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(incorporated in Hong Kong with limited liability)

(Stock code: 00123)

Announcement of 2019 Interim Results

Results Summary

- The revenue was approximately RMB21.79 billion, representing a period-to-period increase of 114.4%.
- The gross profit margin was approximately 30.0%, representing a period-to-period increase of 4.2 percentage points.
- Profit attributable to equity holders was approximately RMB1.87 billion, representing a period-to-period increase of 42.4%; core net profit* was approximately RMB1.83 billion, representing a period-to-period increase of 63.2%.
- The value of the aggregate contracted sales (including contracted sales by joint venture projects) for the period amounted to approximately RMB36.90 billion, representing a period-to-period increase of 31.9%, and accounted for approximately 54.3% of the full year contracted sales target of RMB68.0 billion. During the period, the contracted sales value of “Railway + Property” projects amounted to approximately RMB2.09 billion.
- The Group has newly acquired 14 land parcels mainly located in cities such as Guangzhou, Shenzhen, Hangzhou, Zhengzhou, Qingdao, Chengdu and Jiangmen, with total GFA of approximately 3.74 million sq.m. during the period. As of 30 June, the total landbank of the Group was approximately 21.52 million sq.m., representing an increase of 10.9% as compared to the beginning of the year and the GFA of Greater Bay Area was 10.55 million sq.m., accounted for approximately 49.0% of the total landbank.
- The Group completed the acquisition of 86% equity interest in Yue Galaxy (品秀星圖) from Guangzhou Yuexiu Group and Guangzhou Metro Group, and the first “Railway + Property” project was acquired successfully and a landbank of approximately 1.39 million sq.m. was increased. Guangzhou Metro Group successfully invested in the Company and has become the second largest shareholder of the Company with shareholding of approximately 19.9%.

- It was announced on 28 May 2019 that the Company entered into two option deeds with its controlling shareholder, Guangzhou Yuexiu, pursuant to which the Company acquired the rights to acquire from Guangzhou Yuexiu 51% interest in the two projects, namely, Luogang Project and Chen Tougang Project. The total GFA of the two projects was approximately 1.79 million sq.m..
- The debt structure was optimized continuously with diversified financing channels. The Group successfully issued the onshore corporate bonds of RMB2.50 billion with interest rates of 3.85% (3-year term) and 3.93% (3+2-year term). The average borrowing interest rate was 4.76% in the first half of 2019, representing a period-to-period decrease of 6 bpts.
- The Board has resolved to declare an interim dividend for 2019 of HKD0.053 per share (equivalent to RMB0.047 per share), representing a period-to-period increase of 26.2% in terms of HKD; total interim dividends accounted for 40% of the core net profit.

• Revenue	RMB21.79 billion (+114.4%)
• Gross profit margin	30.0% (+4.2 percentage points)
• Profit attributable to equity holders	RMB1.87 billion (+42.4%)
• Core net profit	RMB1.83 billion (+63.2%)
• Contracted sales value	RMB36.90 billion (+31.9%)
• Unrecognized sales value	RMB77.55 billion (+21.4%)
• Total assets	RMB208.27 billion (+23.4%)
• Cash and cash equivalents and charged bank deposits	RMB31.58 billion (+16.3%)
• Net gearing ratio	63.6% (+2.4 percentage points)

* Core net profit represents profit attributable to equity holders excluding net fair value (losses)/gains on revaluation of investment properties and the related tax effect and net foreign exchange gain/(loss) recognized in the consolidated statement of profit or loss.

** Net gearing ratio represents the borrowings net of cash and cash equivalents and charged bank deposits divided by equity.

UNAUDITED RESULTS

The board of directors (“Directors” or “Board”) of Yuexiu Property Company Limited (“Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) prepared under Hong Kong Accounting Standard 34 “Interim Financial Reporting” for the six months ended 30 June 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2019

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	21,788,127	10,162,841
Cost of sales	4	(15,241,498)	(7,539,396)
Gross profit		6,546,629	2,623,445
Proceeds from sales of investment properties		29,572	43,983
Direct costs of investment properties sold		(17,736)	(43,312)
Gain on sales of investment properties, net		11,836	671
Fair value (losses)/gains on revaluation of investment properties, net		(16,232)	377,958
Other gains, net	5	797,544	555,583
Selling and marketing costs	4	(418,474)	(198,132)
Administrative expenses	4	(600,574)	(372,281)
Operating profit		6,320,729	2,987,244
Finance income	6	258,670	108,281
Finance costs	7	(634,102)	(650,964)
Share of (losses)/profits of			
– joint ventures		(57,691)	30,008
– associated entities		345,898	241,838
Profit before taxation		6,233,504	2,716,407
Taxation	8	(3,474,386)	(1,266,142)
Profit for the period		<u>2,759,118</u>	<u>1,450,265</u>

	Unaudited	
	Six months ended 30 June	
<i>Note</i>	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to		
Equity holders of the Company	1,870,140	1,313,738
Non-controlling interests	<u>888,978</u>	<u>136,527</u>
	<u><u>2,759,118</u></u>	<u><u>1,450,265</u></u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)		
– Basic and diluted	9 <u><u>0.1393</u></u>	<u><u>0.1059</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Unaudited	
	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	2,759,118	1,450,265
Other comprehensive income:		
<u>Items that may be reclassified to profit or loss</u>		
Exchange differences on translation of foreign operations	(64,896)	(499,629)
Losses on cash flow hedges	(931)	—
<u>Items that will not be reclassified subsequently to profit or loss</u>		
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	63,073	9,617
Other comprehensive income for the period, net of tax	(2,754)	(490,012)
Total comprehensive income for the period	<u>2,756,364</u>	<u>960,253</u>
Attributable to		
Equity holders of the Company	1,863,955	823,204
Non-controlling interests	892,409	137,049
	<u>2,756,364</u>	<u>960,253</u>

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2019

		As at	
		30 June	31 December
	<i>Note</i>	2019	2018
		<i>Unaudited</i>	<i>Audited</i>
		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,047,527	1,994,812
Right-of-use assets	18	365,007	—
Land use rights		202,068	207,569
Investment properties	12	10,834,733	10,865,470
Properties under development		4,838,499	—
Interests in joint ventures		6,284,169	6,473,872
Interests in associated entities		13,304,960	13,912,313
Financial assets at fair value through other comprehensive income		1,320,120	1,228,635
Derivative financial instruments		—	9,069
Deferred tax assets	16	555,500	492,137
		<u>39,752,583</u>	<u>35,183,877</u>
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Current assets			
Properties under development		93,809,251	73,069,099
Properties held for sale		15,530,951	10,164,536
Contract costs		425,204	334,697
Prepayments for land use rights		8,979,586	4,862,699
Trade receivables	13	59,902	50,916
Other receivables, prepayments and deposits		15,895,230	16,223,088
Prepaid taxation		2,237,620	1,772,324
Charged bank deposits		7,078,819	5,168,750
Cash and cash equivalents		24,504,308	21,990,512
		<u>168,520,871</u>	<u>133,636,621</u>
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		As at	
		30 June 2019	31 December 2018
	Note	Unaudited RMB'000	Audited RMB'000
LIABILITIES			
Current liabilities			
Trade and note payables	14	1,679,644	1,407,577
Contract liabilities		36,866,511	31,637,956
Other payables and accrued charges		38,261,587	29,371,429
Borrowings	15	7,989,119	5,786,145
Lease liabilities	18	85,080	—
Derivative financial instruments		15,899	—
Taxation payable		5,688,004	4,425,962
		<u>90,585,844</u>	<u>72,629,069</u>
Net current assets		<u>77,935,027</u>	<u>61,007,552</u>
Total assets less current liabilities		<u>117,687,610</u>	<u>96,191,429</u>
Non-current liabilities			
Borrowings	15	57,036,536	47,619,960
Lease liabilities	18	289,929	—
Deferred tax liabilities	16	6,632,286	5,604,127
Deferred revenue		54,726	55,624
Derivative financial instruments		4,782	—
Other payables and accrued charges		1,050,426	—
		<u>65,068,685</u>	<u>53,279,711</u>
Net assets		<u>52,618,925</u>	<u>42,911,718</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		18,035,015	12,759,402
Shares held under share award scheme		(80,933)	(55,220)
Other reserves		167,801	455,671
Retained earnings		21,832,708	20,666,714
		<u>39,954,591</u>	<u>33,826,567</u>
Non-controlling interests		12,664,334	9,085,151
Total equity		<u>52,618,925</u>	<u>42,911,718</u>

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

	Unaudited	
	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities		
Net cash generated from operations	3,486,477	6,763,409
Interest received	92,818	61,234
Interest paid	(1,782,174)	(1,169,094)
Hong Kong profits tax paid	(924)	—
China taxation paid	(2,087,348)	(2,322,929)
Net cash (used in)/generated from operating activities	<u>(291,151)</u>	<u>3,332,620</u>
Investing activities		
Acquisition of subsidiaries, net cash paid	(4,806,427)	(1,934,348)
Purchases of property, plant and equipment	(93,296)	(324,307)
Purchases of investment properties	—	(672)
Proceeds from sale of investment properties	29,357	43,626
Proceeds from sale of property, plant and equipment	7,654	49,282
Proceeds from sale of non-current asset held-for-sale	—	306,481
Dividends received from an associate	156,547	143,885
Decrease in interests in associated entities and jointly controlled entities	426,592	937,479
Increase in charged bank deposits	(1,910,069)	(2,535,591)
Capital injection in associated entities	(95,562)	(31,802)
Capital injection in joint venture	(77,436)	(6,999)
Proceeds from disposal of a subsidiary	1,450,500	—
(Increase)/decrease in amounts due from associated entities	(5,101,809)	52,229
(Increase)/decrease in amounts due from non-controlling interests	(1,024,571)	267,932
Net cash used in investing activities	<u>(11,038,520)</u>	<u>(3,032,805)</u>

	Unaudited	
	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Financing activities		
Capital contribution from non-controlling interests	146,756	1,446,287
Dividends paid to a non-controlling interest	(41,352)	—
Increase in amounts due to joint ventures and associated entities	4,580,283	661,938
Increase in amounts due to ultimate holding company	4,018,584	—
Decrease in amount due to intermediate holding company	(647,956)	—
Increase in amounts due to a related company and fellow subsidiaries	61,584	193,164
(Decrease)/increase in amount due to non-controlling interests	(1,483,154)	5,975,402
Proceeds from bank borrowings	7,591,732	8,419,076
Repayment of bank borrowings	(5,932,207)	(19,033,581)
Proceeds from other borrowing from intermediate holding company	3,000,000	760,716
Repayment of other borrowing from intermediate holding company	(3,000,000)	(4,844,476)
Proceed from other borrowings - others	6,528,424	8,622,679
Repayment from other borrowings - others	(949,000)	(23,000)
(Decrease)/increase of bank overdraft	(18)	1
Repayment for lease liabilities (including interests)	(41,004)	—
Increase in amounts due to a related party of a non-controlling interest	20,604	10,426
Net cash generated from financing activities	<u>13,853,276</u>	<u>2,188,632</u>
Increase in cash and cash equivalents	2,523,605	2,488,447
Cash and cash equivalents at the beginning of period	21,990,455	16,655,248
Exchange (loss)/gain on cash and cash equivalents	(9,791)	12,953
Cash and cash equivalents at the end of period	<u>24,504,269</u>	<u>19,156,648</u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	24,504,308	19,156,700
Bank overdrafts	(39)	(52)
	<u>24,504,269</u>	<u>19,156,648</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim 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”).

The financial information relating to the year ended 31 December 2018 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2019 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of 2018 and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

- (a) The following new standards, amendments to existing standards and interpretation are mandatory for adoption for the financial year beginning 1 January 2019 for the Group:

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

The Group has assessed the impact of the adoption of these new and amended standards and interpretation that are effective for the first time for this interim period. The Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 “Leases”.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 18. The other standards, amendments and interpretation did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

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

		Effective for accounting periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
HKFRS 17	Insurance Contracts	1 January 2021

The above new standards and amendments to existing standards are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing these condensed consolidated interim financial information. None of these is expected to have a significant effect on the condensed consolidated interim financial information of the Group.

3 Segment information

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development activities
Property management	property management services
Property investment	property rentals
Others	revenue from real estate agency and construction and building design consultancy services and decoration services

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the consolidated interim financial information.

Total assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

	Property development	Property management	Property investment	Others	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2019					
Revenue	20,510,219	483,786	356,708	1,101,852	22,452,565
Inter-segment revenue	—	(95,261)	(19,647)	(549,530)	(664,438)
Revenue from external customers	<u>20,510,219</u>	<u>388,525</u>	<u>337,061</u>	<u>552,322</u>	<u>21,788,127</u>
Revenue from contracts with customers:					
Recognised at a point in time	20,510,219	—	—	231,816	20,742,035
Recognised over time	—	388,525	—	320,506	709,031
Revenue from other sources:					
Rental income	—	—	337,061	—	337,061
Segment results	<u>5,186,610</u>	<u>29,941</u>	<u>237,572</u>	<u>112,232</u>	<u>5,566,355</u>
Depreciation and amortisation	<u>(60,418)</u>	<u>(14,642)</u>	<u>—</u>	<u>(15,358)</u>	<u>(90,418)</u>
Fair value losses on revaluation of investment properties, net	<u>—</u>	<u>—</u>	<u>(16,232)</u>	<u>—</u>	<u>(16,232)</u>
Share of (loss)/profit of:					
– joint ventures	(46,546)	—	—	(11,145)	(57,691)
– associated entities	<u>80,638</u>	<u>—</u>	<u>260,875</u>	<u>4,385</u>	<u>345,898</u>

	Property development	Property management	Property investment	Others	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2018					
Revenue	9,158,908	436,870	331,311	658,976	10,586,065
Inter-segment revenue	—	(49,065)	(15,007)	(359,152)	(423,224)
Revenue from external customers	<u>9,158,908</u>	<u>387,805</u>	<u>316,304</u>	<u>299,824</u>	<u>10,162,841</u>
Revenue from contracts with customers:					
Recognised at a point in time	9,158,908	—	—	155,706	9,314,614
Recognised over time	—	387,805	—	144,118	531,923
Revenue from other sources:					
Rental income	—	—	316,304	—	316,304
Segment results	<u>2,111,016</u>	<u>8,090</u>	<u>297,515</u>	<u>39,370</u>	<u>2,455,991</u>
Depreciation and amortisation	<u>(24,024)</u>	<u>(1,222)</u>	<u>—</u>	<u>(156)</u>	<u>(25,402)</u>
Fair value gains on revaluation of investment properties, net	<u>—</u>	<u>—</u>	<u>377,958</u>	<u>—</u>	<u>377,958</u>
Share of profit of:					
– joint ventures	30,008	—	—	—	30,008
– associated entities	<u>14,971</u>	<u>—</u>	<u>211,859</u>	<u>15,008</u>	<u>241,838</u>

	Property development	Property management	Property investment	Others	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 30 June 2019					
Segment assets	171,485,882	1,283,586	10,834,733	1,804,029	185,408,230
Interests in joint ventures	6,233,636	—	864	49,669	6,284,169
Interests in associated entities	5,341,693	—	7,686,648	276,619	13,304,960
Total reportable segments' assets	<u>183,061,211</u>	<u>1,283,586</u>	<u>18,522,245</u>	<u>2,130,317</u>	<u>204,997,359</u>
Total reportable segments' assets include:					
Additions to non-current assets (<i>note</i>)	<u>193,506</u>	<u>53,725</u>	<u>—</u>	<u>213,966</u>	<u>461,197</u>

	Property development	Property management	Property investment	Others	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2018					
Segment assets	131,179,966	1,289,242	10,865,470	2,064,894	145,399,572
Interests in joint ventures	6,410,367	—	1,059	62,446	6,473,872
Interests in associated entities	7,336,060	—	6,298,546	277,707	13,912,313
Total reportable segments' assets	<u>144,926,393</u>	<u>1,289,242</u>	<u>17,165,075</u>	<u>2,405,047</u>	<u>165,785,757</u>
Total reportable segments' assets include:					
Additions to non - current assets (<i>note</i>)	<u>126,332</u>	<u>6,294</u>	<u>5,266</u>	<u>2,947</u>	<u>140,839</u>

Note: Non-current assets represent those assets other than financial instruments, interests in joint ventures, interests in associated entities and deferred tax assets.

A reconciliation of total segment results to total profit before taxation is provided as follows:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	5,566,355	2,455,991
Unallocated operating costs (<i>note</i>)	(43,170)	(24,330)
Other gains, net (<i>note 5</i>)	797,544	555,583
	<hr/>	<hr/>
Operating profit	6,320,729	2,987,244
Finance income (<i>note 6</i>)	258,670	108,281
Finance costs (<i>note 7</i>)	(634,102)	(650,964)
Share of (loss)/profit of:		
– joint ventures	(57,691)	30,008
– associated entities	345,898	241,838
	<hr/>	<hr/>
Profit before taxation	<u>6,233,504</u>	<u>2,716,407</u>

Note: Unallocated operating costs include mainly staff salaries, rent and rates, depreciation and other operating expenses.

A reconciliation of reportable segment assets to total assets is provided as follows:

	As at	
	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Total reportable segments' assets	204,997,359	165,785,757
Deferred tax assets (<i>note 16</i>)	555,500	492,137
Prepaid taxation	2,237,620	1,772,324
Corporate assets (<i>note</i>)	482,975	770,280
	<hr/>	<hr/>
Total assets	<u>208,273,454</u>	<u>168,820,498</u>

Note: Corporate assets represent total assets other than interest in subsidiaries, interest in associated entity, dividend receivables and right-of-use assets of the Company.

For the six months ended 30 June 2019, no geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in the China and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in China (six months ended 30 June 2018: same).

For the six months ended 30 June 2019, the Group does not have any single customer with the transaction value over 10% of the total external revenue (six months ended 30 June 2018: same).

4 Expenses by nature

Cost of sales, selling and marketing costs and administrative expenses include the following:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Other tax and surcharges	158,734	153,701
Depreciation		
– Right-of-use assets	51,006	—
– Property, plant and equipment (<i>note 11</i>)	33,911	20,141
Amortisation of land use rights	5,501	5,261
Impairment of properties held for sale	20,523	—
	<u>158,734</u>	<u>153,701</u>

5 Other gains, net

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Remeasurement gains on a joint venture (<i>note 17(b)</i>)	765,623	—
Gain on bargain purchase on acquisitions	11,807	40,111
Remeasurement gains on interests in associated entities	636	553,636
Loss on disposal of non-current assets held-for-sale	—	(5,550)
Others	19,478	(32,614)
	<u>797,544</u>	<u>555,583</u>

6 Finance income

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	91,803	61,234
Interest income from loans to associated entities (<i>note 22</i>)	165,852	47,047
Interest income from loan to a joint venture (<i>note 22</i>)	1,015	—
	<u>258,670</u>	<u>108,281</u>

7 Finance costs

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on borrowings and bank overdrafts	870,453	924,582
Interest on other borrowings	731,145	340,779
Interest on other payable (<i>note (a)</i>)	196,765	75,792
Interest on loan from intermediate holding company (<i>note 22</i>)	41,166	64,072
Interest on loan from a shareholder (<i>note (b), note 22</i>)	24,383	—
Interest on loan from an associated entity (<i>note 22</i>)	9,943	11,487
Interest on loan from a fellow subsidiary (<i>note 22</i>)	2,765	173
Interest expense on lease liabilities	9,569	—
Net fair value gains on derivative financial instruments	(7,158)	—
Net foreign exchange gain on financing activities	(51,639)	(44,369)
	<u>1,827,392</u>	<u>1,372,516</u>
Total borrowing costs incurred		
Less: amount capitalised as properties under development and property, plant and equipment	<u>(1,193,290)</u>	<u>(721,552)</u>
	<u>634,102</u>	<u>650,964</u>

Notes:

- (a) Interest on other payable represents interest on the amounts due to a non-controlling interest (“NCI”) and related parties of NCI. The balance is approximately RMB3,209 million as at 30 June 2019 (31 December 2018: RMB4,910 million and interest bearing at weighted average rate of 7.28% per annum (2018: 6.69% per annum). The balance, which is included in other payables and accrued charge is repayable on demand and denominated in RMB.

- (b) The balance of loan from a shareholder, Guangzhou Metro Group Co., Ltd (“Guangzhou Metro”), is approximately RMB1,050 million as at 30 June 2019, with an interest rate of 6.50% per annum. The balance which is included in other payables and accrued charges is repayable in 2023 and denominated in RMB.

8 Taxation

- (a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2018: 16.5 percent) on the estimated assessable profit for the year.
- (b) China enterprise income taxation is provided on the profit of the Group’s subsidiaries, associated entities and joint ventures in China at 25 percent (2018: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the year, withholding income tax was provided for dividend distributed and undistributed profit, recognised based on HKFRS, of the Group’s subsidiaries, joint ventures and associated entities in China at tax rates ranging from 5 percent to 10 percent (2018: 5 percent to 10 percent).

- (c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.
- (d) The amount of taxation charged to the consolidated statement of profit or loss comprises:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current taxation		
– China enterprise income tax	1,388,666	580,822
– China land appreciation tax	2,086,764	616,511
Deferred taxation		
– Origination and reversal of temporary differences	(182,817)	(100,617)
– China land appreciation tax	(3,095)	63,263
– Corporate withholding income tax on undistributed profits	184,868	106,163
	<u>3,474,386</u>	<u>1,266,142</u>

9 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2019	2018
Profit attributable to equity holders of the Company (RMB'000)	<u>1,870,140</u>	<u>1,313,738</u>
Weighted average number of ordinary shares in issue ('000)	<u>13,428,298</u>	<u>12,401,307</u>
Basic earnings per share (RMB)	<u>0.1393</u>	<u>0.1059</u>

Diluted

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. Since there was no dilutive potential ordinary shares during the six months ended 30 June 2019, diluted earnings per share is equal to basic earnings per share (six months ended 30 June 2018: same).

10 Dividends

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
2018 final, declared and unpaid, of HKD0.051 equivalent to RMB0.044 (2017: HKD0.052 equivalent to RMB0.042) per ordinary share	<u>694,158</u>	<u>543,689</u>
2019 interim, resolved, of HKD0.053 equivalent to RMB0.047 (2018: HKD0.042 equivalent to RMB0.036) per ordinary share	<u>727,667</u>	<u>446,447</u>

The interim dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in the shareholders' equity in the year ended 31 December 2019.

11 Property, plant and equipment

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	1,994,812	1,961,077
Exchange differences	35	4
Additions	93,296	29,665
Acquisition of subsidiaries (<i>note 17</i>)	689	646
Disposals	(7,394)	(49,321)
Depreciation (<i>note 4</i>)	(33,911)	(20,141)
	<u>2,047,527</u>	<u>1,921,930</u>
At 30 June	<u>2,047,527</u>	<u>1,921,930</u>

12 Investment properties

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	10,865,470	13,743,710
Exchange differences	3,016	101
Additions	—	672
Disposals	(17,521)	(42,955)
Fair value (losses)/gains, net	(16,232)	377,958
	<u>10,834,733</u>	<u>14,079,486</u>
At 30 June	<u>10,834,733</u>	<u>14,079,486</u>

13 Trade receivables

The Group has defined credit policies for different businesses. The credit terms of the Group are generally within six months. The ageing analysis of trade receivables is as follows:

	As at	
	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	26,107	20,216
31 - 180 days	23,789	11,393
181 - 365 days	5,011	13,623
Over 1 year	13,800	14,489
	<u>68,707</u>	<u>59,721</u>
Less: provision for impairment of trade receivables	(8,805)	(8,805)
	<u>59,902</u>	<u>50,916</u>

14 Trade and note payables

The ageing analysis of the trade and note payables is as follows:

	As at	
	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	329,298	560,463
31 - 90 days	469,949	332,645
91 - 180 days	789,379	469,212
181 - 365 days	80,790	21,037
1 - 2 years	4,654	16,579
Over 2 years	5,574	7,641
	<u>1,679,644</u>	<u>1,407,577</u>

15 Borrowings

	As at	
	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Long-term bank borrowings		
– Secured	12,557,262	10,855,895
– Unsecured	13,499,929	9,623,606
Other borrowings		
– Secured	784,000	920,160
– Unsecured	30,195,295	26,220,249
Obligations under finance leases	50	50
	<u>57,036,536</u>	<u>47,619,960</u>
	-----	-----
Current		
Bank overdrafts	39	57
Short-term bank borrowings		
– Unsecured	486,115	383,527
Current portion of long-term bank borrowings		
– Secured	2,123,268	2,204,200
– Unsecured	360,153	100
Other borrowings		
– Secured	350,000	300,000
– Unsecured	4,669,509	2,898,202
Obligations under finance leases	35	59
	<u>7,989,119</u>	<u>5,786,145</u>
	-----	-----
Total borrowings	<u><u>65,025,655</u></u>	<u><u>53,406,105</u></u>

The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		Other borrowings	
	As at		As at	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	2,969,575	2,587,884	5,019,544	3,198,261
In the second year	12,520,769	6,805,171	7,184,841	1,656,000
In the third to fifth year	11,125,089	11,096,030	21,380,741	20,284,116
Over five years	2,411,333	2,578,300	2,413,763	5,200,343
	<u>29,026,766</u>	<u>23,067,385</u>	<u>35,998,889</u>	<u>30,338,720</u>

16 Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable income tax rate.

Deferred taxation as at 30 June 2019 and 31 December 2018 represents:

	As at	
	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets		
– China enterprise income tax	<u>555,500</u>	<u>492,137</u>
Deferred tax liabilities		
– Hong Kong profits tax	27,204	26,842
– China enterprise income tax	5,392,333	4,361,441
– China land appreciation tax	<u>1,212,749</u>	<u>1,215,844</u>
	<u>6,632,286</u>	<u>5,604,127</u>

17 Business Combination

The significant acquisitions during the period are as follows:

(a) Acquisition of Guangzhou City Pinxiu Property Development Company Limited

On 27 February 2019, the Company entered into a conditional subscription agreement (“Subscription Agreement”) with the Guangzhou Metro Investment Finance (HK) Limited (a wholly-owned subsidiary of Guangzhou Metro Group Co., Ltd (“Guangzhou Metro”)) relating to the proposed subscription by the Guangzhou Metro Investment Finance (HK) Limited of 3,080,973,807 subscription shares of the Company (“Subscription Shares”) at the subscription price of HK\$2.00 per subscription share for a total consideration of HK\$6,162 million (equivalent to RMB5,276 million). The Subscription Shares represent approximately 19.9% of the enlarged issued shares after the allotment and issuance of the Subscription Shares.

Simultaneously, with the entering into of the Subscription Agreement above, Guangzhou Yunhu Real Estate Development Co., Ltd. (“Yunhu Company”) (an indirectly non-wholly owned subsidiary of the Company) entered into a set of acquisitions agreements (“Acquisitions Agreements”) with Guangzhou Yuexiu Holdings Limited (“GYHL”), a wholly owned subsidiary of GYHL and Guangzhou Metro respectively, pursuant to which Yunhu Company has conditionally agreed to acquire directly or indirectly, an aggregate of 86% of the equity interest in Guangzhou City Pinxiu Property Development Company Limited (“Pinxiu Company”) together with the related balances due to GYHL and Guangzhou Metro. The total consideration for the Acquisitions Agreements was RMB14,082 million in aggregate. The completion of the Acquisitions Agreements was subject to the satisfaction of the conditions that the completion of above Subscription Agreement having taken place.

The above transactions was completed on 11 April 2019. Upon completion of the transactions, Pinxiu Company became an indirect non-wholly owned subsidiary of the Company.

Details of the purchase consideration, the net assets acquired and bargain purchase are as follows:

Consideration	<i>RMB'000</i>
Cash paid (comprises consideration for equity transfer and shareholder's loan transfer)	14,081,683
Cash received from the issuance of shares to Guangzhou Metro	(5,275,613)
Fair value of consideration shares	4,983,940
	<u>13,790,010</u>

The fair value of the 3,080,973,807 Subscription Shares issued as part of the consideration paid for the Company (RMB4,983,940,000) was based on the published share price on the acquisition date of 11 April 2019 of HKD1.89 (equivalent to RMB1.62) per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

	<i>RMB'000</i>
Property, plant and equipment	689
Properties under development	16,571,000
Other receivables, prepayments and deposits	32,079
Contract cost	9,010
Cash and cash equivalents	417,916
Trade and note payables	(84,180)
Other payables and accrued charges	(2,518,930)
Deferred tax liabilities	(446,449)
	<hr/>
Net identifiable assets acquired	13,981,135
Non-controlling interest	(186,992)
Gain on bargain purchase on acquisition	(4,133)
	<hr/> <hr/>
	13,790,010

Analysis of net outflow of cash and cash equivalents in respect of acquisition of a subsidiary:

	<i>RMB'000</i>
Cash paid	(14,081,683)
Cash received	5,275,613
Cash and bank balance acquired	417,916
	<hr/>
	(8,388,154)
	<hr/> <hr/>

The acquired business contributed nil of revenues and net losses of RMB69 million to the Group for the period from 11 April 2019 to 30 June 2019.

If the acquisition had occurred on 1 January 2019, consolidated revenue and consolidated profit after tax of the Group for the six months ended 30 June 2019 would have been RMB21,788 million and RMB2,645 million respectively.

(b) Acquisition of Guangzhou Huibang Property Company Limited

On 26 April 2019, Guangzhou Yingsheng Investment Co., Ltd. (“Yingsheng Company”) (an indirectly non-wholly owned subsidiary of the Company) and Guangzhou Greenland Property Development Co., Ltd. (“Greenland Company”) (a third party) entered into the voting right transfer agreement under which Greenland Company agreed to transfer 1% of shareholder’s voting right in Guangzhou Huibang Property Co., Ltd. (“Huibang Company”) to Yingsheng Company with no consideration. The transaction was completed on 30 April 2019.

Upon completion of the transaction, Yingsheng Company’s voting right in Huibang Company was increased from 50% to 51% such that Yingsheng Company has control on the shareholder’s meeting and board of directors in Huibang Company. Accordingly, Huibang Company became an indirect non-wholly owned subsidiary of the Company.

Details of the purchase consideration and the net assets acquired are as follows:

Consideration	<i>RMB’000</i>
Fair value of 50% shares held by the Group	<u>1,507,532</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	<i>RMB'000</i>
Properties under development	5,707,700
Contract costs	66,741
Other receivables, prepayments and deposits	2,557,730
Cash and cash equivalents	688,783
Prepaid taxation	471,620
Trade and note payables	(294)
Contract liabilities	(5,561,764)
Borrowings	(370,000)
Taxation payable	(1,959)
Deferred tax liabilities	(510,399)
Other payables and accrued charges	(33,094)
	<u> </u>
Net identifiable assets acquired	3,015,064
Non-controlling interest	(1,507,532)
	<u> </u>
	<u>1,507,532</u>
Fair value of interest in a joint venture	1,507,532
Less: Interest in a joint venture	(741,909)
	<u> </u>
Remeasurement gain on interest in a joint venture (note 5)	<u>765,623</u>

Analysis of net inflow of cash and cash equivalents in respect of acquisition of a subsidiary:

	<i>RMB'000</i>
Cash paid	—
Cash and bank balance acquired	688,783
	<u> </u>
	<u>688,783</u>

The acquired business contributed revenues of RMB5,331 million and net profit of RMB101 million to the Group for the period from 30 April 2019 to 30 June 2019.

If the acquisition had occurred on 1 January 2019, consolidated revenue and consolidated profit after tax of the Group for the six months ended 30 June 2019 would have been RMB21,788 million and RMB2,716 million respectively.

18 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 18(b) below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. All right-of-use assets will be measured at the amount of lease liability on adoption (adjusted for any prepaid or accrued expenses).

(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 at 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.82%.

	<i>RMB’000</i>
Operating lease commitments disclosed as at 31 December 2018	72,516
Discounted using the lessee’s incremental borrowing rate at the date of initial application	60,684
Less: short-term leases recognised on a straight-line basis as expenses	(12,973)
Lease liability recognised as at 1 January 2019	<u>47,711</u>
Of which are:	
Current lease liabilities	12,330
Non-current lease liabilities	<u>35,381</u>
	<u>47,711</u>

The associated right-of-use assets for property leases were measured at the amount of lease liability on adoption (adjusted in any prepaid or accrued expenses). 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
	<i>RMB'000</i>	<i>RMB'000</i>
Properties	<u>365,007</u>	<u>47,711</u>

(i) Impact on segment disclosures and earnings per share

Segment assets and additions to non-current assets for June 2019 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Segment assets	Additions to non-current assets
	<i>RMB'000</i>	<i>RMB'000</i>
Property development	107,834	129,792
Property management	65,381	48,711
Others	<u>191,792</u>	<u>189,799</u>
	<u>365,007</u>	<u>368,302</u>

(ii) 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 assets at the date of initial application.

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”.

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

The Group leases various offices, apartments and carparks. Rental contracts are typically made for fixed periods of 1 to 17 years without 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 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. Lease payments that related to contracts that have previously been classified as operating leases are presented as operating cash flows.

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. Cash payments for the principal portion and interests of the lease liability are classified within financing activities. Payments for short-term leases, leases of low value assets and variable lease payments not included in the measurement for the lease liability remain presented within operating activity.

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.

HKFRS 16 does not contain substantial changes to lessor accounting compared to HKAS 17. The lessor still has to classify leases as either finance or operating, depending on whether substantially all of the risk and rewards incidental to ownership of the underlying asset have been transferred.

HKFRS 16 requires the lessor to evaluate the sublease with reference to the right-of-use asset. Since the lessor of the sublease is, at the same time, the lessee with respect to the head lease, it will in any case have to recognise an asset on its balance sheet – as a right-of-use asset with respect to the head lease (if the sublease is classified as an operating lease) or a lease receivable with respect to the sublease (if the sublease is classified as a finance lease).

19 Guarantees

	As at	
	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (<i>note (a)</i>)	10,711,809	13,692,282
Guarantees for banking and loan facility granted to associated entities (<i>note (b)</i>)	878,268	779,974
Guarantees for banking and loan facilities granted to joint ventures (<i>note b</i>)	900,000	1,350,000
	<u>12,490,077</u>	<u>15,822,256</u>

Notes:

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.
- (b) As at 30 June 2019, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB1,778 million (31 December 2018: RMB2,130 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,316 million (31 December 2018: RMB1,198 million) was utilised and guarantee of approximately RMB462 million (31 December 2018: RMB932 million) was not utilised yet.

20 Capital commitments

	As at	
	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Capital commitments in respect of property, plant and equipment:		
Contracted but not provided for	452,634	486,092
Authorised but not contracted for	311,906	311,906
	<u>764,540</u>	<u>797,998</u>

21 Securities for banking facilities

At 30 June 2019, certain banking facilities and loans granted to the Group were secured by:

- (a) mortgages of certain of the Group's properties under development, properties held for sale, investment properties and property, plant and equipment with an aggregate carrying value of approximately RMB29,994 million (31 December 2018: RMB29,365 million), RMB170 million (31 December 2018: RMB1,435 million), RMB6,672 million (31 December 2018: RMB6,650 million) and RMB663 million (31 December 2018: RMB639 million) respectively; and
- (b) mortgages of certain of the Group's land use rights with an aggregate carrying value of RMB7 million (31 December 2018: RMB7 million).

22 Significant related party transactions

(a) Related parties

The Company's ultimate holding company is Guangzhou Yuexiu Holdings Limited. The table below summarises the names of related parties, with whom the Group has significant transactions during the period ended 30 June 2019, and their relationship with the Company as at 30 June 2019:

Significant related parties	Relationship with the Company
GYHL	Ultimate holding company
Guangzhou Metro	A shareholder
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Intermediate holding company
Yuexiu Real Estate Investment Trust ("Yuexiu REIT")	An associated entity
Chong Hing Bank Limited ("CHB")	A fellow subsidiary
Guangzhou Yuexiu Financial Leasing Co., Ltd ("GYFL")	A fellow subsidiary
Guangzhou Securities Company Limited ("GSCL")	A fellow subsidiary
Guangzhou City Construction&Development Holdings Co.,Ltd. ("GCCD")	A fellow subsidiary
Guangzhou Hong Sheng Property Development Co., Ltd. ("GHPD")	Note (a)
廣州宏耀房地產開發有限公司 ("宏耀")	Note (b)
廣州萬宏房地產開發有限公司 ("萬宏")	An associated entity
濟南鵬遠置業有限公司 ("濟南鵬遠")	A joint venture
廣州資產管理有限公司 ("資產管理")	An associated entity of a fellow subsidiary
金鷹基金管理有限公司 ("金鷹")	An associated entity of a fellow subsidiary

Note:

(a) GHPD was an associated company and has become a subsidiary of the Company since 2018.

(b) 宏耀 was an associated company and has become a subsidiary of the Company since 2019.

(b) Transactions with related parties

Save as disclosed elsewhere in this condensed consolidated interim financial information, the Group had the following significant transactions with related parties during the period:

		Six months ended 30 June	
		2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
(I)	Transactions with YXE		
	Rental expenses and property management fees	(8)	(1,517)
	Interest expense (<i>note 7</i>)	(41,166)	(64,072)
	Addition of right-of-use assets	7,631	—
	Interest expense on lease liabilities	(164)	—
	Repayment of lease liabilities	(1,135)	—
(II)	Transactions with Yuexiu REIT		
	Tenancy service fees income	10,511	12,109
	Rental expenses	—	(34,620)
	Interest expense (<i>note 7</i>)	(9,943)	(11,487)
	Interest income (<i>note 6</i>)	—	8,093
	Support expenses on support arrangement	(14,630)	(11,092)
	Addition of right-of-use assets	85,890	—
	Interest expense on lease liabilities	(4,355)	—
	Repayment of lease liabilities	(33,596)	—
(III)	Transaction with CHB		
	Deposit interest income	11,270	7,544
	Rental income	6,050	4,854
	Interest expense (<i>note 7</i>)	(2,765)	(173)
	Exchange gain/(loss) on bank deposits	9,406	(4,002)
	Gain on foreign currency forward	9,978	—
(IV)	Transaction with GYFL		
	Rental income	5,073	4,970
(V)	Transaction with GSCL		
	Rental income	1,022	759

		Six months ended 30 June	
		2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
(VI)	Transaction with 金鷹 Rental income	4,297	4,797
(VII)	Transaction with 資產管理 Rental income	3,598	3,160
(VIII)	Transaction with GCCD Income from sales of investment properties	—	30,441
(IX)	Transaction with GHPD Interest income (<i>note 6</i>)	—	38,954
(X)	Transaction with 萬宏 Interest income (<i>note 6</i>)	34,227	—
(XI)	Transaction with 濟南鵬遠 Interest income (<i>note 6</i>)	1,015	—
(XII)	Transaction with 宏耀 Interest income (<i>note 6</i>)	131,625	—
(XIII)	Transaction with Guangzhou Metro Interest expense (<i>note 7</i>)	(24,383)	—

(c) **Balances with related parties**

		As at	
		30 June	31 December
		2019	2018
	Note	RMB'000	RMB'000
Amount due to ultimate holding company	(i), (ii)	(4,019,030)	—
Amount due to intermediate holding company	(i), (ii)	(852,045)	(1,500,000)
Amounts due from associated entities	(iv), (v)	6,402,075	9,880,716
Amounts due to associated entities	(ii), (viii)	(7,011,414)	(1,270,717)
Amounts due from joint ventures	(iii), (vii), (vi)	3,976,104	3,577,445
Amounts due to joint ventures	(i), (ii)	(2,872,853)	(3,318,814)
Amounts due from related companies	(i), (ii)	38,284	38,282
Amounts due to related companies	(i), (ii)	(34,427)	(34,422)
Amounts due from fellow subsidiaries	(i), (ii)	33,352	—
Amounts due to fellow subsidiaries	(i), (ii)	(353,263)	(286,534)
Amounts due to a shareholder	(ii), (xi)	(1,192,095)	—
Cash at bank at a fellow subsidiary	(ix)	1,319,959	924,875
Bank borrowing from a fellow subsidiary	(x)	121,356	83,526
Lease liabilities to intermediate holding company	(xii)	(7,313)	—
Lease liabilities to associated entities	(xii)	(161,285)	—

Except for the amount due from associated entities of approximately RMB48,174,000 (31 December 2018: RMB60,329,000), due from joint ventures of approximately RMB105,300,000 (31 December 2018: RMB105,216,000), amount due to an associated entity of approximately RMB179,264,000 (31 December 2018: RMB168,985,000), amount due to a joint venture of approximately RMB55,729,000 (31 December 2018: RMB55,513,000) and cash at bank at a fellow subsidiary of approximately RMB11,806,000 (31 December 2018: nil) which are denominated in HKD, all others related party balances are denominated in RMB.

Notes:

- (i) These balances are unsecured, interest free and repayable or receivable on demand.
- (ii) These balances are included in other receivables, prepayments and deposits or other payables and accrued charges, as appropriate.
- (iii) The balance is included in interests in joint ventures except for an amount of RMB17,000,000 (31 December 2018: RMB60,139,000) which is included in other receivables, prepayments and deposits.

- (iv) The balance is included in interests in associated entities except for an amount of approximately RMB3,627,082,000 (31 December 2018: RMB6,237,335,000) which is included in other receivables, prepayments and deposits.
- (v) Except for an amount of approximately RMB63,741,000 (31 December 2018: RMB7,371,000) which is unsecured and interest bearing at 8.5% per annum (2018: 4.35% per annum), the remaining balances are unsecured, interest free and receivable on demand.
- (vi) The balances are not in default or impaired, except for a provision for impairment losses of approximately RMB999,000 (31 December 2018: RMB999,000) which is made for an amount due from a joint venture.
- (vii) Except for an amount of approximately RMB95,888,000 (31 December 2018: RMB95,948,000) which is unsecured and interest bearing at 4.75% per annum (2018: 4.75% per annum), the remaining balances are unsecured, interest free and receivable on demand.
- (viii) Except for an amount of approximately RMB228,956,000 (31 December 2018: RMB238,915,000) which is unsecured and interest bearing at 9% per annum (2018: 9% per annum), the remaining balances are unsecured, interest free and repayable on demand.
- (ix) These balances are deposits maintained with a fellow subsidiary on normal commercial terms.
- (x) These balances are unsecured, interest bearing at 5.22% per annum (2018: 5.22% per annum).
- (xi) These balance is unsecured and interest bearing at 6.5% per annum and repayable in 2023.
- (xii) The Group leases office premises from an intermediate holding company and an associated entity. The monthly rents payable by the Group during the leasing terms determined with reference to the prevailing market prices.

(d) Key management compensation

Key management compensation was amounted to RMB3,525,000 for the six months ended 30 June 2019 (for the six months ended 30 June 2018: RMB3,136,000).

(e) Guarantee received

- (i) GYHL provides guarantee for the corporate bonds of Guangzhou City Construction & Development Co. Ltd (“GZCC”), a subsidiary of the Group, amounted to RMB13,466 million as at 30 June 2019 (31 December 2018: RMB9,477 million).
- (ii) GYHL provides guarantee for bank loan of Wuhan Kangjing Industrial Investment Co.,Ltd., a subsidiary of the Group, amounted to RMB3,180 million as at 30 June 2019 (31 December 2018: RMB1,155 million).
- (iii) GYHL provides guarantee for bank loan of Suzhou Shenyi Property Development Co.,Ltd., a subsidiary of the Group, amounted to RMB700 million as at 30 June 2019 (31 December 2018: RMB300 million).
- (iv) GYHL provides guarantee for bank loan of 宏耀, a subsidiary of the Group, amounted to RMB800 million as at 30 June 2019 (31 December 2018: nil).
- (v) GCCD provides guarantee for bank loan of Guangzhou City Construction & Development Group Nansha Co.,Ltd., a subsidiary of the Group, amounted to RMB136 million as at 30 June 2019 (31 December 2018: RMB136 million).

(f) Provision of guarantee

Please refer to note 19 for details of the guarantee provided by the Group for the loans borrowed by joint ventures and associated entities.

CHAIRMAN’S STATEMENT

I. BUSINESS REVIEW

Economic and Market Environment

In the first half of 2019, global economic growth decelerated and recovery faltered. The escalation of China-US trade disputes posed enormous risks to the growth in both global trade and global economy. The growth in the US economy and major economies started to slow down. The growth in emerging markets and developing economies continued to drop and there was financial market turbulence. In the first half of 2019, China’s economy as a whole maintained a stable and progressive development trend. In the face of increased external uncertainties and destabilizing factors, there was downward pressure on the macro economy. The macroeconomic indicators was maintained within a proper range due to greater support of fiscal policy and monetary policy from the Chinese government, active implementation of the policy of “Six Stabilities” that ensures “stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations”, continued adjusting economic structure and upgrading consumption and accelerated reform and opening up. In the first half of the year, the macro economy continued to maintain a stable momentum with a period-to-period growth of 6.3% in GDP.

In the first half of 2019, property market policies were based on “housing for living in rather than for speculation”, “policy implementation in line with each city and categorized control measures” and the control policies of “stabilising in land price, housing price, and expectation”. As a result, development of the PRC property market as a whole was stable. The GFA of commodity housing sales was approximately 0.76 billion sq.m., representing a period-to-period decrease of 1.8%, while commodity housing sales value was approximately RMB7.1 trillion, representing a period-to-period increase of 5.6%. The property sector continued to act as a pillaring role in the national economy. There was also a clear regional differentiation in the property market. The transactions rebounded in the property market in tier-1 cities, however, the supply failed to meet the demand. The transactions tended to stabilize in tier-2 cities. The market cooled down distinctly in tier-3 and tier-4 cities. With tier-1 and tier-2 cities witnessing an increase in property price, some cities began to tighten the housing loan policy

and properly adjusted the housing purchase policy to maintain a sound development of the property market. The land market presented a stable performance on the whole because local governments intensified the categorized controls of land supply, optimized the rule of land auction and controlled the land premiums. Property developers generally showed interest in the market of tier-1 and tier-2 cities where the land supply was limited, which led to a fierce competition in land. But with continued enhancement of land control by the government and accumulation of experience, the land price was under relatively effective control and control policy for stabilizing land price and housing price starts to show effect.

Significant Growth in Operating Results

In the first half of 2019, the Group centered on the annual work theme of “deepened management ability improvement, operation-driven development”, and grasped the guiding principle of “enhanced competitiveness, stable operation, and balanced development.” By improving the management ability and building the core competitiveness of business development, the Group realized sustained high-quality business growth.

During the first half of 2019, the revenue of the Group was approximately RMB21.79 billion, representing a period-to-period increase of 114.4%. The gross profit margin was approximately 30.0%, representing a period-to-period increase of 4.2 percentage points. Profit attributable to equity holders was approximately RMB1.87 billion, representing a period-to-period increase of 42.4%. Core net profit (profit attributable to equity holders excluding the net value gains on revaluation of investment properties, the effect of related taxation and net foreign exchange gain/(loss) recognized in the condensed consolidated statement of profit or loss) was approximately RMB1.83 billion, representing a period-to-period increase of 63.2%. As of 30 June 2019, the unrecognized sales value amounted to RMB77.55 billion, representing an increase of 21.4% as compared to the beginning of the year.

The Board resolved to declare an interim dividend for 2019 of HKD0.053 per share (equivalent to RMB0.047 per share). Calculated in Hong Kong dollars, an interim dividend per share dividend increased 26.2% on a period-to-period basis.

Contracted Sales Hit Record High

In the first half of 2019, the Group adjusted, in a timely manner, sales strategies according to the specific control policies and market performance of different region and city markets, accelerated the pace of sales and cash collection of sales proceeds, achieved significant growth in contracted sales and hit a record high. In the first half of the year, the Group recorded a contracted sales value (including contracted sales by joint venture projects) of approximately RMB36.90 billion, 31.9% up on a period-to-period basis, which accounted for approximately 54.3% of the full year contracted sales target of RMB68.0 billion. The contracted sales GFA was approximately 1.64 million sq.m., 19.3% up on a period-to-period basis. The average selling price was RMB22,500 per sq.m., 10.8% up on a period-to-period basis. The aggregate contracted sales value in Greater Bay Area was approximately RMB23.16 billion, accounting for approximately 62.8% of the Group's total contracted sales. The Yue Galaxy project, the first "Railway + Property" project of the Group, contributed contracted sales of approximately RMB2.09 billion for the Group.

Continuous Improvement in Financial Position

As at the end of June 2019, cash and cash equivalents and charged bank deposits of the Group amounted to approximately RMB31.58 billion, representing an increase of 16.3% as compared to the beginning of the year; the net gearing ratio was 63.6%, representing an increase of 2.4 percentage points as compared to the beginning of the year. The financial position was healthy and safe.

In the first half of 2019, fully leveraging the advantages of multiple financing channels onshore and offshore, the Group strengthened capital management, optimized the financing models, and endeavoured to reduce the financing cost. The Group successfully issued bonds of RMB2.5 billion with interest rates of 3.85% (3-year term) and 3.93% (3+2-year term), which helps optimize the debt portfolio and debt structure. In the first half of the year, the average borrowing interest rate was 4.76%, representing a decrease of 6 bpts on a period-to-period basis.

Increase High-quality Landbank through Diversified Models

In the first half of 2019, through various channels including “Railway + Property”, cooperation with state-owned enterprises, land acquisition by application mechanism, auction in the open market, the Group newly acquired 14 prime land parcels located in seven cities including Guangzhou, Shenzhen, Hangzhou, Chengdu, Zhengzhou, Qingdao and Jiangmen at relatively low premiums, with a total GFA of approximately 3.74 million sq.m. and the attributable GFA was approximately 2.75 million sq.m.. With the expansion to new tier-1 and key tier-2 cities including Shenzhen, Chengdu and Zhengzhou, the regional development layout becomes more reasonable.

Taking advantage of the strategic opportunity of “The Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area” announced by the state in February this year, the Group deepened the strategic layout in the Greater Bay Area and for the first time invested in Shenzhen, a central city of the Greater Bay Area for the first time. With a strong economic development momentum, the total GDP in Shenzhen ranked first among cities in the Greater Bay Area in 2018, with per capita GDP ranking only after Macau and Hong Kong in the Greater Bay Area. According to the development plan, Shenzhen would utilize its unique strengths in the future development of the Greater Bay Area, and develop into an innovation-led global city. Property development businesses remained an enormous potential for development with booming demand in spite of scarce residential land supply in Shenzhen. In the first half of the year, the Group successfully acquired one prime land parcel located in Baoan District of Shenzhen, with a total GFA of approximately 160,000 sq.m., which fully implemented the development strategy integrating in-depth operation and expansion of the Group in the Greater Bay Area.

In July, the Group obtained the qualification for the re-development of Lirendong village in Panyu district in Guangzhou according to the voting results at the villagers' representative meeting. In the next step, the Group would negotiate with the villagers on the specific demolition plan. Only after the relevant procedures are satisfied gradually, then the land reserve can be officially obtained. Acquisition of the qualification for the renovation of the old village of Lirendong has opened up a new channel for the Group to acquire land resources, which becomes another important potential acquisition model for land resources after the Group successfully implemented the "Railway + Property" model.

As at 30 June 2019, the total landbank of the Group was approximately 21.52 million sq.m.. The Group's landbank was located in 17 cities, with approximately 49.0% located in the Greater Bay Area.

Successful Implementation of "Railway + Property" Model

In the first half of the year, the Group completed acquisition of 86% of the equity interest in Yue Galaxy, which was the first "Railway + Property" project, and also completed 3.08 billion shares subscription by Guangzhou Metro Group at the subscription price of HK\$2.0 per subscription share, The equity holding of Guangzhou Metro was 19.9% and it became the Group's second-largest shareholder.

Upon completion of the acquisition, Yue Galaxy project would be developed into a large residential project with a total GFA of approximately 1.39 million sq.m., in which sellable GFA was approximately 0.94 million sq.m.. With such a large scale of the project, the Group aims at building a mega residential complex with sound supporting communities in commerce, education and culture. The project located in Guanhu village, Xintang town, Zengcheng district, Guangzhou city is a above-station development project of Guangzhou Metro Line 13.

On 28 May 2019, the Group announced that it entered into two options contracts with Guangzhou Yuexiu Group to obtain the right to acquire 51% interest in two new metro property projects respectively held by Guangzhou Yuexiu Group. The two new metro property projects, namely Luogang project and Chentougang project, were respectively located at Huangpu district and Panyu district, both in Guangzhou. The Luogang project adjacent to Xiangxue Station of Guangzhou Metro Line 6 was the only large-scale land in the core area of district, with the total GFA of approximately 0.91 million sq.m.. It can be developed into a large-scale complex consisting of residential buildings and educational facilities. Located at Chentougang Station of Guangzhou Metro Line 22, the Chentougang project is a above-station development project. It was a rare large-scale residential project at Panyu district in Guangzhou, with a total GFA of approximately 0.88 million sq.m.. Guangzhou Metro Line 22 was expected to be launched in 2020, which may add support to the value of project.

Exercise of options for the two metro property projects will provide the Group with the opportunity to acquire an additional premium landbank of approximately 1.79 million sq.m.. If the two options are exercised and completed as planned, the total GFA of the Group's metro property projects will increase to approximately 3.18 million sq.m..

Steady Development of Commercial Properties

Upholding the Strategy of “Coordinated Development of Both Residential and Commercial Properties”, the Group committed to constantly improve business operation capacity to utilize the dual platform of “Yuexiu Property-Yuexiu REIT” to optimize the development model of “development + operations + securitization”, and developed commercial properties business as a growth pole and stabilizer for the Group. As at the end of June 2019, the Group directly owned approximately 0.59 million sq.m. of investment properties for leasing and recorded a rental income of approximately RMB337 million, representing a period-to-period increase of 6.6%. The Group held approximately 36.39% of Yuexiu REIT as at the end of June 2019, which had 0.97 million sq.m. of commercial properties for lease and achieved revenue of approximately RMB1.0 billion for the half year that remained at the same level as compared to the period of last year.

Constant Improvement in Organizational Management

In light of the continuous growth in the development scale, the Group focused on establishing an operation system centered on project operations so as to enhance operational capability on a continual basis. The Group continued to optimize the management of business lines including construction, product and cost, and promote the product standardized system and the capacity to build a “fast turnover” system, thus achieving actual improvement in development efficiency. Adhering to the customer-centered approach, the Group strengthened customer research and upheld the concept of “product + service” to continuously enhance its product competitiveness system and capabilities. The Group also continuously optimized the cost through strengthening the project management and cost control, identified the gap among the benchmarking enterprises to optimize the project plan, deepened the reform of procurement, improved the suppliers and list bidding, and strengthened the control over the main contractor, with continuous enhancement in the ability and level of cost control. The Group stepped up the cultivation and introduction of core talents, optimized the talent team and structure, and continuously delivered core talents to frontline through various training and development plans. Moreover, the Group continued to optimize and enhance the incentive system, review and improve the co-investment scheme and the share incentive scheme of core employees. As a result, organizational vitality was released.

II. BUSINESS OUTLOOK

Looking forward to the second half of 2019, the global economy will still face many risk factors such as the China-US trade conflicts, British hard Brexit and geopolitical risks that will pose enormous uncertainties to the growth in the global economy. Therefore, it is expected that the development of the global economy will slow down. Meanwhile, in response to the slow-down in the global economy and support for economic growth, major developed economies and developing economies will adopt looser policies, and also the Federal Reserve has cut interest rates, which will be conducive to the stabilization and recovery of the global economy in the second half of the year. China's economy as well will face a number of external environmental challenges. In particular, the prospect of China-US trade conflicts will bring certain uncertainties to China's economic growth. Thus macroeconomy will face more significant downward pressure in the second half of the year. However, in response to the uncertainties from the external factors of the country's economic growth, the Chinese government is expected to continue to increase its supporting macroeconomic growth and continue to implement a proactive fiscal policy and a moderately prudent monetary policy. Besides, it will continue to deepen supply-side reforms and strengthen drive from innovation to accelerate the upgrading of industries and consumption structure. As Chinese market is enormous with huge potential for industrial upgrading, the country will speed up the pace of reform and opening up continuously. With the support of the policy "Six Stabilities" and favorable measures, China's macroeconomy is expected to maintain a steady growth trend as a whole in the second half of 2019.

In 2019, as an essential pillar of the national economy, the real estate industry is expected to remain stable as a whole. The control policies on the property market will continue to remain stable, adhering to the keynote of "housing for living in rather than for speculation", focusing on city-specific policies and categorized control, speeding up the long-term mechanism of the property market, and ensuring the steady and healthy development of the real estate industry. The property market is expected to remain stable in general supply and the space for price increases will be limited with continuous market differentiation. The market development

of the tier-1 and key tier-2 cities will be steady, while the market demand in tier-3 and tier-4 cities is relatively weak. Therefore, the downward pressure is relatively high. However, first-home buyers and upgraders will still dominate the overall market demand. On the one hand, the government will implement the categorized control over “city-specific policies” for the land market of different cities, continue to increase the supply of land in overheating cities to lower the premium of land and control housing prices. On the other hand, the government will stabilize housing prices in falling property markets by reducing land supply and optimizing land structure. Supply of credit fund will remain moderate in general in response to the economic downturn. The financing environment of property developers will be steady and tight, and the government will strengthen the supervision of real estate financing to control the industry risks effectively.

Achieving Various Annual Operation Targets

In 2019, the Group will adhere to the theme of “in-depth management ability improvement, operation-driven development” and devote every effort to achieve its annual sales and business targets. In terms of sales, the Group will achieve high sell-through rate and cash collection rate through managing the pace of sales, precise launches, flexible marketing and innovative channels, aiming to achieve the annual sales target. For the operation, the Group will speed up project development and asset turnover to continuously enhance profitability. For the product development, adhering to customer needs to improve the competitiveness of products, the Group will focus on building and optimizing its product lines to better satisfy with rigid and improved demand. For the human resource, the Group will deepen the implementation of the mechanisms of co-investment and share incentive schemes, step up the cultivation and introduction of core talents, and enhance the organizational and protection capability for the business.

Acquisition of High-Quality Land Resources by Diversified and Unique Models

The Group will continue to acquire quality land resources via various channels. The Group will optimize the unique acquisition model of “Railway + Property”, consolidate acquisition approach of “Group Incubation + Yuexiu Property Purchase”, and accelerate cooperation with state-owned enterprises to support the increase of the diversified reserve. Taking the renewal project of Lirendong village as an opportunity, the Group will make the model of old village renewal into a new channel for the Group to obtain quality resources. The Group will strengthen market analysis and research on key potential cities, focusing on projects with high returns and controllable risks, and fast turnover projects in accordance with controlled pace, optimized structure, strict standard and better geographical layout in the open land market. Furthermore, the Group will actively and prudently pursue merger & acquisition opportunities in the secondary market. In respect of regional layout, the Group will focus on cities of the Greater Bay Area to consolidate its dominant position in the market, increasing the investment in cities of Eastern China, Central China and Northern China regions to improve layout of regional development within the country further.

Continued Improvement in Development and Operation Capabilities

Guided by customer needs, the Group will accelerate the establishment of a customer research system, and with the customer’s life cycle experience as the direction, provide quality products and services and continue to improve its development and operation capabilities.

The refined management level of operations is strengthened to well manage the operation of the projects, and improve operational efficiency. Besides, the Group will optimize the assessment system of the project schedule as a result of strengthening the project management and ensuring on-time supply and project delivery. Quality control of the projects will be effectively improved by enhancing the standardization of project management. Moreover, the Group will develop and improve various systems of cost and procurement to optimize supplier resources and compositions continuously. The Group will optimize cost control and strengthen dynamic cost management, thereby achieving an accurate cost control.

Steady Development of Commercial Properties

“Coordinated development of both residential and commercial properties” is one of the vital development strategies of the Group. The Group will continue to deepen the whole industry chain business model of “development + operations + securitization” to make sure that commercial properties play a “stabilizer” role in the development of the Group. On the one hand, by enhancing property operational capabilities, the Group will strengthen its control over the commercial properties for leasing, and optimize the project positioning and customer structure, so that the value in commercial property will be increased by continuous enhancement of the rental rate and the occupancy rate. On the other hand, the Group will strengthen its capabilities in planning and developing for commercial properties under development, speeding up the development of projects. At the same time, the Group will proactively explore asset-light management and operation model, thus developing commercial properties business into an important “stabilizer” and core competitive capacity of the Group.

Ensuring Financial Prudence and Security

Facing the external economic fluctuations and risks in liquidity, interest rate and foreign exchange rate arising from uncertainties of environment factors, the Group will continue to accelerate the pace of sales and collection of sales proceeds. Moreover, the Group will make full use of all kinds of financial instruments including the extensive use of onshore and offshore financing channels to continuously optimize the capital management, reduce the financing costs and optimize the liability structure, thereby managing exchange rate risk. At the same time, the Group shall further strengthen the function of risk control, improve the financial risk monitoring system, and enhance the risk alert and prevention.

Steadily Develop New Businesses

The Group will steadily advance the new businesses. Concerning the elderly-care business, the overall operation level will need to be improved. For the operated projects, the Group will focus on enhancing the services quality and customer satisfaction, optimizing the standardized operating system of the elderly-care business and striving to improve operational efficiency. Meanwhile, the Group will actively develop new projects, integrate premium domestic and foreign resources of medicine and elderly care, and create a model of combining medical care and elderly care through multi-ways and multi-levels. Concerning the long-term leasing business, the Group will speed up the leasing business through multi-platforms, multi-channels and multi-ways, focus on advancing the SOE-owned stock projects cooperation and asset-light strategy, and cultivate the core operating ability. Regarding the “Properties+” business, the Group will strengthen collaboration with the state-owned enterprises and scientific research institutions, steadily promote businesses such as “+ industries”, “+towns”, and integrate premium educational resources of the Greater Bay Area to accelerate the business development of “+ education”.

ACKNOWLEDGMENT

In the first half of the year, the Group achieved outstanding performance and constantly strived to improve the rate of return on capital of shareholders and shareholders’ value. The Group developed businesses intensively in key cities of the Greater Bay Area and consolidated development in Eastern China, Central China and Northern China. With respect to the Group’s achievement in remarkable results and development of various businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their proper leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers and business partners for their full trust and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In the first half of 2019, the Group realized revenue of approximately RMB21.79 billion (the same period of 2018: RMB10.16 billion), a period-to-period increase of 114.4%. The gross profit was approximately RMB6.55 billion (the same period of 2018: RMB2.62 billion), a period-to-period increase of 149.5%, and the gross profit margin reached approximately 30.0%, a period-to-period increase of 4.2 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In the first half of 2019, profit attributable to equity holders of the Group was approximately RMB1.87 billion (the same period of 2018: RMB1.31 billion), a period-to-period increase of 42.4%. The core net profit was approximately RMB1.83 billion (the same period of 2018: RMB1.12 billion), a period-to-period increase of 63.2%.

CONTRACTED SALES

In the first half of 2019, the Group recorded aggregate contracted sales value (including contracted sales by joint venture projects) of approximately RMB36.90 billion, a period-to-period increase of 31.9%, achieving approximately 54.3% of the full-year contracted sales target of RMB68.0 billion. The aggregate contracted sales GFA (including contracted sales by joint venture projects) amounted to approximately 1.64 million sq.m., a period-to-period increase of 19.3%, while the average selling price was approximately RMB22,500 per sq.m., a period-to-period increase of 10.8%.

In terms of regional composition, with respect to the value of the aggregate contracted sales for the first half of 2019, the Greater Bay Area accounted for approximately 62.8%, Eastern China Region accounted for approximately 25.3%, Central China Region accounted for approximately 7.5%, and Northern China Region accounted for approximately 4.4%.

In the first half of 2019, the development of the property markets was stable for the four major regions that the Group focused on, namely Greater Bay Area, Eastern China Region, Central China Region and Northern China Region.

Greater Bay Area

In the first half of 2019, the Group's key four cities for sales within Greater Bay Area were Guangzhou, Foshan, Jiangmen and Zhongshan. With announcement of "The Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area" in February 2019, Greater Bay Area ushered in the phase for rapid development, providing strong support for the property market of cities in Greater Bay Area in a steady and healthy manner.

In the first half of the year, total area, selling price and average selling price of the commodity residential housing sold in the property market in Guangzhou recorded a period-to-period rise due to various favourable policies and plans such as loosening household registration, construction of transportation and infrastructure. The Group proactively capitalized on existing advantages of homebase to continuously strengthen its leading position in the property market of Guangzhou. The contracted sales value in Guangzhou for the first half of 2019 amounted to approximately RMB20.39 billion, up 30.0% on a period-to-period basis, while the average selling price was approximately RMB28,300 per sq.m., up 0.4% on a period-to-period basis.

Benefited from the implementation of a number of favourable policies of Greater Bay Area, Nansha District of Guangzhou, a property market of core area of Greater Bay Area, remained active in property transactions in the property market. The Group continued to deepen its participation in Nansha District. The contracted sales value in Nansha for the first half of 2019 amounted to approximately RMB6.29 billion, up 33.5% on a period-to-period basis, while the average selling price was approximately RMB19,600 per sq.m., up 9.5% on a period-to-period basis.

In the first half of 2019, the overall volume of transactions and the average selling price of Foshan, Zhongshan and Jiangmen saw a period-to-period increase. The contracted sales value of the Group in the above three cities for the first half of 2019 amounted to approximately RMB2.77 billion, representing a period-to-period increase of 16.8%, while the average selling price was approximately RMB13,800 per sq.m., representing a period-to-period increase of 25.5%.

Eastern China Region

The Group has already established operations in Hangzhou and Suzhou within Eastern China Region. Although the property market of Hangzhou and Suzhou was affected by the stringent control policies, the overall volume of transactions increased and the average selling price remained steady. The contracted sales value of the Group in Eastern China Region for the first half of 2019 amounted to approximately RMB9.35 billion, representing a period-to-period increase of 125.3%, while the average selling price was approximately RMB22,400 per sq.m., representing a period-to-period increase of 29.5%.

Central China Region

In the first half of 2019, the Group's key cities for sales within Central China Region were Wuhan and Xiangyang. The overall volume of transactions and the average selling price maintained a steady growth although Wuhan and Xiangyang maintained the control policies. The contracted sales value of the Group in Central China Region for the first half of 2019 amounted to approximately RMB2.76 billion, representing a period-to-period decrease of 13.3%, while the average selling price was approximately RMB14,500 per sq.m., representing a period-to-period decrease of 47.1%.

Contracted sales are summarized as follows:

No.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
1	Guangzhou Starry Haizhu Bay	55,000	2,448	44,500
2	Guangzhou Yuexiu Greenland Haiyue	15,800	820	51,900
3	Guangzhou Joy Bay (Previous name: Guangzhou Haizhu Nanzhou Road Land)	1,000	69	69,000
4	Guangzhou Starry Sky City	53,700	2,220	41,300
5	Guangzhou Joyful Mansion	42,600	1,785	41,900
6	Guangzhou Park Avenue	37,800	1,841	48,700
7	Guangzhou Paradiso Riverside	1,100	19	17,300
8	Guangzhou Cullinan	17,800	735	41,300
9	Guangzhou Lingnan Villas	2,500	21	8,400
10	Guangzhou Lingnan Wood	1,200	14	11,700
11	Guangzhou Yuexiu Poly Aite City	66,400	1,433	21,600
12	Nansha Southern Le Sand	82,700	1,639	19,800
13	Nansha Binhai New City	203,500	3,801	18,700
14	Nansha Yuexiu East Hillside	34,700	854	24,600
15	Huadu Elegant Mansion	9,400	292	31,100
16	Huadu Magnificent Mansion (Previous name: Huadu Phoenix Road Land II)	6,800	205	30,100
17	Guangzhou Yue Galaxy	82,900	2,088	25,200
18	Nanhai Starry Winking	700	10	14,300
19	Nanhai Starry Mansion	40,400	1,044	25,800
20	Foshan Lingnan Junting	1,800	28	15,600

No.	Project	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
21	Foshan Paradiso Power	1,600	19	11,900
22	Foshan Longfor Yuexiu Cloud	5,000	126	25,200
23	Jiangmen Starry Regal Court	600	5	8,300
24	Jiangmen Xijiang Mansion	2,500	35	14,000
25	Jiangmen Xijiang Joy Mansion	7,700	80	10,400
26	Jiangmen Starry Mountain	9,600	93	9,700
27	Jiangmen Yuexiu Binjiang City Glory	41,300	581	14,100
28	Jiangmen Man Wah Mansion	17,600	176	10,000
29	Heshan Starry Regal Court	40,300	298	7,400
30	Zhongshan Starry Peakfield	23,900	263	11,000
31	Zhongshan Paradiso Jadin	7,300	15	2,100
	Other projects	5,800	104	17,900
	Subtotal (Greater Bay Area)	921,000	23,161	25,100
32	Hangzhou Starry City	145,700	2,303	15,800
33	Hangzhou Garden 1872	29,400	1,176	40,000
34	Hangzhou Joy Bay	44,400	1,594	35,900
35	Hangzhou Qinaili Lane	200	8	40,000
36	Hangzhou Lake & Mountain	57,600	992	17,200
37	Hangzhou Joy Mountain	36,500	758	20,800
38	Suzhou YueFu Mansion	76,000	1,920	25,300
39	Suzhou Joy Bay	26,900	594	22,100
	Subtotal (Eastern China Region)	416,700	9,345	22,400
40	Wuhan International Financial City	44,000	1,362	31,000
41	Wuhan Starry Emperor	2,900	35	12,100
42	Wuhan Starry Mountain	1,500	36	24,000
43	Wuhan Yuexiu Paradiso Mansion	11,400	180	15,800
44	Wuhan Joy Mansion	16,100	146	9,100
45	Wuhan Yuexiu Paradiso Garden	25,900	315	12,200
	Subtotal (Central China Region)	189,700	2,755	14,500

No.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
46	Xiangyang Starry City (Previous name: Xiangyang Lejin New District Land)	87,900	681	7,700
47	Shenyang Starry Winking	55,300	1,029	18,600
48	Shenyang Hill Lake	4,300	39	9,100
49	Shenyang Starry Blue Sea	1,500	18	12,000
50	Yantai Starry Golden Sands	7,900	33	4,200
51	Qingdao Starry Blue Bay	2,600	20	7,700
52	Qingdao Jiaozhou Platinum Mansion	7,200	105	14,600
53	Ji'nan Baimai Delighted Mansion	30,800	320	10,400
54	Ji'nan Art Living	3,900	71	18,200
	Subtotal (Northern China Region)	113,500	1,635	14,400
	Total	1,640,900	36,896	22,500

RECOGNIZED SALES

In the first half of 2019, the recognized sales value and recognized sales GFA were approximately RMB20.80 billion and approximately 0.81 million sq.m., increases of 126.0% and 53.0% respectively on a period-to-period basis, and the average selling price was approximately RMB25,600 per sq.m., representing a period-to-period increase of 48.0%.

Recognized sales are summarized as follows:

No.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
1	Guangzhou Starry Cullinan	1,700	109	64,100
2	Guangzhou Starry Winking	200	7	35,000
3	Guangzhou Fortune Century Square	200	12	60,000
4	Guangzhou Starry Haizhu Bay	133,000	5,638	42,400
5	Guangzhou Yuexiu Greenland Haiyue	130,500	5,331	40,900
6	Guangzhou Starry Golden Sands	400	7	17,500
7	Guangzhou Starry Sky City	27,500	1,007	36,600
8	Guangzhou Starry Wenhua	600	18	30,000
9	Guangzhou Starry Wenyu	200	4	20,000
10	Guangzhou Paradiso Riverside	2,500	34	13,600
11	Guangzhou Lingnan Hillside	600	8	13,300
12	Guangzhou Lingnan Villas	2,100	17	8,100
13	Nansha Southern Le Sand	56,900	1,087	19,100
14	Nansha Binhai New City	206,700	3,295	15,900
15	Nanhai Starry Winking	4,400	74	16,800
16	Foshan Lingnan Junting	7,900	131	16,600
17	Foshan Paradiso Power	2,700	37	13,700
18	Jiangmen Starry Regal Court	32,900	250	7,600

No.	Project	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
19	Jiangmen Xijiang Joy Mansion	31,100	270	8,700
20	Jiangmen Starry Mountain	4,500	76	16,900
21	Zhongshan Starry Winking	100	1	10,000
22	Zhongshan Starry Peakfield	400	3	7,500
23	Zhongshan Paradiso Jadin	1,200	11	9,200
	Other projects	4,100	73	17,800
	Subtotal (Greater Bay Area)	652,400	17,500	26,800
24	Hangzhou Starry City	8,000	83	10,400
25	Hangzhou Joy Bay	61,300	2,074	33,800
26	Hangzhou Qinaili Lane	700	20	28,600
27	Suzhou Paradiso Pavilion	400	3	7,500
28	Suzhou Starry Pavilion	100	2	20,000
	Subtotal (Eastern China Region)	70,500	2,182	31,000
29	Wuhan International Financial City	2,400	273	113,800
30	Wuhan Starry Emperor	4,600	62	13,500
31	Wuhan Starry Mountain	4,300	139	32,300
	Subtotal (Central China Region)	11,300	474	41,900
32	Shenyang Starry Winking	4,800	82	17,100
33	Shenyang Hill Lake	500	4	8,000
34	Shenyang Starry Blue Sea	2,700	11	4,100
35	Yantai Starry Golden Sands	16,100	80	5,000
36	Qingdao Starry Blue Bay	4,700	52	11,100
37	Qingdao Elegant Mansion	50,300	414	8,200
	Subtotal (Northern China Region)	79,100	643	8,100
	Total	813,300	20,799	25,600

UNRECOGNIZED SALES

As of 30 June 2019, the unrecognized sales value amounted to approximately RMB77.55 billion, with unrecognized sales GFA of approximately 3.52 million sq.m., and the average selling price was approximately RMB22,100 per sq.m..

Unrecognized sales are summarized as follows:

No.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
1	Guangzhou Starry Cullinan	3,900	261	66,900
2	Guangzhou Starry Haizhu Bay	119,500	5,913	49,500
3	Guangzhou Yuexiu Greenland Haiyue	13,700	748	54,600
4	Guangzhou Joy Bay (Previous name: Guangzhou Haizhu Nanzhou Road Land)	1,000	69	69,000
5	Guangzhou Starry Sky City	137,500	5,822	42,300
6	Guangzhou Joyful Mansion	169,000	7,267	43,000
7	Guangzhou Park Avenue	46,500	2,262	48,600
8	Guangzhou Cullinan	31,100	1,242	39,900
9	Guangzhou Yuexiu Poly Aite City	235,600	5,414	23,000
10	Nansha Southern Le Sand	154,600	3,445	22,300
11	Nansha Binhai New City	350,600	6,462	18,400
12	Nansha Yuexiu East Hillside	61,700	1,477	23,900
13	Huadu Elegant Mansion	16,300	516	31,700

No.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
14	Huadu Magnificent Mansion (Previous name: Huadu Phoenix Road Land II)	6,800	205	30,100
15	Guangzhou Yue Galaxy	82,900	2,088	25,200
16	Nanhai Starry Mansion	52,400	1,267	24,200
17	Foshan Longfor Yuexiu Cloud	17,500	231	13,200
18	Jiangmen Starry Regal Court	27,700	117	4,200
19	Jiangmen Starry Mountain	10,800	108	10,000
20	Jiangmen Yuexiu Binjiang City Glory	95,300	1,135	11,900
21	Jiangmen Man Wah Mansion	17,600	176	10,000
22	Heshan Starry Regal Court	134,500	1,072	8,000
23	Zhongshan Starry Peakfield	125,900	1,602	12,700
	Subtotal (Greater Bay Area)	1,912,400	48,899	25,600
24	Hangzhou Starry City	393,400	5,900	15,000
25	Hangzhou Garden 1872	89,500	3,577	40,000
26	Hangzhou Joy Bay	54,200	2,162	39,900
27	Hangzhou Lake & Mountain	118,900	2,013	16,900
28	Hangzhou Joy Mountain	156,800	2,867	18,300
29	Suzhou YueFu Mansion	106,600	2,663	25,000
30	Suzhou Joy Bay	35,400	783	22,100
	Subtotal (Eastern China Region)	954,800	19,965	20,900

No.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
31	Wuhan International Financial City	53,700	1,563	29,100
32	Wuhan Starry Emperor	16,500	178	10,800
33	Wuhan Starry Mountain	6,200	127	20,500
34	Wuhan Starry Bay	59,100	934	15,800
35	Wuhan Yuexiu Paradiso Mansion	19,300	303	15,700
36	Wuhan Joy Mansion	88,100	761	8,600
37	Wuhan Yuexiu Paradiso Garden	72,600	896	12,300
38	Xiangyang Starry City (Previous name: Xiangyang Lejin New District Land)	87,900	681	7,700
	Subtotal (Central China Region)	403,400	5,443	13,500
39	Shenyang Starry Winking	89,000	1,511	17,000
40	Shenyang Hill Lake	3,800	35	9,200
41	Yantai Starry Golden Sands	21,800	169	7,800
42	Yantai Elegant Mansion	64,800	717	11,100
43	Qingdao Jiaozhou Platinum Mansion	20,100	291	14,500
44	Ji'nan Baimai Delighted Mansion	40,500	422	10,400
45	Ji'nan Art Living	4,800	95	19,800
	Subtotal (Northern China Region)	244,800	3,240	13,200
	Total	3,515,400	77,547	22,100

LANDBANK

In the first half of 2019, the Group has newly acquired 14 land parcels mainly located in Guangzhou, Shenzhen, Hangzhou, Zhengzhou, Qingdao, Chengdu and Jiangmen, with total GFA of approximately 3.74 million sq.m.. In terms of the attributable interest to the Group, the total GFA was approximately 2.75 million sq.m..

As of 30 June 2019, land parcels newly acquired are summarised as follows:

No.	Project	Equity holding	Total GFA (sq.m.)	Attributable GFA (sq.m.)
1	Guangzhou Zhilian Automobile Town Project II	21.48%	315,300	67,700
2	Nansha Lingshan Island Land IV	38.23%	128,500	49,100
3	Conghua Jiangpu Jiulibu Land	46.79%	207,200	96,900
4	Guangzhou Yue Galaxy	82.11%	1,387,900	1,139,600
5	Zengcheng Zhongxin Sanjing Land	38.19%	97,600	37,300
6	Shengzhen Bao' an Jiangangshan Land	95.48%	157,200	150,100
7	Jiangmen Man Wah Mansion	48.45%	83,000	40,200
8	Hangzhou Jianggan Niution Land II	95%	46,800	44,500
9	Hangzhou Lin' an Binhu New City Land	95%	66,200	62,900
10	Hangzhou Lin' an Jinnan New City Land	100%	333,200	333,200
11	Zhengzhou Elegant Mansion	95%	137,300	130,400
12	Qiangdao Chengyang Shangma Land	100%	412,200	412,200
13	Chengdu Joyful Mansion	42.75%	296,900	126,900
14	Chengdu Qingbaijiang Land	95%	66,000	62,700
	Total		3,735,300	2,753,700

As of 30 June 2019, the landbank of the Group reached approximately 21.52 million sq.m. with a total of 67 projects in 17 cities in China and the regional layout continued to improve. In terms of the attributable interest to the Group, the total landbank was approximately 13.45 million sq.m.. In terms of regional composition, Greater Bay Area accounted for approximately 49.0% of the total landbank, Eastern China Region accounted for approximately 18.1%, Central China Region accounted for approximately 17.5%, Northern China Region accounted for approximately 13.2%, and others accounted for approximately 2.2%.

Landbank is summarised as follows:

No.	Project	Landbank	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
1	Guangzhou Asia Pacific Century Plaza	229,400	229,400	—
2	Guangzhou Starry Haizhu Bay	394,600	190,800	203,800
3	Guangzhou Joy Bay (Previous name: Guangzhou Haizhu Nanzhou Road Land)	154,600	154,600	—
4	Guangzhou Starry Sky City	442,400	442,400	—
5	Guangzhou Joyful Mansion	148,900	148,900	—
6	Guangzhou Park Avenue	272,300	272,300	—
7	Guangzhou Cullinan	383,800	383,800	—
8	Guangzhou Zhilian Automobile Town Project I	527,900	—	527,900
9	Guangzhou Zhilian Automobile Town Project II	315,300	315,300	—
10	Guangzhou Yuexiu Poly Aite City	359,500	359,500	—
11	Nansha Southern Le Sand	989,000	209,100	779,900
12	Nansha Binhai New City	702,600	649,600	53,000
13	Nansha Yuexiu East Hillside	258,300	258,300	—
14	Nansha Jinling North Land	134,500	134,500	—
15	Nansha Lingshan Island Land I	221,300	53,400	167,900
16	Nansha Joy Bay (Previous name: Nansha Lingshan Island Land II)	410,900	—	410,900

No.	Project	Landbank	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
17	Nansha The Willow Shores (Previous name: Nansha Lingshan Island Land III)	130,000	130,000	—
18	Nansha Lingshan Island Land IV	128,500	—	128,500
19	Huadu Elegant Mansion	222,200	222,200	—
20	Huadu Magnificent Mansion (Previous name: Huadu Phoenix Road Land II)	292,200	292,200	—
21	Huadu Royal Mansion (Previous name: Huadu Phoenix Road Land III)	187,600	187,600	—
22	Guangzhou Yue Galaxy	1,387,900	439,600	948,300
23	Zengcheng Zhongxin Sanjing Land	97,600	—	97,600
24	Conghua Jiangpu Jiulibu Land	207,200	—	207,200
25	Shengzhen Bao' an Jiangangshan Land	157,200	—	157,200
26	Nanhai Starry Mansion	567,100	435,500	131,600
27	Foshan Lingnan Junting	24,000	24,000	—
28	Foshan Longfor Yuexiu Cloud	76,300	76,300	—
29	Jiangmen Yuexiu Binjiang City Glory	351,300	351,300	—
30	Jiangmen Man Wah Mansion	83,000	83,000	—
31	Heshan Starry Regal Court	416,000	416,000	—
32	Zhongshan Starry Peakfield	153,100	153,100	—
33	Hong Kong Yau Tong Project	72,100	—	72,100
	Other projects	50,100	—	50,100
	Subtotal (Greater Bay Area)	10,548,700	6,612,700	3,936,000

No.	Project	Landbank	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
34	Hangzhou Starry City	1,158,600	536,800	621,800
35	Hangzhou Garden 1872	230,300	107,600	122,700
36	Hangzhou Joy Bay	181,100	181,100	—
37	Hangzhou Lake & Mountain	224,800	224,800	—
38	Hangzhou Joy Mountain	225,000	225,000	—
39	Hangzhou New Band Mansion (Previous name: Hangzhou Jianggan Niutian Land I)	122,900	122,900	—
40	Hangzhou Jianggan Niutian Land II	46,800	—	46,800
41	Hangzhou Lin'an Jinnan New City Land	333,200	—	333,200
42	Hangzhou Lin'an Binhu New City Land	66,200	—	66,200
43	Suzhou YueFu Mansion	210,500	210,500	—
44	Suzhou Joy Bay	116,300	116,300	—
45	Suzhou Taicang Xiangdong Island Land	987,200	240,500	746,700
	Subtotal (Eastern China Region)	3,902,900	1,965,500	1,937,400
46	Wuhan International Financial City	598,900	598,900	—
47	Wuhan Hanyang Starry Winking	1,128,600	1,128,600	—
48	Wuhan Starry Bay	84,500	84,500	—
49	Wuhan Yuexiu Paradiso Mansion	42,200	42,200	—
50	Wuhan Grand Mansion (Previous name: Wuhan Caidian Land I)	78,000	78,000	—
51	Wuhan Joy Mansion	171,700	171,700	—
52	Wuhan Yuexiu Paradiso Garden	210,000	210,000	—
53	Wuhan Joy Mansion (Previous name: Wuhan Huangpi Land)	231,500	231,500	—
54	Xiangyang Starry City (Previous name: Xiangyang Lejin New District Land)	1,082,700	356,600	726,100
55	Zhengzhou Elegant Mansion	137,300	—	137,300
	Subtotal (Central China Region)	3,765,400	2,902,000	863,400

No.	Project	Landbank	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
56	Shenyang Starry Winking	371,700	371,700	—
57	Shenyang Hill Lake	270,200	—	270,200
58	Yantai Elegant Mansion	78,600	78,600	—
59	Qingdao Joy Bay (Previous name: Qingdao Licang Ocean Chemical Industry Land)	213,300	175,800	37,500
60	Qingdao Licang Qingyin Highway East Land	666,300	—	666,300
61	Qingdao Jiaozhou Platinum Mansion	209,100	209,100	—
62	Ji'nan Baimai Delighted Mansion	565,400	565,400	—
63	Ji'nan Art Living	52,600	52,600	—
64	Qindao Chengyang Shangma Land	412,200	—	412,200
	Subtotal (Northern China Region)	2,839,400	1,453,200	1,386,200
65	Chengdu Joyful Mansion	296,900	152,300	144,600
66	Chengdu Qingbaijiang Land	66,000	—	66,000
67	Haikou Simapo Island Land	100,500	—	100,500
	Total	21,519,800	13,085,700	8,434,100

CONSTRUCTION PROGRESS

The Group speeds up the turnover to enhance the development efficiency. Project development was progressing well for the period. New commencement of construction and completion were in line with the Group's schedule.

New commencement of construction and completion are summarised as follows:

Construction progress	Actual GFA	Planned GFA
	In 2019 1H	for 2019
	<i>(sq.m.)</i>	<i>(sq.m.)</i>
New commencement constructions	2,411,900	5,951,600
Completion	1,520,400	2,943,400

INVESTMENT PROPERTIES

As of 30 June 2019, the Group owned investment properties under lease of approximately 588,000 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 49.36%, 33.49% and 17.15%, respectively. The Group recorded rental revenue of approximately RMB337 million in the first half of 2019, representing an increase of 6.6% as compared to the same period of last year, which was mainly due to the increase in rental revenue of Yuexiu Financial Tower.

In the first half of 2019, the Group recorded net fair value losses on revaluation of investment properties of approximately RMB16 million. Fair value on revaluation of investment properties basically remained at the same level as compared to the beginning of the period.

OTHER GAINS, NET

In the first half of 2019 the Group's other gains, net amounted to approximately RMB798 million, representing an increase of 43.6% as compared to the same period of last year. It is because after obtaining control over a joint venture, the existing equity interest held by the Group recorded fair value gains before tax of approximately RMB766 million after re-measurement according to relevant accounting standards. Such gains were mainly attributable to the gross operating profit of the joint venture accounted for the current period.

SELLING AND MARKETING COSTS

In the first half of 2019, the Group's selling and marketing costs were approximately RMB418 million, representing an increase of 111.2% as compared to the same period of last year. The selling and marketing costs accounted for 1.9% of total recognized sales for the period, which was at the same level as compared to the same period of last year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses amounted to approximately RMB601 million, representing a increase of 61.3% as compared to the same period of last year. Administrative expenses accounted for 2.8% of the recognized sales for the period, decreased by 0.9 percentage point from 3.7% for the same period of last year.

FINANCE COSTS

The finance costs, net of the Group amounted to approximately RMB634 million, representing a decrease of 2.6% from RMB651 million for the interim period of 2018. The decrease was mainly due to the increase in newly started projects during the period and the capitalised interest expenses grew by 65.4% as compared to the same period of last year. As the overall financing environment has remained moderate since the first half of 2019, the average effective borrowing interest rate for the period declined to 4.76% per annum from 4.82% per annum for the year of 2018.

SHARE OF PROFIT FROM ASSOCIATED ENTITIES

In the first half of 2019, the overall net contribution from associated entities attributable to the Group increased by 43.0% to approximately RMB346 million as compared to the same period of last year, which was mainly due to the increase of the profit contribution from Yuexiu Real Estate Investment Trust (“Yuexiu REIT”).

In the first half of 2019, the total distributable amount of Yuexiu REIT amounted to approximately RMB424 million, which was at the same level as compared to the same period of last year, and the cash distribution attributable to the Group amounted to approximately RMB154 million.

BASIC EARNINGS PER SHARE

In the first half of 2019, basic earnings per share attributable to the equity holders of the Company based on the weighted average number of ordinary shares in issue were RMB0.1393 (first half of 2018: RMB0.1059).

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for 2019 of HKD0.053 per share (equivalent to RMB0.047 per share) (2018 interim: HKD0.042 per share (equivalent to RMB0.036 per share)) to shareholders whose names appear on the Register of Members of the Company on 24 October 2019. The interim dividend will be distributed to shareholders on or around 18 November 2019.

Dividends payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China in the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasized on funding management and risk control, established an ongoing monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores more funding channels, optimizes the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

In the first half of 2019, the Group obtained new borrowings of approximately RMB21.47 billion, including onshore borrowings of approximately RMB16.93 billion and offshore borrowings of approximately RMB4.54 billion. As at 30 June 2019, total borrowings amounted to approximately RMB65.03 billion (31 December 2018: RMB53.41 billion), cash and cash equivalents and charged bank deposits amounted to approximately RMB31.58 billion, and the net gearing ratio was 63.6%. Borrowings due within one year accounted for approximately 12% of the total borrowings (31 December 2018: 11%), fixed-rate borrowings accounted for approximately 56.5% of the total borrowings (31 December 2018: 57%). Since the first half of 2019, overall financing environment is moderate. The Group's average effective borrowing interest rate for the period decreased by 6 bpts to 4.76% per annum from 4.82% per annum for the year of 2018.

As at 30 June 2019, among the Group's total borrowings, approximately 49% was RMB denominated bank borrowings and other borrowings (31 December 2018: 45%), 7% was Hong Kong dollar denominated bank borrowings (31 December 2018: 10%), 1% was Hong Kong dollar denominated short term notes (31 December 2018: nil), 21% was Hong Kong and US dollar denominated medium to long term notes (31 December 2018: 25%), 22% was RMB denominated medium to long term notes (31 December 2018: 20%).

WORKING CAPITAL

On 30 June 2019, the Group's working capital (current assets less current liabilities) amounted to approximately RMB77.94 billion (31 December 2018: approximately RMB61.01 billion). The Group's current ratio (current assets divided by current liabilities) was 1.9 times (31 December 2018: 1.8 times). Cash and cash equivalents amounted to approximately RMB24.50 billion (31 December 2018: RMB21.99 billion). Charged bank deposits amounted to approximately RMB7.08 billion (31 December 2018: RMB5.17 billion). Undrawn committed bank facilities amounted to approximately RMB9,502 million.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarized as follows:

	As at	
	June 30 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings and notes		
Denominated in RMB	46,149,488	34,657,300
Denominated in HKD	7,242,038	7,144,488
Denominated in USD	11,634,005	11,604,151
	<hr/>	<hr/>
Total bank borrowings and notes	65,025,531	53,405,939
Finance lease obligations	85	109
Bank overdrafts	39	57
	<hr/>	<hr/>
Total debts	<u>65,025,655</u>	<u>53,406,105</u>
	As at	
	June 30 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
Ageing analysis:		
Within one year	7,989,119	5,786,145
In the second year	19,705,610	8,461,171
In the third to fifth year	32,505,830	31,380,146
Beyond five years	4,825,096	7,778,643
	<hr/>	<hr/>
Total borrowings	65,025,655	53,406,105
Lease liabilities	375,009	—
Less: Cash and cash equivalents	(24,504,308)	(21,990,512)
	<hr/>	<hr/>
Net borrowings	40,896,356	31,415,593
Total equity	52,618,925	42,911,718
	<hr/>	<hr/>
Total capitalization	<u>93,515,281</u>	<u>74,327,311</u>
Gearing ratio	<u>43.7%</u>	<u>42.3%</u>

INTEREST RATE EXPOSURE

The Group's major interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars, and US dollars. As of 30 June 2019, among the total borrowings of the Group, approximately 36.9% was floating rate bank loans denominated in Renminbi, approximately 6.6% was floating rate bank loans denominated in Hong Kong dollars, approximately 11.8% was fixed rate bank loans denominated in Renminbi, approximately 22.2% was medium-to-long term fixed rate bonds denominated in Renminbi, approximately 22.5% was fixed rate notes denominated in US dollars/Hong Kong dollars. Fixed rate borrowings accounted for approximately 56.5% of the total borrowings of the Group. Since the second half of 2018, the domestic liquidity has been relaxed and the actual Renminbi interest rate has dropped. The interest rate of foreign currencies has also shifted from interest rate hike to interest rate cut in the second quarter of 2019. At present, the ratio of floating-fixed rate borrowings of the Group is relatively reasonable with the overall interest rate risk that is controllable. The Group did not arrange interest-rate hedging instruments for the half year. The average borrowings interest rate during the period was approximately 4.76%, decreased by 0.06 percentage point from 4.82% per annum for the year of 2018.

With respect to onshore Renminbi borrowing interest rates, the People's Bank of China ("PBOC") has continually cut interest rates and reduced reserve requirement ratios (RRR) since November 2014. The one-year benchmark interest rate dropped from 5.60% to the current level of 4.35%. In the first half of 2018, the actual market interest rate has seen a relatively huge increase as liquidity is tightening in China, and the PBOC reduced RRR for targeted release of liquidity in the second half of the year. Although the RRR reduction and liquidity release was carried out in a full and targeted manner again in January and May of 2019, there are restrictions on financing for industries. Taking into account the slow down of the domestic economy, the continuous US-China trade war, the market expects that there will remain relatively great uncertainties, and China will maintain a neutral and slightly loose domestic monetary policy in 2019.

With respect to interest rates on US dollar and Hong Kong dollar borrowings, due to a stable economic growth in the United States, the Federal Reserve has raised interest rates nine times from December 2015 to the end of 2018. The Federal Reserve raised interest rates four times within 2018, with an accumulated increase rate of approximately 1%. Due to the influence intensified by the continuous US-China trade war, Brexit and slow growth in US economy, the Federal Reserve recently has adopted loose policies. The market expects that the Federal Reserve will stop raising interest rates in 2019 and cut them two or three times, 0.25 % each time in the second half of the year. It is estimated that the loan interest rates of Hong Kong dollars will follow the US dollars decline with a slight delay in terms of timing. The Group expects the offshore US dollar/Hong Kong dollar loan interest rates to slightly drop compared to that in 2018. The Group will continue to monitor the changes in onshore and offshore interest rates, adjust and optimize its debt structure and adopt appropriate financial instruments to manage its interest rate risk exposure in a timely manner.

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income is primarily in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to manage the foreign exchange exposure. As at 30 June 2019, approximately 29% (35% at the beginning of the year) of the total borrowings of the Group was borrowings denominated in foreign currencies, among which, approximately HKD4.85 billion (equivalent to approximately RMB4.27 billion) was bank borrowings denominated in Hong Kong dollar, approximately USD1.70 billion (equivalent to approximately RMB11.63 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD3.40 billion (equivalent to approximately RMB2.97 billion) was notes denominated in Hong Kong dollars. Hedging products were purchased to manage part of foreign exchange exposures with respect to offshore borrowings (equivalent to RMB5.00 billion).

In the second half of the year, the exchange rate of Renminbi is expected to remain fluctuated due to a mixture of challenges caused by the US-China trade war, the expectation of US interest rate cuts, and the slow growth in Chinese economy. The Group will continue to keep track of developments in the foreign exchange market, strike a balance between interest rate cost and foreign exchange risk, optimize its debt structure and control its foreign exchange exposure. The Group has used suitable financial instruments at reasonable costs to manage its foreign exchange exposure. The Group is expected to continue to arrange for appropriate products to manage its foreign exchange exposure in the second half of 2019.

COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As of 30 June 2019, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB765 million (31 December 2018: RMB798 million).

CONTINGENT LIABILITIES

The Group arranged bank loans for certain purchasers of the Group's properties in Mainland China and provided transitional guarantees in respect of the performance of loan repayment liabilities. Pursuant to the terms of the guarantee contracts, upon default in repayments by those purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interests in performing its liabilities under the guarantee, but the Group owns the legal title of such pledged properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As of 30 June 2019, total contingent liabilities relating to these guarantees amounted to approximately RMB10.71 billion (31 December 2018: RMB13.69 billion).

As at 30 June 2019, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB1,778 million (31 December 2018: RMB2,130 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,316 million (31 December 2018: RMB1,198 million) was utilised and guarantee of approximately RMB462 million (31 December 2018: RMB932 million) was not utilised yet.

Employees and Remuneration Policy

As of 30 June 2019, the Group had approximately 8,450 employees (31 December 2018: 8,190 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code throughout the six months ended 30 June 2019.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2019 have been reviewed by the Audit Committee and by the Company's auditor 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2019. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 October 2019 to Thursday, 24 October 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Monday, 21 October 2019.

By order of the Board
Yuexiu Property Company Limited
LIN Zhaoyuan
Chairman

Hong Kong, 13 August 2019

As at the date of this announcement, the Board comprises:

Executive Directors: *LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan*

Non-executive Director: *OUYANG Changcheng*

Independent Non-executive *YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose*
Directors: