,120**	-
Taizhou Xianju Plaza	**32,315**	-
Ningbo Cixi Wuyue Plaza	**45,486**	-
Shangrao Wuyue Plaza	**5,016**	-
Hefei Wuyue Plaza	**4,638**	-
Seazen Holdings Tower B	**20,598**	24,689
Total	**1,761,395**	875,844

Notes:

1. Shanghai Qingpu Wuyue Plaza, Shaoxing Zhuji Wuyue Plaza, Qingdao Wuyue Plaza, Chengdu Wuhou Wuyue Plaza and Weinan Wuyue Plaza are commercial light-asset projects of the Company. The rental income for the first half of 2019 amounted to RMB189,074,143 (rental income attributable to the Company: RMB119,072,865);

2. Rental income includes rental and management fees from self-held businesses as well as income from carparks, various operations and other miscellaneous management fees; and

3. The Company has repurchased Shanghai Qingpu Wuyue Plaza as at 25 June 2019.

Financial Review

Revenue

For the first half of 2019, the Group's revenue amounted to approximately RMB17,552.3 million, representing a period-on-period increase of 9.5%. The amount of revenue of each significant category is as follows:

	Six months ended 30 June	
	2019	2018
	RMB million	*RMB million*
Revenue from sale of properties	**14,483.7**	14,608.1
Property management and other income	**2,063.7**	950.6
Rental income	**1,004.9**	476.7
	17,552.3	16,035.4

Fair Value Gains on Investment Properties

The Group develops and holds several commercial properties such as retail shops, shopping malls and car parks for rental income or capital appreciation. The Group's investment properties are appraised semi-annually by an independent property valuer. Any appreciation or depreciation in the Group's investment property value is recognized as fair value gains or losses in the Group's consolidated statements of income. Due to the increase in overall capital value, valuation gains on investment properties for the first half of 2019 were approximately RMB599.9 million.

Gross Profit

For the six months ended 30 June 2019, the gross profit of the Group was approximately RMB6,241.8 million, representing a period-on-period increase of 6.0%. The increase in gross profit was mainly due to the increase in property management and rental income.

Selling and Marketing Costs

For the six months ended 30 June 2019, the selling and marketing costs of the Group increased to approximately RMB977.7 million from approximately RMB627.6 million for the same period in 2018, which was primarily attributable to the increase in marketing expenses resulting from expanded sales.

Administrative Expenses

For the six months ended 30 June 2019, the administrative expenses of the Group increased to approximately RMB1,362.1 million from approximately RMB1,258.0 million for the same period in 2018, which was mainly due to the increase in the Group's staff headcount and remuneration during the Reporting Period.

Other Gains – Net

For the six months ended 30 June 2019, the net other gains of the Group was approximately RMB27.2 million, representing a period-on-period decrease of 39.3%.

Finance Costs – Net

For the six months ended 30 June 2019, net finance costs of the Group increased by 13.0% to approximately RMB480.4 million from approximately RMB425.2 million for the same period in 2018 primarily because of the increase in borrowing balance.

Income Tax Expense

Income tax expense comprises the PRC corporate income tax and land appreciation tax. The PRC corporate income tax and land appreciation tax of the Group for the six months ended 30 June 2019 were approximately RMB908.8 million and approximately RMB950.2 million, respectively.

Financial Resources and Liquidity Ratios

As at 30 June 2019, the Group had cash at bank and on hand (including restricted cash) of approximately RMB46,826.0 million (as at 31 December 2018: approximately RMB47,655.8 million), and current and non-current borrowings of approximately RMB104,652.9 million (as at 31 December 2018: approximately RMB83,572.7 million). The maturity grouping of borrowings based on the remaining period as at 30 June 2019 and 31 December 2018, respectively, to the maturity date are as follows:

Repayment terms	**30 June 2019** ***(RMB million)***	31 December 2018 *(RMB million)*
Within 1 year	**35,792.0**	27,057.4
Over 1 year but within 2 years	**44,570.8**	37,106.4
Over 2 years but within 5 years	**24,150.4**	19,352.7
Over 5 years	**139.8**	56.2
	104,652.9	83,572.7

As at 30 June 2019, the Group's net debt-to-equity ratio was 117.2% (as at 31 December 2018: 78.6%). Net debt-to-equity ratio is calculated by dividing net debt at the end of the period by total equity and multiplied by 100%. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Net debt-to-equity ratio of the Group increased primarily due to the increase in net debt resulted from the increase in financing.

The Directors believed that the risks associated with our debt level are under control and that the Group is able to cope with and withstand any market volatility.

Contingent Liabilities

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans. Guarantees for mortgages on pre-sold residential properties are generally discharged at the earlier of: (i) the issue of the real estate ownership certificate by government authorities to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. If a purchaser defaults on a mortgage loan, the Group is responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period typically starts from the date of grant of the mortgage.

As at 30 June 2019, the Group's contingent liabilities in respect of the guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties amounted to approximately RMB54,027.2 million (as at 31 December 2018: approximately RMB41,015.5 million). In light of the minimal historical default rates of such mortgage loans facilities, the Directors considered that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

There are certain corporate guarantees provided by the Company's subsidiaries for each other in respect of borrowings as at 30 June 2019. The Directors considered that the subsidiaries have sufficient financial resources to settle their obligations.

As at 30 June 2019, the Group provided guarantee with the amount of RMB25,520.1 million (as at 31 December 2018: RMB25,218 million) to its joint ventures and associates.

Save as disclosed in this interim results announcement, the Group had no other material contingent liabilities as at 30 June 2019.

Foreign Exchange Risk

As at 30 June 2019, the Group had cash at bank and on hand denominated in Renminbi of approximately RMB45,297.9 million, in Hong Kong dollars of approximately RMB77.8 million and in U.S. dollars of approximately RMB1,450.3 million.

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of U.S. dollars and Hong Kong dollars against Renminbi as a result of certain cash balances and the settlement of certain general and administrative expenses and other loans in U.S. dollars or Hong Kong dollars.

As a result of the issuance of senior notes, the Group became exposed to foreign currency risks arising from the exposure of Renminbi against U.S. dollars. The Directors have closely monitored the foreign exchange risks and have adopted forward foreign exchange contracts to cover part of the exchange rate exposure.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

Material Acquisition and Disposal

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or assets.

Future Plans for Material Investment or Capital Assets

The Directors confirmed that as at the date of this interim results announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business of property development.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

Employees and Compensation Policy

As at 30 June 2019, the Group had 28,275 full-time employees in the PRC and Hong Kong.

The Group determines the remuneration packages of all the employees (including the Directors) based on their performance, work experience and the prevailing market wage level, and provide promotional opportunities for them with reference to their individual strengths and potentials.

The remuneration package of the employees consists of basic salary, cash bonus and share-based payments. The Group has established performance appraisal system so as to evaluate the performance of its employees on an annual basis and use the evaluation results to determine their salary increment or promotion accordingly. The Group recognized an expense in relation to share-based payments of approximately RMB5.5 million for the Reporting Period (for the six months ended 30 June 2018: approximately RMB15.1 million).

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

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.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

References are made to the announcements of the Company dated 3 July 2019 and 8 July 2019, pursuant to which, Mr. Wang Zhenhua has been removed as the chairman of the Board and resigned as the executive Director on 3 July 2019 and 8 July 2019 respectively. Mr. Wang Xiaosong was duly appointed as the chairman of the Board on 3 July 2019 and Mr. Qu Dejun was duly appointed as the executive director and vice-chairman of the Board on 8 July 2019 respectively. Please refer to the announcements dated 3 July 2019 and 8 July 2019 for details.

References are made to the overseas regulatory announcements published on 24 July 2019 and 28 July 2019 and the discloseable announcement published on 28 July 2019 by the Company, pursuant to which it was announced that Seazen Holdings has agreed to transfer equity interests in a total of fifteen (15) project companies, together with, among others, related shareholders' loans, to various third parties. The total aggregated consideration to be received by the Company for the afore-mentioned transactions amounted to approximately RMB6,896.2 million. Please refer to the said announcements for further details on the transfers.

MATERIAL CHANGE

Save as disclosed herein, there has been no material change in respect of the future developments in the business of the Group (including the Company's prospects for the current financial year) since the publication of the Company's 2018 Annual Report.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has complied with code provision as set out in the CG Code for the six months ended 30 June 2019. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he has complied with the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company, comprising all the independent non-executive Directors, namely Mr. Chen Huakang (Chairman), Mr. Zhu Zengjin and Mr. Zhong Wei, has reviewed with the management the accounting principles and policies adopted by the Group and the unaudited interim results of the Group for the six months ended 30 June 2019.

PUBLICATION OF THE INTERIM RESULTS AND 2019 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futureholdings.com.cn), and the 2019 interim report containing all the information required under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Future Land Development Holdings Limited
WANG Xiaosong
Chairman

PRC, 23 August 2019

As at the date of this announcement, the Directors are Mr. Lv Xiaoping, Mr. Qu Dejun and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong and Mr. Zhang Shengman as non-executive Directors, and Mr. Chen Huakang, Mr. Zhong Wei and Mr. Zhu Zengjin as independent non-executive Directors.

* *Denotes English translation of the name of a Chinese company or entity and is provided for identification purpose only.*