中国物流资产 CHINA LOGISTICS PROPERTY HOLDINGS

中國物流資產控股有限公司
CHINA LOGISTICS PROPERTY HOLDINGS CO., LTD

（於開曼群島註冊成立的有限公司）
(Incorporated in the Cayman Islands with Limited Liability)

物流設施提供商 · 服務商
Logistics Facilities and Service Provider

股份代號 1589
Stock Code 1589

2016 中期報告 INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Shifa *(Chairman)*
Mr. Pan Naiyue
Mr. Sun Limin
Mr. Zhang Long
Ms. Li Qing

Non-executive Directors

Mr. Liu Xiangge
Mr. Ong Tiong Sin

Independent Non-executive Directors

Mr. Guo Jingbin
Mr. Fung Ching Simon
Mr. Wang Tianye
Mr. Leung Chi Ching Frederick

AUDIT COMMITTEE

Mr. Fung Ching Simon *(Chairman)*
Mr. Guo Jingbin
Mr. Leung Chi Ching Frederick

NOMINATION COMMITTEE

Mr. Li Shifa *(Chairman)*
Ms. Li Qing
Mr. Guo Jingbin
Mr. Wang Tianye
Mr. Leung Chi Ching Frederick

REMUNERATION COMMITTEE

Mr. Guo Jingbin *(Chairman)*
Mr. Li Shifa
Ms. Li Qing
Mr. Fung Ching Simon
Mr. Wang Tianye

COMPANY SECRETARY

Ms. So Ka Man

AUTHORIZED REPRESENTATIVES

Ms. Li Qing
Ms. So Ka Man

AUDITOR

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

COMPLIANCE ADVISOR

TC Capital International Limited
Suite 1903–4, 19th Floor
Tower 6, The Gateway
Harbour City
9 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

COMPANY'S WEBSITE

www.cnlpholdings.com

STOCK CODE

1589

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1–2/F
1000 Xiechun Road
Jiading District
Shanghai
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Harneys Services (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE IN CAYMAN ISLANDS

Harneys Services (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3213, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANKS

China Merchants Bank Co., Limited, Singapore Branch
Bank of Communications Co., Ltd., Jiading Sub-branch
Industrial and Commercial Bank of China Limited, Kunshan Branch
Industrial and Commercial Bank of China Limited, Nanyang Road Sub-branch
Industrial and Commercial Bank of China Limited, Tongzhou Sub-branch

Business Overview and Outlook

BUSINESS OVERVIEW

In the first half of 2016, the Group had completed construction work of four logistics parks at locations including Chengdu, Hefei, Tianjin and Wuxi with an aggregate gross floor area ("**GFA**") of approximately 0.3 million square meters ("**sq.m.**"), which is in line with the Company's overall expansion plan for the period. As of 30 June 2016, the Company had 75 logistics facilities in operation in 16 logistics parks, located in logistics hubs in 10 provinces or centrally administered municipalities.

As demands from tenants in e-commerce and third-party logistics providers ("**3PL**") industries continued to increase, the Group managed to grow its revenue by 127.9% from RMB55.5 million for the six months ended 30 June 2015 to RMB126.4 million for the six months ended 30 June 2016, primarily due to the Group's effort to increase its aggregate GFA in operation. The Group's gross profit increased from RMB37.7 million for the six months ended 30 June 2015 to RMB88.6 million for the six months ended 30 June 2016. As of 30 June 2016, the Group's net current liabilities increased to RMB1,660.8 million from RMB241.6 million as of 31 December 2015. The increase was primarily as a result of the reclassification of prepayable loan of RMB1,795.1 million from noncurrent liabilities to current liabilities as it will be due for repayment within one year according to the agreement. The Group's net current liabilities have been improved subsequently with the total gross proceeds of approximately HK$3,556.8 million received from the global offering and the exercise of over-allotment option.

In addition to the positive operational and financial performances, the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2016, which marked an important milestone in the Group's strategic development.

Major operating data of the Group's logistics parks

The following table sets forth the major operating data of the Group's logistics parks during the first half of 2016:

	As of 30 June 2016	As of 31 December 2015
Completed GFA:		
Stabilized logistics parks (million sq.m.)(1)	**0.7**	0.6
Pre-stabilized logistics parks (million sq.m.)(2)	**0.6**	0.3
Total (million sq.m.)	**1.3**	1.0
Logistics parks under development or being repositioned (million sq.m.)	**0.8**	1.1
Land held for future development (million sq.m.)	**0.9**	0.9
Investments accounted for using equity method (million sq.m.)	**0.1**	0.1
Total GFA (million sq.m.)	**3.2**	3.2
Investment projects (million sq.m.)(3)	**3.6**	3.6
Occupancy rate for stabilized logistics parks (%)(1)	**91.1**	89.3

(1) Logistics facilities (i) for which construction have been completed for more than 12 months as of 30 June 2016 or (ii) reached an occupancy rate of 90%.

(2) Logistics facilities (i) for which construction or acquisition have been completed for less than 12 months as of 30 June 2016 or (ii) reached an occupancy rate less than 90%.

(3) Logistics park projects for which investment agreements for the acquisition of land have been entered into but land grant contracts or formal acquisition agreements have not been entered into. As of 30 June 2016, the Group had executed 32 investment agreements for its 34 investment projects (two of these investment agreements covered two investment projects each).

OUTLOOK

Business Outlook

During the second half of 2016, the Group will continue its efforts to achieve its goal to develop into the largest provider of premium logistics facilities in China and maintaining its leading position as a premium logistics facilities provider in China. The Group intends to continue to pursue the following:

- *Strengthen nationwide network across major logistics hubs* — The Group has continued to strengthen its nationwide network of logistics facilities by developing its land held for future development and acquiring new land for investment projects, identifying new investment projects and selectively acquiring existing logistics facilities. As of 30 June 2016, the Group has approximately 0.9 million sq.m. of GFA of land held for future development and approximately 3.6 million sq.m. of GFA of investment projects.

- *Accelerate lease-up cycle and optimize tenant portfolio* — The Group will continue to maintain constant dialogues with both existing and prospective tenants to manage lease renewals and fill up vacancies at its logistics facilities in a timely and efficient manner. In particular, the Group will continue to leverage the strong network effect of its logistics facilities portfolio to attract existing and prospective tenants with a view to expanding their national footprint in China.

- *Diversify sources of capital and lower cost of capital* — The Group will seek to diversify its sources of capital, including without limitation, offshore and onshore debt securities, equity or equity-linked securities and onshore and offshore loans, as well as soliciting investments from limited partners through investment fund structure. In particular, as the Group has retired all its outstanding hybrid instruments shortly prior to the listing, the gearing ratio has been improved upon the listing and the Group is in a better position to offer debt securities if necessary.

- *Attract, motivate and cultivate management talent and personnel* — The Group will continue to recruit both domestic and international talent in order to create a well-rounded work force with a diversity of backgrounds. The Group will also continue to provide training programs and essential learning tools with a view to cultivating top tier management talent in the logistics facilities industry. Similarly, the Group will also seek to diversify and enhance its incentive mechanisms to better align the interests of management, employees and the Group.

- *Reduce the environmental impact of operations* — The Group is committed to reducing the environmental impact of its operations and promoting environmental sustainability. The Group will continue to increase its efforts to expand its business with minimal environmental impact going forward by designing and developing its projects based on long-term energy savings and efficiencies. In particular, it plans to increase the use of clean and renewable energy and reduce the Group's carbon footprint by installing solar panel on top of its logistics facilities.

Industry Outlook

The Group believes that China's premium logistics facilities market will be affected by the following growth drivers:

- *Greater disposable income and increasing urbanization* — A major supply shortage of logistics facilities has emerged and continues to increase as the economic growth in China is expected to be driven by increasing consumption in the future, as compared with the PRC government and private sector investments in the past. Greater disposable income, urbanization and e-commerce have emerged as dominant economic growth drivers. Greater disposable income drives increased contribution of consumption to the overall economy.

- *Growing e-commerce market in China* — China's e-commerce industry continued to experience strong growth in the first half of 2016. Key drivers for this growth have been, among others, the unmet demand for many products in smaller cities and towns and the growing rate of internet usage in China.

- *Growing 3PL market* — The 3PL industry continued to experience steady growth in the first half of 2016. Key drivers for this growth have been the demand for more efficient logistics services, rapid development in transportation infrastructure, and the trend for an increasing number of retailers, manufacturers and others choosing to outsource logistics for cost saving and efficiency.

- *Favorable government policy* — Numerous government publications have highlighted the importance of logistics to China's economic growth.

Management Discussion and Analysis

FINANCIAL OVERVIEW

The following table is a summary of the Group's condensed consolidated statement of comprehensive income with line items in absolute amounts and as percentages of the Group's total revenue for the periods indicated, together with the change (expressed in percentages) from the six months ended 30 June 2015 to the six months ended 30 June 2016:

	Six months ended 30 June				Year-on-Year
	2016		2015		Change
	RMB	%	RMB	%	%
	Unaudited		Unaudited		
	(In thousands, except for percentages and per share data)				
Condensed Consolidated Statement of Comprehensive Income					
Revenue	**126,440**	**100.0**	55,487	100.0	127.9
Cost of sales	**(37,801)**	**(29.9)**	(17,813)	(32.1)	112.2
Gross profit	**88,639**	**70.1**	37,674	67.9	135.3
Selling and marketing expenses	**(9,026)**	**(7.1)**	(6,048)	(10.9)	49.2
Administrative expenses	**(47,794)**	**(37.8)**	(31,795)	(57.3)	50.3
Other income	**15,421**	**12.2**	2,932	5.3	426.0
Fair value gains on investment properties — net	**618,229**	**489.0**	613,083	1,104.9	0.8
Fair value losses on hybrid instruments — net	**(21,066)**	**(16.7)**	(277,687)	(500.5)	(92.4)
Other losses — net	**(4,819)**	**(3.8)**	(182)	(0.3)	2,547.8
Operating profit	**639,584**	**505.8**	337,977	609.1	89.2
Finance income	**7,495**	**5.9**	45,460	81.9	(83.5)
Finance costs	**(17,652)**	**(14.0)**	(5,535)	(10.0)	218.9
Finance (expenses)/income — net	**(10,157)**	**(8.0)**	39,925	72.0	(125.4)
Share of profit of investments accounted for using the equity method	**57,790**	**45.7**	21,160	38.1	173.1
Profit before income tax	**687,217**	**543.5**	399,062	719.2	72.2
Income tax expense	**(163,574)**	**(129.4)**	(160,932)	(290.0)	1.6
Profit for the period attribute to the owners of the Company	**523,643**	**414.1**	238,130	429.2	119.9
Total comprehensive income for the period attribute to the owners of the Company	**523,643**	**414.1**	238,130	429.2	119.9
Earnings per share (expressed in RMB)					
Basic	**0.65**		0.30		
Diluted	**0.65**		0.27		

Revenue

The Group's revenue increased by 127.9% from RMB55.5 million for the six months ended 30 June 2015 to RMB126.4 million for the same period of 2016, primarily attributable to (i) an increase in the number of the Group's logistics parks in operation and therefore the total GFA in operation, which is part of the Group's nationwide expansion plan; and (ii) an overall increase in the levels of rent and management fee for the Group's logistics park projects in operation which were generally in line with the market trends in the cities the Group operates.

Cost of Sales

The Group's cost of sales increased by 112.2% from RMB17.8 million for the six months ended 30 June 2015 to RMB37.8 million for the same period of 2016, primarily as a result of an increase in the scale of the Group's operation. As a percentage of the Group's revenue, the Group's cost of sales decreased from 32.1% in the first half of 2015 to 29.9% for the same period of 2016. The decrease was primarily attributable to economies of scale from the Group's growing operation scale and the increase of the operational efficiency of the Group.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by 135.3% from RMB37.7 million for the six months ended 30 June 2015 to RMB88.6 million for the same period of 2016, and the Group's gross profit margin increased from 67.9% for the six months ended 30 June 2015 to 70.1% for the same period of 2016.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 49.2% from RMB6.0 million for the six months ended 30 June 2015 to RMB9.0 million for the same period of 2016, primarily due to the expansion of the Group's in-house sales and marketing team to promote the Group's logistics parks. As a percentage of the Group's revenue, selling and marketing expenses decreased from 10.9% in the first half of 2015 to 7.1% for the same period of 2016, primarily due to economies of scale from the Group's growing operation scale and the increase of the operational efficiency of the Group.

Administrative Expenses

The Group's administrative expenses increased by 50.3% from RMB31.8 million for the six months ended 30 June 2015 to RMB47.8 million for the same period of 2016, primarily as a result of incurrence of certain listing expenses and share-based compensation expenses in connection with the Group's pre-IPO share option scheme. As a percentage of the Group's revenue, administrative expenses decreased from 57.3% in the first half of 2015 to 37.8% in the first half of 2016. The decrease was primarily attributable to economies of scale from the Group's growing operation scale and the increase of the Group's operational efficiency.

Other Income

The Group's other income increased by 426.0% from RMB2.9 million for the six months ended 30 June 2015 to RMB15.4 million for the same period of 2016, primarily due to government grants the Group received from local government authorities from time to time.

Fair Value Gains on Investment Properties — Net

The Group's net fair value gains on investment properties increased by 0.8% from RMB613.1 million for the six months ended 30 June 2015 to RMB618.2 million for the same period of 2016, primarily as a result of (i) the cumulative increase in the number of logistics parks in operation to 16 as of 30 June 2016; (ii) the cumulative increase in the logistics parks under development to eight as of 30 June 2016; and (iii) the increase in rental rate due to the supply and demand imbalance in the premium logistics facilities industry in the PRC.

Fair Value Losses on Hybrid Instruments — Net

The Group's net fair value losses on hybrid instruments decreased by 92.4% from RMB277.7 million for the six months ended 30 June 2015 to RMB21.1 million for the same period of 2016. The fair value of the Group's hybrid instruments as of the date of the issuance, de-recognition and/or each balance sheet date were determined based on valuations performed by an independent valuer. See "— Liquidity and Capital Resource — Indebtedness — (b) Hybrid Instruments" for further details.

Other Losses — Net

The Group's other losses increased significantly from RMB0.2 million for the six months ended 30 June 2015 to RMB4.8 million for the same period of 2016, primarily as a result of (i) the termination compensation of RMB2.5 million for the termination of contract and (ii) the loss the Group incurred on the disposal of auxiliary facilities of logistics parks of RMB1.3 million.

Operating Profit

As a result of the foregoing, the Group's operating profit increased by 89.2% from RMB338.0 million for the six months ended 30 June 2015 to RMB639.6 million for the same period of 2016. As a percentage of the Group's revenue, the Group's operating profit decreased from 609.1% for the six months ended 30 June 2015 to 505.8% for the same period of 2016.

Finance Income

The Group's finance income decreased by 83.5% from RMB45.5 million for the six months ended 30 June 2015 to RMB7.5 million for the same period of 2016, primarily as a result of a decrease in net exchange gains in connection with the proceeds from issuance of the Group's hybrid instruments.

Finance Costs

The Group's finance costs increased by 218.9% from RMB5.5 million for the six months ended 30 June 2015 to RMB17.7 million for the same period of 2016, primarily due to the increase in the balance of the Group's bank borrowings to support its business growth.

Income Tax Expense

The Group's income tax expenses increased by 1.6% from RMB160.9 million for the six months ended 30 June 2015 to RMB163.6 million for the same period of 2016, primarily as a result of the increase in the Group's taxable income. The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, decreased from 40.3% in the first half of 2015 to 23.8% for the same period in 2016, primarily due to a decrease in the Group's off-shore expenses related to its hybrid instrument as the associated fair value losses and expenses incurred cannot be deducted against its profit generated in China, which resulted in the higher effective tax rate for the first half of 2015.

Profit for the Period Attributable to the Owners of the Group

As a result of the foregoing, the Group's profit for the period attributable to the owners of the Group increased by 119.9% from RMB238.1 million for the six months ended 30 June 2015 to RMB523.6 million for the same period of 2016.

Non-IFRSs Measures

To supplement the Group's condensed consolidated interim financial information which is presented in accordance with IFRSs, the Group also uses core net profit as additional financial measure. The Group presents the financial measure because it is used by the Group's management to evaluate its operating performance.

Core net profit

The Group defines its core net profit as its profit for the period attribute to the owners of the Company, eliminating the effect of certain non-recurring or non-core items such as interest income on bank deposits, net exchange losses/gains, listing expenses, pre-IPO private placement commission fee, other one-off transaction expenses, other income and other tax impact, some of which may recur in the future, and further adjusted for certain non-cash items, including fair value gains on investment properties — net, fair value losses on hybrid instrument — net and other losses — net, share of profit of investments accounted for using the equity method and tax impact on fair value changes.

The Group's core net profit increased from RMB1.5 million for the six months ended 30 June 2015 to RMB43.3 million for the same period in 2016. The increase was primarily due to strong revenue growth as a result of the Group's nationwide expansion as well as economies of scale it achieved through the expansion process. As a percentage of the Group's revenue, the Group's core net profit for the first half of 2016 was 34.2%.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended 30 June 2016, the Group financed its operations primarily through cash from the Group's operations and bank borrowings. The Group intends to finance its expansion and business operations by internal resources and through organic and sustainable growth, bank borrowings, as well as the remaining net proceeds received from the global offering.

Cash and cash equivalents

As of 30 June 2016, the Group had cash and cash equivalents of RMB590.4 million (31 December 2015: RMB820.8 million), which primarily consisted of cash at bank and on hand.

In view of the Group's currency mix, the Group currently does not use any derivative contracts to hedge against the Group's exposure to currency risk.

Indebtedness

(a) Bank Borrowings

As of 30 June 2016, the Group's total outstanding bank borrowings amounted to RMB2,246.3 million. The Group's bank borrowings were denominated in RMB and U.S. dollars. The following table sets forth a breakdown of the Group's current and non-current borrowings as of the dates indicated:

	As of 30 June 2016 Unaudited	As of 31 December 2015 Audited
	(in RMB thousands)	
Non-current borrowings		
Bank borrowings		
— Mortgaged bank borrowings	**2,001,570**	934,385
Current borrowings		
Bank borrowings		
— Mortgaged bank borrowings	**244,694**	644,691
Total Borrowings	**2,246,264**	1,579,076

The Group's total outstanding bank borrowings amounted to RMB1,579.1 million and RMB2,246.3 million as of 31 December 2015 and 30 June 2016, respectively. The increase in the Group's total borrowings was primarily due to the increase in the Group's construction activities and financing need resulting from its business expansion.

As of 30 June 2015 and 2016, most of the Group's bank borrowings bore floating interest rates. The weighted average effective interest rates of the Group's bank borrowings, which represent actual borrowing cost incurred during the period divided by weighted average bank borrowings that were outstanding during the period, for the six months ended 30 June 2015 and 2016 were 4.8% and 5.3%, respectively.

The following table sets forth summaries of the Group's current and non-current total borrowings by maturity, as of the dates indicated:

	As of 30 June 2016 Unaudited	As of 31 December 2015 Audited
	(in RMB thousands)	
Within one year	**244,694**	646,604
Between one and two years	**348,392**	104,856
Between two and five years	**1,028,608**	449,063
Over five years	**624,570**	378,553
Total Borrowings	**2,246,264**	1,579,076

The Group has the following undrawn borrowing facilities:

	As of 30 June 2016 Unaudited	As of 31 December 2015 Audited
	(in RMB thousands)	
Floating rate:		
Expiring within one year	**207,500**	132,000
Expiring beyond one year	**27,000**	—
	234,500	132,000

(b) **Hybrid Instruments**

In addition to bank borrowings, the Group funded its expansion through the issuance of the convertible notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares. As of 30 June 2016, such hybrid instruments represented RMB5,769.3 million in liabilities. The Group retired all of these hybrid instruments immediately prior to the Listing on 15 July 2016.

(c) **Others**

In addition to bank borrowings and hybrid instruments, the Group also had advances of RMB12.3 million due to its related party as of 31 December 2015, such advances have been repaid prior to 30 June 2016. In addition, the Group provided certain financial guarantees, which had been released prior to 30 June 2016.

GEARING RATIO

The Group's gearing ratio is calculated by calculated by dividing (i) the Group's interest-bearing bank borrowings plus redeemable convertible deemed preferred shares and prepayable loans less cash and cash equivalents and restricted cash, being the Group's net debt, by (ii) the sum of net debt, the Group's total equity, the Group's convertible notes and the Group's redeemable convertible ordinary shares, being the Group's total capital. As of 31 December 2015 and 30 June 2016, the Group's gearing ratio was 48.2% and 53.5%, respectively.

CAPITAL EXPENDITURES

The Group made payment for the capital expenditures representing the spent on the development of its logistics park projects, the acquisition of land and the acquisition of property, plant and equipment of RMB789.1 million for the six months ended 30 June 2016. For the six months ended 30 June 2015, the Group made capital expenditure of RMB1,721.8 million. The Group's capital expenditure in the first half of 2016 was funded primarily by cash generated from its operating activities and bank borrowings.

PLEDGE OF ASSETS OF THE COMPANY

As of 30 June 2016, the Group had pledged its investment properties of RMB7,565 million to secure bank borrowings of the Group.

CONTINGENT LIABILITIES AND GUARANTEES

As of 30 June 2016, there were no significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

MATERIAL ACQUISITIONS AND FUTURE PLANS FOR MAJOR INVESTMENT

During the six months ended 30 June 2016, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

HUMAN RESOURCES

As of 30 June 2016, the Group had a total of 104 employees. The Group offers competitive remuneration package which includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee’s qualifications, experience, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its determinations on salary raises, bonuses and promotion. The Group’s employee benefit expenses include salaries, benefits and other compensations paid to all of its employees.

For the six months ended 30 June 2016, the total employee benefit expenses of the Group (including salaries, wages, bonuses, pension, housing, medical insurance and other social insurance) amounted to RMB14.2 million, representing approximately 11.2% of the total revenue of the Group.

Pursuant to the pre-IPO share option scheme, options to subscribe for an aggregate amount of 15,824,000 shares (representing approximately 0.54% of the total issued share capital of the Company as of 9 September 2016, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained herein (the “**Latest Practicable Date**”)) have been granted by the Company under the pre-IPO share option scheme and such options remained outstanding as of 30 June 2016.

DIVIDENDS

The Company did not declare or distribute any dividend to the Company’s shareholders during the six months ended 30 June 2016.

OBSERVANCE OF UNDERTAKING RELATING TO LEASE REGISTRATION

Historically, certain leases of the Group for its logistics facilities, offices and registered address were not been registered and filed with relevant land and real estate administration bureaus in the PRC and prior to the listing of the Company, the Group had enhanced its internal control measures include, among others, (i) establishing a team to communicate and coordinate with tenants and lessors to obtain lease registration, (ii) reporting status of lease registration to the Group’s compliance committee on a quarterly basis, (iii) revising lease templates to include cooperation of tenants for lease registration as a contractual obligation to the Group’s tenants, and (iv) ensuring existing tenant to sign future leases with such cooperation term upon renewal. As a result of the Group’s dedication in the rectification of non-registration of leases, as of 30 June 2016 and the Latest Practicable Date, 14 leases out of the 64 leases for the Group’s logistics facilities (covering GFA of approximately 240,400 sq.m.) had been registered. The Group is in the process of registering the remaining 50 leases and will take all practicable steps to ensure that such leases are registered.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the ordinary shares of the Company (the "**Shares**") have not been listed on the Stock Exchange as of 30 June 2016, section 352 of the Securities and Futures Ordinance ("**SFO**") and the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were not applicable to the Directors of the Company as of 30 June 2016.

As of the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interest in the shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares/ underlying Shares interested(1)	Approximate percentage of shareholding(2)
Li Shifa	Interest of controlled corporation(3)	785,600,000	26.73%
Zhang Long(4)	Beneficial Owner	2,112,000	0.07%
Pan Naiyue(5)	Beneficial Owner	2,112,000	0.07%
Li Qing(6)	Beneficial Owner	1,872,000	0.06%
Sun Limin(7)	Beneficial Owner	1,408,000	0.05%

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, the Company had 2,938,994,000 issued Shares.

(3) Mr. Li Shifa holds the entire issued share capital of Lee International Investment Management Co., Ltd, which in turn holds 90% interest in Yupei International Investment Management Co., Ltd. Accordingly, Mr. Li Shifa is deemed to be interested in the 785,600,000 Shares held by Yupei International Investment Management Co., Ltd.

(4) Mr. Zhang Long is interested in 2,112,000 options granted to him under the pre-IPO share option scheme of the Company, representing 2,112,000 underlying Shares.

(5) Mr. Pan Naiyue is interested in 2,112,000 options granted to him under the pre-IPO share option scheme of the Company, representing 2,112,000 underlying Shares.

(6) Ms. Li Qing is interested in 1,872,000 options granted to her under the pre-IPO share option scheme of the Company, representing 1,872,000 underlying Shares.

(7) Mr. Sun Limin is interested in 1,408,000 options granted to him under the pre-IPO share option scheme of the Company, representing 1,408,000 underlying Shares.

(b) Interest in associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares interested[1]	Approximate percentage of shareholding
Li Shifa	Lee International Investment Management Co., Ltd	Beneficial Owner	50,000	100%
	Yupei International Investment Management Co., Ltd[2]	Interest of controlled corporation and Interest of spouse	50,000	100%

Notes:

(1) All interests stated are long positions.

(2) Mr. Li Shifa holds the entire issued share capital of Lee International Investment Management Co., Ltd, which in turn holds 45,000 shares in Yupei International Investment Management Co., Ltd. The remaining 5,000 shares in Yupei International Investment Management Co., Ltd are held by Ms. Ma Xiaocui, the wife of Mr. Li Shifa. Accordingly, Mr. Li Shifa is deemed to be interested in the 50,000 shares in Yupei International Investment Management Co., Ltd.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As the Shares have not been listed on the Stock Exchange as of 30 June 2016, section 336 of the SFO was not applicable to the substantial shareholders of the Company as of 30 June 2016.

As of the Latest Practicable Date, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of Shares interested[1]	Approximate percentage of shareholding[2]
Lee International Investment Management Co., Ltd	Interest of controlled corporation[3]	785,600,000	26.73%
Yupei International Investment Management Co., Ltd[3]	Beneficial owner	785,600,000	26.73%
Ma Xiaocui	Interest of spouse[4]	785,600,000	26.73%
RRJ Capital Master Fund II, L.P.	Interest of controlled corporation[5]	544,384,000	18.52%
The Carlyle Group L.P.	Interest of controlled corporation[6]	286,480,000	9.75%
Carlyle Holdings III GP Management L.L.C.	Interest of controlled corporation[6]	286,480,000	9.75%
Carlyle Holdings III GP L.P.	Interest of controlled corporation[6]	286,480,000	9.75%
Carlyle Holdings III GP Sub L.L.C.	Interest of controlled corporation[6]	286,480,000	9.75%
Carlyle Holdings III L.P.	Interest of controlled corporation[6]	286,480,000	9.75%
TC Group Cayman, L.P.	Interest of controlled corporation[6]	286,480,000	9.75%
TC Group Cayman Sub, L.P.	Interest of controlled corporation[6]	286,480,000	9.75%
Carlyle Asia Real Estate III GP, Ltd.	Interest of controlled corporation[6]	286,480,000	9.75%
Seed Coinvestment GP, L.P.	Interest of controlled corporation[6]	286,480,000	9.75%
Seed Coinvestment, L.P.	Interest of controlled corporation[6]	286,480,000	9.75%
Seed Holding Company I, Limited[6]	Beneficial owner	286,480,000	9.75%
Sino-Ocean Group Holding Limited	Interest of controlled corporation[7]	287,741,000	9.79%
Shine Wind Development Limited	Interest of controlled corporation[7]	287,741,000	9.79%
Faith Ocean International Limited	Interest of controlled corporation[7]	287,741,000	9.79%
Sino-Ocean Land (Hong Kong) Limited	Interest of controlled corporation[7]	287,741,000	9.79%
Joy Orient Investments Limited[7]	Beneficial owner	287,741,000	9.79%

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, the Company had 2,938,994,000 issued Shares.

(3) Mr. Li Shifa holds the entire issued share capital of Lee International Investment Management Co., Ltd, which in turn holds 90% interest in Yupei International Investment Management Co., Ltd. Such interests are also disclosed as the interests of Mr. Li Shifa in the above section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”.

(4) Ms. Ma Xiaocui is wife of Mr. Li Shifa and is deemed to be interested in the Shares which are interested by Mr. Li Shifa under the SFO.

(5) RRJ Capital Master Fund II, L.P. holds the entire issued share capital of Berkeley Asset Holding Ltd, which holds 531,424,000 Shares. RRJ Capital Master Fund II, L.P. also holds the entire issued share capital of Travis Asset Holding Ltd, which in turn holds the entire issued share capital of Sherlock Asset Holding Ltd, which holds 12,960,000 Shares. Accordingly, RRJ Capital Master Fund II, L.P. is deemed to be interested in the 531,424,000 Shares held by Berkeley Asset Holding Ltd, and each of RRJ Capital Master Fund II, L.P. and Travis Asset Holding Ltd is deemed to be interested in the 12,960,000 Shares held by Sherlock Asset Holding Ltd.

(6) The Carlyle Group L.P. holds the entire issued share capital of Carlyle Holdings III GP Management L.L.C., which in turn holds the entire issued share capital of Carlyle Holdings III GP L.P., which in turn holds the entire issued share capital of Carlyle Holdings III GP Sub L.L.C., which in turn holds the entire issued share capital of Carlyle Holdings III L.P., which in turn holds the entire issued share capital of TC Group Cayman, L.P., which in turn holds the entire issued share capital of TC Group Cayman Sub, L.P., which in turn holds the entire issued share capital of Carlyle Asia Real Estate III GP, Ltd., which in turn holds the entire issued share capital of Seed Coinvestment GP, L.P., which in turn holds the entire issued share capital of Seed Coinvestment, L.P., which then in turn holds 88.62% of the issued share capital of Seed Holding Company I, Limited. Accordingly, each of The Carlyle Group L.P., Carlyle Holdings III GP Management L.L.C., Carlyle Holdings III GP L.P., Carlyle Holdings III GP Sub L.L.C., Carlyle Holdings III L.P., TC Group Cayman, L.P., TC Group Cayman Sub, L.P., Carlyle Asia Real Estate III GP, Ltd., Seed Coinvestment GP, L.P. and Seed Coinvestment, L.P. is deemed to be interested in the 286,480,000 Shares held by Seed Holding Company I, Limited.

(7) Joy Orient Investments Limited is a wholly-owned subsidiary of Sino-Ocean Land (Hong Kong) Limited, which is in turn wholly-owned by Faith Ocean International Limited. Faith Ocean International Limited is a wholly-owned subsidiary of Shine Wind Development Limited, which is in turn wholly-owned by Sino-Ocean Group Holding Limited. Accordingly, each of Sino-Ocean Land (Hong Kong) Limited, Faith Ocean International Limited, Shine Wind Development Limited and Sino-Ocean Group Holding Limited is deemed to be interested in the 287,741,000 Shares held by Joy Orient Investments Limited.

Save as disclosed above, as of the Latest Practicable Date, the Directors or chief executive are not aware of any other person, not being a Director or chief executive of the Company, who has an interest or short position in the shares or the underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-IPO SHARE OPTION SCHEME

On 10 March 2016, a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") of the Company was approved and conditionally adopted by the board of directors of the Company (the "**Board**"). The purpose of the Pre-IPO Share Option Scheme is a share incentive scheme and is established, amongst other things, to recognize and acknowledge the contributions that certain of the Group's employees have made to the listing and the Company's development, and to motivate, retain and attract outstanding personnel who will help promote the Company's growth. Further details of the principal terms of the Pre-IPO Share Option Scheme are set out in the prospectus of the Company dated 30 June 2016 (the "**Prospectus**").

As of 30 June 2016, options to subscribe for an aggregate of 15,824,000 Shares (representing approximately 0.54% of the total issued share capital of the Company as of the Latest Practicable Date) have been granted by the Company under the Pre-IPO Share Option Scheme. No further options will be granted under the Pre-IPO Share Option Scheme after the listing of the Company on 15 July 2016 (the "**Listing Date**"). As of 30 June 2016, none of the options have been cancelled/lapsed.

The holders of the options granted under the Pre-IPO Share Option Scheme are not required to pay for the grant of any option under the Pre-IPO Share Option Scheme.

Subject to the satisfactory performance certain obligations of the grantees, the options granted to each of the grantees (the "**Pre-IPO Options**") shall be vested in accordance with vesting schedule as follows:

1. as to 30% of the aggregate number of Shares underlying the Pre-IPO Options on the first anniversary date of the Listing Date;

2. as to 30% of the aggregate number of Shares underlying the Pre-IPO Options on the second anniversary date of the Listing Date; and

3. as to the remaining 40% of the aggregate number of Shares underlying the Pre-IPO Options on the third anniversary date of the Listing Date.

Accordingly, none of the Pre-IPO Options have been vested and exercisable as of 30 June 2016. Each option granted under the Pre-IPO Share Option Scheme has a five-year option period provided that none of the Pre-IPO Options shall be exercisable prior to the Listing Date.

Details of the outstanding options granted under the Pre-IPO Share Option Scheme are set out below:

Name or category of grantee	Date of grant of share options	Exercise price of share options (HK$ per share)	Exercise period of share options	Outstanding as of 30 June 2016
Directors				
Pan Naiyue	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	633,600
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	633,600
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	844,800
				2,112,000
Sun Limin	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	422,400
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	422,400
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	563,200
				1,408,000
Zhang Long	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	633,600
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	633,600
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	844,800
				2,112,000
Li Qing	28 March 2016	$1.625	From 15 July 2017 to 14 July 2021	561,600
	28 March 2016	$1.625	From 15 July 2018 to 14 July 2021	561,600
	28 March 2016	$1.625	From 15 July 2019 to 14 July 2021	748,800
				1,872,000
				7,504,000
Members of senior management & other employees of the Group				
In aggregate	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	2,160,000
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	2,160,000
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	2,880,000
	28 March 2016	$1.625	From 15 July 2017 to 14 July 2021	336,000
	28 March 2016	$1.625	From 15 July 2018 to 14 July 2021	336,000
	28 March 2016	$1.625	From 15 July 2019 to 14 July 2021	448,000
				8,320,000
Total				15,824,000

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Shares have not been listed on the Stock Exchange during the six months ended 30 June 2016, and there were no other listed securities issued by the Company or any of its subsidiaries. Accordingly, there was no purchase, sale or redemption of any of the listed securities of the Company during the six months ended 30 June 2016.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to shareholders of the Company for the six months ended 30 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Shares have not been listed on the Stock Exchange as of 30 June 2016, the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") was not applicable to the Company during the six months ended 30 June 2016. The Code is applicable to the Company with effect from the Listing Date.

Save as disclosed below, the Company is otherwise in compliance with the applicable code provisions of the Code since the Listing Date.

Code provision A.2.1 of the Code stipulates that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Li Shifa ("**Mr. Li**") is the chairman and president of the Company. With extensive experience in the logistics facilities industry, Mr. Li is responsible for formulating and leading the implementation of the overall development strategies and business plans of the Group and overseeing the management and strategic development of the Group and is instrumental to the growth and business expansion of the Group since its establishment in 2000. The Board considers that vesting the roles of chairman and president in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently comprises five executive directors (including Mr. Li), two non-executive directors and four independent non-executive directors and therefore has a fairly strong independence element in its composition.

The Board is committed to reviewing and monitoring the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions on 14 June 2016. As the Shares have not been listed on the Stock Exchange as of 30 June 2016, the Model Code was not applicable to the directors of the Company during the six months ended 30 June 2016.

The Company has also adopted the Model Code as the standard of dealings in the Company's securities by the relevant employees who are likely to possess inside information of the Company and/or its securities.

AUDIT COMMITTEE

The Company established the Audit Committee on 14 June 2016 with written terms of reference in compliance with the Code. The principal duties of the Audit Committee include the review of the Group's financial controls, risk management and internal control systems, and financial and accounting policies and practices. As of the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Fung Ching Simon, Mr. Guo Jingbin and Mr. Leung Chi Ching Frederick. Mr. Fung Ching Simon is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the unaudited interim financial report of the Group for the six months ended 30 June 2016.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

There is no change in the directors' biographical details which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of the Prospectus.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 15 July 2016. A total of 1,035,707,000 new ordinary shares with nominal value of US$0.0000625 each of the Company were issued at HK$3.25 per Share for a total of approximately HK$3,366.0 million. In addition, on 10 August 2016, the Company issued an additional 58,695,000 ordinary shares with nominal value of US$0.0000625 each of the Company pursuant to the partial exercise of the over-allotment option under the global offering at HK$3.25 per Share for a total of approximately HK$190.8 million. The net proceeds raised by the Company from the global offering (including the partial exercise of the over-allotment option on 6 August 2016), after deducting the underwriting fees and commissions and estimated expenses payable by the Company in relation to the Global Offering (the "**Net Proceeds**"), amounted to an aggregate of approximately HK$3,438.9 million, comprising HK$3,254.5 million raised from the global offering and HK$184.4 million raised from the issue of shares pursuant to the partial exercise of the over-allotment option.

As of the Latest Practicable Date, part of the Net Proceeds of (i) HK$1,254.8 million (which represents approximately 36.5% of the Net Proceeds) had been used for the purchase of part of Seed Holding Company II, Limited's equity interest pursuant to the share purchase agreement between Seed Holding Company I, Limited and the Company dated 28 February 2016, and (ii) HK$1,354.0 million (which represents approximately 39.4% of the Net Proceeds) had been used for the repayment of part of the credit facility from Credit Suisse AG, Singapore Branch of up to US$300 million, as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The remaining Net Proceeds have been deposited into short-term demand deposits in a bank account maintained by the Group and they are intended by the Company to be utilized for purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Report on Review of Interim Financial Information

羅兵咸永道

TO THE BOARD OF DIRECTORS OF CHINA LOGISTICS PROPERTY HOLDINGS CO., LTD

(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 25 to 72, which comprises the interim condensed consolidated balance sheet of China Logistics Property Holdings Co., Ltd (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2016

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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Condensed Consolidated Balance Sheet

	Note	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
ASSETS			
Non-current assets			
Land use rights	7	—	—
Property, plant and equipment	7	4,458	4,899
Investment properties	7	11,115,000	9,709,000
Intangible assets	7	121	135
Investments accounted for using the equity method	8	166,255	108,465
Deferred income tax assets	17	—	—
Long-term trade receivables		15,346	15,644
Other long-term prepayments	9	23,212	122,661
		11,324,392	9,960,804
Current assets			
Trade and other receivables	10(a)	73,168	79,575
Prepayments	10(b)	51,487	13,370
Cash and cash equivalents	11	590,350	820,773
Restricted cash	11	—	800
		715,005	914,518
Total assets		12,039,397	10,875,322
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	12	310	310
Other reserves	13	156,517	152,777
Retained earnings		2,354,990	1,831,347
Total equity		2,511,817	1,984,434

Condensed Consolidated Balance Sheet

	Note	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	15	**2,001,570**	934,385
Long-term payables		**27,397**	19,794
Hybrid instruments	16	**3,974,244**	5,790,473
Deferred income tax liabilities	17	**1,148,595**	990,101
		7,151,806	7,734,753
Current liabilities			
Trade and other payables	18	**318,519**	492,641
Current income tax liabilities		**17,502**	18,803
Borrowings	15	**244,694**	644,691
Hybrid instruments	16	**1,795,059**	—
		2,375,774	1,156,135
Total liabilities		**9,527,580**	8,890,888
Total equity and liabilities		**12,039,397**	10,875,322

The notes on pages 30 to 72 form an integral part of this interim consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2016 Unaudited RMB'000	2015 Unaudited RMB'000
Revenue	6	**126,440**	55,487
Cost of sales	19	**(37,801)**	(17,813)
Gross profit		**88,639**	37,674
Selling and marketing expenses	19	**(9,026)**	(6,048)
Administrative expenses	19	**(47,794)**	(31,795)
Other income		**15,421**	2,932
Fair value gains on investment properties — net		**618,229**	613,083
Fair value losses on hybrid instruments — net	16	**(21,066)**	(277,687)
Other losses — net	20	**(4,819)**	(182)
Operating profit		**639,584**	337,977
Finance income		**7,495**	45,460
Finance costs		**(17,652)**	(5,535)
Finance (expenses)/income — net		**(10,157)**	39,925
Share of profit of investments accounted for using the equity method	8	**57,790**	21,160
Profit before income tax		**687,217**	399,062
Income tax expense	21	**(163,574)**	(160,932)
Profit for the period attribute to the owners of the Company		**523,643**	238,130
Other comprehensive income for the period, net of tax		**—**	—
Total comprehensive income for the period attribute to the owners of the Company		**523,643**	238,130
Earnings per share (expressed in RMB)			
— Basic	22(a)	**0.65**	0.30
— Diluted	22(b)	**0.65**	0.27

The notes on pages 30 to 72 form an integral part of this interim consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company			
			Retained	
	Share capital	Other reserves	earnings	Total
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	**310**	**152,777**	**1,831,347**	**1,984,434**
Comprehensive income				
Profit for the period	**—**	**—**	**523,643**	**523,643**
Total comprehensive income	**—**	**—**	**523,643**	**523,643**
Transactions with equity owners in its capacity as equity owners				
Employees share option scheme				
— Value of employee services	**—**	**3,740**	**—**	**3,740**
Total transactions with equity owners in its capacity as equity owners	**—**	**3,740**	**—**	**3,740**
Balance at 30 June 2016	**310**	**156,517**	**2,354,990**	**2,511,817**
Balance at 1 January 2015	310	12,327	626,716	639,353
Comprehensive income				
Profit for the period	—	—	238,130	238,130
Total comprehensive income	—	—	238,130	238,130
Deemed contribution from Yupei International Investment Management Company Limited ("Yupei Investment Management") (Note 16.3)	—	139,716	—	139,716
Total transactions with equity owner in its capacity as equity owners	—	139,716	—	139,716
Balance at 30 June 2015	310	152,043	864,846	1,017,199

The notes on pages 30 to 72 form an integral part of this interim consolidated financial information.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	52,307	34,075
Interest received	4,959	5,256
Income tax paid	(6,381)	(4,674)
Net cash generated from operating activities	50,885	34,657
Cash flows used in investing activities		
Investment in an associate	—	(92,250)
Payment of the remaining consideration of acquisition of Zhengzhou Hozdo Logistics Co. Ltd.	(373)	—
Acquisition of property, plant and equipment	(171)	(2,026)
Addition of investment properties	(821,290)	(1,579,378)
Proceeds from disposal of investment property auxiliary facilities	17	—
Payment of consideration of equity transfer of Shanghai Yupei Group Co., Ltd. ("Shanghai Yupei") to Shanghai Yupei Industrial (Group) Co., Ltd. ("Shanghai Yupei Industrial")	—	(26,000)
Increase in amounts due from related parties	—	(115,850)
Decrease in amounts due from related parties	—	117,139
Decrease/(Increase) in restricted cash	800	(228,919)
Receipt of government grants	13,600	10,000
Net cash used in investing activities	(807,417)	(1,917,284)
Cash flows from financing activities		
Proceeds from borrowings	1,297,500	165,299
Repayments of borrowings	(621,763)	(22,000)
Increase in hybrid instruments	—	2,727,791
Payment of interest of hybrid instruments	(42,236)	—
Payment of interest expenses	(68,831)	(37,346)
Increase in amounts due to related parties	—	936,850
Decrease in amounts due to related parties	(12,300)	(571,700)
Payment of pre-IPO private placement commission fee	—	(18,454)
Prepayment of underwriting commission fee	(28,832)	—
Net cash generated from financing activities	523,538	3,180,440
Net (decrease)/increase in cash and cash equivalents	(232,994)	1,297,813
Cash and cash equivalents at the beginning of the period	820,773	678,428
Exchange gains/(losses) on cash and cash equivalents	2,571	(118)
Cash and cash equivalents at end of the period	590,350	1,976,123

The notes on pages 30 to 72 form an integral part of this interim consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 General information

China Logistics Property Holdings Co., Ltd (the "Company") was incorporated on 12 November 2013 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2013 Revision) of the Cayman Islands, as amended or re-enacted from time to time. The address of its registered office is Harneys Service (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the leasing of storage facilities and the related management services in the People's Republic of China (the "PRC"). The ultimate controlling parties of the Group are Mr. Li Shifa ("Mr. Li") and Ms. Ma Xiaocui ("Ms. Ma").

The Company has its primary listing on The Stock Exchange of Hong Kong Limited on 15 July 2016 ("Listing"). An aggregate of 1,035,707,000 shares of the Company were issued at a price of Hong Kong Dollar ("HK$") 3.25 by way of global offering. On 10 August 2016, an aggregate of additional 58,695,000 shares of the Company were issued at a price of HK$3.25 pursuant to the exercise of over-allotment option (Note 12).

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Company's Board of Directors ("Board") on 29 August 2016.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the published accountant's report in the Prospectus dated 30 June 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

As at 30 June 2016, the Group's current liabilities exceeded its current assets by RMB1,660,769,000. Subsequently the Company's shares were listed on The Stock Exchange of Hong Kong Limited on 15 July 2016 with gross proceeds of HK$3,366,047,750 raised, and additional shares were issued pursuant to the partial exercise of the over-allotment option with gross proceeds of HK$190,758,750 raised. The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the condensed consolidated interim financial information.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those as described in the published accountant's report in the Prospectus dated 30 June 2016.

(a) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from directors, employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

3 Accounting policies (continued)

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

The amended standards or interpretations that are effective for the first time for this interim period do not have any material impact on the Group.

The following new standards and amendments to standards have been issued and are relevant to the Group's operations but they are not yet effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group:

Standards		Effective for annual periods beginning on or after
IAS 12 (Amendment)	Income taxes	1 January 2017
IAS 7 (Amendment)	Statement of cash flows	1 January 2017
IFRS15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS16	Leases	1 January 2019
IFRS 10 and IAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

The Group will apply the new/revised standards and amendments described above when they become effective.

The Group is in the process of making an assessment on the impact of these new/revised standards and amendments and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

4 Estimates

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the published accountant's report in the Prospectus dated 30 June 2016.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the published accountant's report in the Prospectus dated 30 June 2016.

There have been no changes in the risk management policies since year ended 31 December 2015.

5.2 Liquidity risk

Compared to 2015 year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

The hybrid instruments were subsequently converted into ordinary shares upon Listing, repaid or redeemed (Note 16).

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation

The table below analyses the Group's financial instruments and investment properties carried at fair value as at 30 June 2016, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

See Note 7 for disclosures of the investment properties that are measured at fair value and Note 16 for disclosures of the hybrid instruments that are measured at fair value.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2016.

	Level 1 **Unaudited** RMB'000	**Level 2** **Unaudited** RMB'000	**Level 3** **Unaudited** RMB'000	**Total** **Unaudited** RMB'000
As at 30 June 2016				
Assets				
Investment properties	**–**	**–**	**11,115,000**	**11,115,000**
Liabilities				
Hybrid instruments	**–**	**–**	**5,769,303**	**5,769,303**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1 Unaudited RMB'000	Level 2 Unaudited RMB'000	Level 3 Unaudited RMB'000	Total Unaudited RMB'000
As at 31 December 2015				
Assets				
Investment properties	–	–	9,709,000	9,709,000
Liabilities				
Hybrid instruments	–	–	5,790,473	5,790,473

There were no transfers among levels of the fair value hierarchy during the period.

5 Financial risk management and financial instruments (continued)

5.4 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 hybrid instruments for the period.

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Hybrid instruments (Note 16)		
At fair value		
Opening balances	**5,790,473**	1,933,518
Additions	**—**	2,588,075
Payment of interest	**(42,236)**	—
Losses recognized in the condensed consolidated statement of comprehensive income	**21,066**	277,687
Closing balances	**5,769,303**	4,799,280
Changes in unrealized losses, under "Fair value losses on hybrid instruments — net"	**21,066**	277,687

Hybrid instruments included in Level 3 are redeemable convertible deemed preferred shares issued to Seed Holding Company II, Limited ("Carlyle"), convertible notes issued to Berkeley Asset Holding Ltd. ("RRJ Berkeley") and SeaTown Lionfish Pte. Ltd. ("SeaTown"), prepayable loans from Sherlock Asset Holding Ltd. ("RRJ Sherlock") and SeaTown and redeemable convertible ordinary shares issued to Logisware Investment Limited ("FD Insurance").

The valuations of the hybrid instruments at 30 June 2016 and 31 December 2015 were carried out by an independent external valuer.

The valuer derived the fair value of the hybrid instruments under two scenarios, i.e. initial public offering ("IPO") and non-IPO scenario, and then applied probabilities of each scenario, which was estimated by the management, to arrive at the probability weighted average amount as the fair values of the hybrid instruments.

5 Financial risk management and financial instruments (continued)

5.4 Fair value measurements using significant unobservable inputs (Level 3) (continued)

Option Pricing Method under Equity Allocation Method and the discounted cashflow ("DCF") method have been adopted under non-IPO scenario and IPO scenario respectively to derive the fair value of the redeemable convertible deemed preferred shares issued to Carlyle and the redeemable convertible ordinary shares issued to FD Insurance. The inputs include the risk-free rate, volatility, bond discount rate and probability weight for non-IPO and IPO scenario.

Binomial Model and the DCF method have been adopted under non-IPO scenario and IPO scenario respectively to derive the fair value of the convertible notes issued to RRJ Berkeley and SeaTown. The inputs include the risk-free rate, volatility, bond discount rate and probability weight for IPO and non-IPO scenario.

The DCF method have been adopted to derive the fair value of the prepayable loans injected from RRJ Sherlock and SeaTown. The inputs include the bond discount rate and probability weight for IPO and non-IPO scenario.

There were no other major changes in valuation techniques during the period.

5.5 Fair value of financial assets and liabilities measured at amortized cost

The fair value of current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of long-term bank lending rates and within level 2 of the fair value hierarchy.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Long-term trade receivables
- Trade and other receivables
- Cash and cash equivalent
- Restricted cash
- Long-term payables
- Trade and other payables

6 Segment information

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group's project subsidiaries (the "Project Companies") established in different locations in PRC engages in business activities from which it earns revenues and incurs expenses, and have discrete financial information. Therefore these Project Companies are identified as different operating segments of the Group. Nevertheless, these Project Companies have been aggregated into one operating segment, taking into consideration the below factors: the Project Companies have similar economic characteristics and regulatory environment, with all revenue and operating profits from the same business of leasing storage facilities and providing related management services derived within PRC; the Group as a whole, has unified internal organizational structure, management system and internal report system; and the Board allocates resources and evaluates performance of the operating segments in aggregation from Group consolidated level. Therefore all Project Companies have been aggregated into one operating segment.

The operating segments derive their revenue primarily from the rental income generated from lease of storage facilities and provision of related management services.

No geographical segment information is presented as all the revenue and operating profits of the Group are derived within PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Revenue from customer A represents 31.45% of the Group's total revenue for the six months ended 30 June 2016. Revenue from customer B, A, C represents 18.50%, 17.72% and 17.70% of the Group's total revenue respectively for the six months ended 30 June 2015.

7 Property, plant and equipment, investment properties, land use rights and intangible assets

	Property, plant and equipment Unaudited RMB'000	Investment properties Unaudited RMB'000	Land use rights Unaudited RMB'000	Other intangible assets Unaudited RMB'000
Six months ended 30 June 2016				
Net book value or valuation				
Opening amount as at 1 January 2016	**4,899**	**9,709,000**	**—**	**135**
Additions	**171**	**789,137**	**—**	**—**
Disposals	**—**	**(1,366)**	**—**	**—**
Fair value gains on investment properties	**—**	**618,229**	**—**	**—**
Depreciation and amortisation (Note 19)	**(612)**	**—**	**—**	**(14)**
Closing amount as at 30 June 2016	**4,458**	**11,115,000**	**—**	**121**
Six months ended 30 June 2015				
Net book value or valuation				
Opening amount as at 1 January 2015	2,771	3,090,000	5,683	—
Additions	2,026	1,721,817	—	—
Fair value gains on investment properties	—	613,083	—	—
Depreciation and amortisation (Note 19)	(446)	—	(15)	—
Closing amount as at 30 June 2015	4,351	5,424,900	5,668	—

A valuation of the Group's investment properties was performed by an independent professional valuer, Colliers International (Hong Kong) Ltd ("Colliers"), to determine the fair value of the investment properties as at 30 June 2016 and 31 December 2015. The revaluation gains or losses are included in "Fair value gains on investment properties — net".

7 Property, plant and equipment, investment properties, land use rights and intangible assets (continued)

The valuation was determined primarily using the DCF method with projections based on significant unobservable inputs including rental growth rates, estimated vacancy rates, market rents, maintenance costs, capitalization rates, terminal values and discount rates, etc.; and the Term and Reversion ("T&R") analysis by capitalising the net rental income derived from the existing tenancies with allowance onto the reversionary interests of the properties (by making reference to comparable market rental transactions), with significant unobservable inputs including term/reversionary yields and market rents. In addition, for investment properties under construction as at the measurement dates, the outstanding costs to complete the properties in accordance with the underlying design scheme have been considered. The unobservable inputs include those for DCF method and/or the T&R analysis, plus the outstanding cost to complete and expected completion dates.

There were no major changes in valuation techniques during the period.

The below table analyses the investment properties carried at fair value, by different valuation methods.

	Fair value measurements at 30 June 2016 using		
Description	**Quoted prices in active markets for identical assets (Level 1) Unaudited** RMB'000	**Significant other Observable inputs (Level 2) Unaudited** RMB'000	**Significant Unobservable inputs (Level 3) Unaudited** RMB'000
Recurring fair value measurements			
Investment properties	**—**	**—**	**11,115,000**

	Fair value measurements at 31 December 2015 using		
Description	Quoted prices in active markets for identical assets (Level 1) Unaudited RMB'000	Significant other Observable inputs (Level 2) Unaudited RMB'000	Significant Unobservable inputs (Level 3) Unaudited RMB'000
Recurring fair value measurements			
Investment properties	—	—	9,709,000

There were no transfers between Levels 1, 2 and 3 during the period.

7 Property, plant and equipment, investment properties, land use right and intangible assets (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Opening balance	**9,709,000**	3,090,000
Additions	**789,137**	1,721,817
Disposal	**(1,366)**	—
Net gains from fair value adjustment	**618,229**	613,083
Closing balance	**11,115,000**	5,424,900

Valuation processes of the Group

The fair value of the Group's investment properties at 30 June 2016 were valued by independent professional valuer — Colliers who holds recognized relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to Senior Vice President of finance department. Discussions of valuation processes and results are held between Senior Vice President of finance department, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 30 June 2016 and 31 December 2015, the fair values of the properties have been determined by Colliers.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

7 Property, plant and equipment, investment properties, land use right and intangible assets (continued)

Valuation techniques

For completed logistics facilities, the valuation was determined primarily using DCF method and T&R approach, with projections based on significant unobservable inputs. These input include:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Maintenance costs	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalization rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

For logistics facilities which is still under construction or land held for future development, the valuation was based on similar DCF method and T&R approach but would take into account additionally the following estimates (in addition to the inputs noted above):

Costs to complete	These are largely consistent with internal budgets developed by the Group's finance department, based on management's experience and knowledge of market conditions. Costs to complete also include a reasonable profit margin;
Completion dates	Properties under construction require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group.

There were no changes to the valuation techniques during the period.

8 Investments accounted for using the equity method

	Six months ended 30 June 2016 Unaudited RMB'000	Six months ended 30 June 2015 Unaudited RMB'000
Beginning of the period	**108,465**	—
Investment cost	**—**	92,250
Share of post-tax profits of associates	**57,790**	21,160
End of the period	**166,255**	113,410

Set out below is the associate of the Group as at 30 June 2016, which, in the opinion of the directors, is material to the Group. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also its principal place of business.

Nature of investment in an associate as at 30 June 2016:

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Shanghai Hongyu Logistics Co., Ltd. ("Shanghai Hongyu")	Shanghai/PRC	41%	Associate	Equity

Shanghai Hongyu was jointly established by Yupei Anhui Logistics Property Development Co., Ltd., a subsidiary of the Group, and external third parties, Shanghai Xingchao Investment Management Co., Ltd. and Shanghai Tianzhuo Investment Management Co., Ltd. in March 2015. Its major operation is warehouse leasing and provision of related management services.

There are no contingent liabilities relating to the Group's interest in its associates as at 30 June 2016.

8 Investments accounted for using the equity method (continued)

The assets, liabilities and results of Shanghai Hongyu are shown below:

	Six months ended 30 June 2016 Unaudited RMB'000
Assets	893,387
Liabilities	(487,887)
Share of profit	140,951
Percentage held	41%

9 Other long-term prepayments

As at 30 June 2016 and 31 December 2015, the balance of other long-term prepayments is as follows:

	As at	
	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Prepayment for construction costs	526	106,586
Long-term prepaid expenses	22,686	16,075
	23,212	122,661

10 Trade and other receivables and prepayments

(a) Trade and other receivables

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	RMB'000	RMB'000
Trade receivables		
Rental income receivables	**11,449**	9,816
Other receivables		
Other receivables for land use rights and other deposits	**61,039**	67,223
Other receivables due from third parties	**680**	2,117
Other receivables due from related parties (Note 24)	**—**	419
	61,719	69,759
	73,168	79,575

As at 30 June 2016 and 31 December 2015, the fair value of the current portion of trade and other receivables of the Group approximated their carrying amounts.

As at 30 June 2016 and 31 December 2015, all the carrying amounts of trade and other receivables were denominated in RMB.

As at 30 June 2016 and 31 December 2015, the aging analysis of the trade receivables is as follows:

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	RMB'000	RMB'000
Trade receivables		
Up to 30 days	**7,495**	8,084
31 to 90 days	**3,954**	1,672
91 to 365 days	**—**	60
	11,449	9,816

10 Trade and other receivables and prepayments (continued)

(b) Prepayments

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	RMB'000	RMB'000
Prepayments for underwriting commission fee	28,832	—
Prepayments for listing expenses	18,859	8,110
Prepayments for utilities	3,577	4,015
Prepaid taxes	219	1,245
	51,487	13,370

11 Cash and cash equivalents and restricted cash

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	RMB'000	RMB'000
Cash at bank and on hand	590,350	821,573
Less: Restricted cash[i]	—	(800)
Cash and cash equivalents	590,350	820,773

(i) As at 31 December 2015, restricted deposits of RMB800,000 were held at bank as collateral for the bank borrowings (Note 15).

12 Share capital

	Number of authorized shares	Unaudited Number of issued shares	Ordinary shares RMB'000
At 1 January 2016 and 30 June 2016	**500,000**	**50,000**	**310**
At 1 January 2015 and 30 June 2015	500,000	50,000	310

On 15 July 2016, the par value of each share of the Company was changed from United States Dollar ("US$") 1 to US$0.0000625 by way of a 16,000-for-1 share subdivision, and the Company issued 1,035,707,000 new ordinary shares of US$0.0000625 each at HK$3.25 per share in connection with its global offering and commencement of the listing of its shares on The Stock Exchange of Hong Kong Limited on the same date. The gross proceeds raised from the global offering is HK$3,366,047,750.

The convertible notes, redeemable convertible deemed preferred shares and redeemable convertible ordinary shares with total amount of US$437,557,000 were converted to 1,044,592,000 ordinary shares (the "Conversion Shares") in total upon Listing (Note 16).

On 10 August 2016, an aggregate of 58,695,000 shares of the Company were issued at a price of HK$3.25 pursuant to the exercise of over-allotment option. The gross proceeds raised is HK$190,758,750.

After the issuance of the global offering shares and the over-allotment shares, and the Conversion Shares, the total number of the ordinary shares in issue as at the date of this condensed consolidated interim financial information is 2,938,994,000 at the par value of US$0.0000625 per share.

13 Other reserves

	Six months ended 30 June 2016 Unaudited RMB'000	2015 Unaudited RMB'000
Opening Balance	**152,777**	12,327
Employee share option scheme		
— Value of employee services (Note 14)	**3,740**	—
Deemed contribution from Yupei Investment Management (Note 16.3)	**—**	139,716
Closing Balance	**156,517**	152,043

14 Share-based payments

On 10 March 2016, the Company adopted a share option scheme whereby the Board can grant options for the subscription of the Company's shares to the directors, employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group.

Pursuant to the share option scheme, the Company granted options to subscribe for an aggregate of 989 shares on 21 March 2016 and 28 March 2016 to certain directors and employees, which was subsequently automatically adjusted to 15,824,000 shares upon the 16,000-for-1 share subdivision on 15 July 2016. The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. These options vest in tranches over a period of up to 3 years.

The options are exercisable during the following periods, during which the employees should remain in the Group's employment.

(i) 30% on the first anniversary of Listing;

(ii) 30% on the second anniversary of Listing;

(iii) 40% on the third anniversary of Listing.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK$ per share	Number of options
As at 1 January 2016	–	–
Granted	**1.625**	**989**
As at 30 June 2016	**1.625**	**989**

Share options outstanding at 30 June 2016 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share	Number of options
21 March 2021	1.625	802
28 March 2021	1.625	187

14 Share-based payments (continued)

The total fair value, which was determined by using Binomial model, of the options granted under the share option scheme as at the grant date is approximately HK$33,708,000 (equivalent to RMB28,087,000).

	Granted on 21 March 2016 and 28 March 2016
Exercise price	**HK$1.625**
Expected volatility	**47.62%**
Expected dividend yield	**0.00%**
Risk free rate	**0.90%**

The expected volatility is determined by calculating the historical volatility of the price of listed companies with businesses similar to the Group. The expected dividend yield is determined by the directors based on the expected future performance and dividend policy of the Group.

The share option expense charged to the condensed consolidated statement of comprehensive income during the six months ended 30 June 2016 was approximately HK$4,489,000 (equivalent to RMB3,740,000).

15 Borrowings

	As at	
	30 June 2016 Unaudited RMB'000	31 December 2015 Audited RMB'000
Non-current		
Bank borrowings		
— Mortgaged bank borrowings (a)	**2,001,570**	934,385
Current		
Bank borrowings		
— Mortgaged bank borrowings (a)	**244,694**	644,691
	2,246,264	1,579,076

15 Borrowings (continued)

(a) As at 30 June 2016, mortgaged bank borrowings of RMB1,746,264,000, with undrawn facilities amounting to RMB234,500,000, are secured by the investment properties of the Group amounting to RMB6,739,000,000 (31 December 2015: mortgaged bank borrowings of RMB1,303,145,000, with undrawn facilities amounting to RMB132,000,000, are secured by the investment properties of the Group amounting to RMB5,289,000,000).

As at 30 June 2016, mortgaged bank borrowings of RMB500,000,000 are secured by the investment property of the Group amounting to RMB826,000,000 and the Group's equity interests in certain subsidiaries (31 December 2015: Nil).

As at 31 December 2015, mortgaged bank borrowings of RMB87,625,000 is guaranteed by Mr. Li, and secured by the investment properties of the Group amounting to RMB304,000,000. The guarantee by Mr. Li was released in January 2016.

As at 31 December 2015, mortgaged bank borrowings of RMB188,306,000 are secured by restricted deposits of the Group amounting to RMB800,000 (Note 11), and secured by the investment properties of the Group amounting to RMB702,000,000. The restricted deposit were released in March 2016.

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	RMB'000	RMB'000
Floating rate:		
— expiring within 1 year	**207,500**	132,000
— expiring beyond 1 year	**27,000**	—
	234,500	132,000

These undrawn borrowing facilities are secured by the Group's investment properties as disclosed above.

These facilities have been arranged to help finance the construction of investment properties.

16 Hybrid instruments

	As at	
	30 June 2016	31 December 2015
	Unaudited	Audited
	RMB'000	RMB'000
Non-current		
Convertible notes	**1,716,247**	2,109,667
Redeemable convertible deemed preferred shares	**1,868,672**	1,695,641
Prepayable loans	**—**	1,650,900
Redeemable convertible ordinary shares	**389,325**	334,265
	3,974,244	5,790,473
Current		
Prepayable loans	**1,795,059**	—
	5,769,303	5,790,473

16.1 Convertible notes

	Unaudited
	RMB'000
At 1 January 2016	**2,109,667**
Fair value change	**(393,420)**
At 30 June 2016	**1,716,247**
At 1 January 2015	1,064,247
Issuance	612,950
Fair value change	141,795
At 30 June 2015	1,818,992

16 Hybrid instruments (continued)

16.1 Convertible notes (continued)

On 4 April 2014, the Company entered into an initial note purchase agreement with RRJ Berkeley, and on 25 April 2014 entered into the initial convertible promissory notes (the “2014 Note”) with RRJ Berkeley and SeaTown, respectively. The 2014 Note has a principal of US$150,000,000 (approximately RMB923,787,000), and a maturity period of 4 years, bearing an interest rate of 10% per annum.

Also in the initial note purchase agreement, RRJ Berkeley and SeaTown wrote an option to the Company to further issue additional note. In the event that the proceeds from investments made to the Group companies are fully or substantially utilised, at the request of the Company, RRJ Berkeley and SeaTown agree to purchase, and the Company agrees to issue and sell to RRJ Berkeley and SeaTown, a convertible note, i.e. the Convertible Promissory Notes (the “2015 Note”), in a principal amount of US$100,000,000 on the same terms and conditions as 2014 Note, and the 2015 Note thereof subject to certain adjustment (the “Call Option”).

On 26 January 2015, for the purpose of exercising its Call Option to further issue additional note as specified in the initial note purchase agreement, the Company entered into a Note Purchase Agreement with RRJ Berkeley. On 10 February 2015, immediately before the issuance of the additional note, the Company, RRJ Berkeley and SeaTown made a modification to the 2014 Note on the automatic conversion rate and the optional conversion rate. On the same day, the Company entered into the 2015 Note with RRJ Berkeley and SeaTown respectively. The 2015 Note has a principal of US$100,000,000 (approximately RMB612,951,000), and a maturity period of 4 years, bearing an interest rate of 10% per annum.

On 5 February 2016, the Company entered into amended and restated convertible promissory notes with RRJ Berkeley and SeaTown, respectively, which amend and restate, in their entirety, the 2014 Note (the “Amended and Restated 2014 Note”) and 2015 Note (the “Amended and Restated 2015 Note”) (together the “Amended and Restated Notes”).

The Amended and Restated 2014 Note and the Amended and Restated 2015 Note has a principal of US$150,000,000 and US$100,000,000, respectively, and will be matured by 25 April 2018 and 10 February 2019 respectively, bearing an interest rate of 10% per annum.

16 Hybrid instruments (continued)

16.1 Convertible notes (continued)

The key features of the 2014 Note and 2015 Note, and the key modifications are as follows:

(a) Redemption

Redemption upon event of default

Upon the occurrence of any event of default, the Company shall pay to RRJ Berkeley and SeaTown a cash amount equal to the redemption price (the "RRJ Berkeley and SeaTown Redemption Price"), which is the sum of the outstanding principal amount plus all accrued and unpaid interest, and an additional amount to enable the RRJ Berkeley and SeaTown to achieve an Internal Rate of Return ("IRR") of 20%.

Redemption upon IPO

By written notice delivered to the Company at least ten (10) business days prior to the A1 submission date, the RRJ Berkeley and SeaTown shall be entitled to, upon the consummation of a qualified IPO, in lieu of receiving the conversion shares and cash (if any) pursuant to Note 16.1(c), receive the RRJ Berkeley and SeaTown Redemption Price.

Early redemption (only applicable to the Amended and Restated Notes)

In the event that the Company has not consummated a qualified IPO within six months following the A1 submission date (the "A1 Expiry Date"), RRJ Berkeley and SeaTown shall have the right at their option at any time from the A1 Expiry Date to require the Company to redeem the Amended and Restated Notes at the RRJ Berkeley and SeaTown Redemption Price.

(b) Liquidation

Upon any liquidation, dissolution or winding up of the Company, the Company shall pay to RRJ Berkeley and SeaTown a cash amount equal to the higher of (a) the RRJ Berkeley and SeaTown Redemption Price, and (b) the cash amount RRJ Berkeley and SeaTown would be entitled to receive as shareholders of the Company had RRJ Berkeley and SeaTown converted the entire outstanding principal amount plus all accrued and unpaid interest to a number of ordinary shares of the Company representing 36.8333%, and 5.6667% respectively of the total issued share capital of the Company on a fully-diluted, as-converted base.

(c) Conversion (modified in the Amended and Restated Notes)

Under the 2014 Note and 2015 Note, RRJ Berkeley and SeaTown may, at any time before the 2014 Note and 2015 Note maturity date, convert the entire outstanding principal amount of the 2014 Note and 2015 Note plus the accrued and unpaid interest thereon into a number of ordinary shares of the Company representing 36.8333% and 5.6667% respectively of the outstanding voting securities of the Company on a fully-diluted, as-converted basis. This optional conversion feature together with the automatic conversion features of 2014 Note and 2015 Note have been modified in the amended and restated convertible promissory notes.

16 Hybrid instruments (continued)

16.1 Convertible notes (continued)

(c) Conversion (modified in the Amended and Restated Notes) (continued)

The Amended and Restated Notes shall be automatically converted into ordinary shares at the same time of the Company issuing ordinary shares to investors in connection with the qualified IPO and the RRJ Berkeley and SeaTown shall receive the number of fully paid and non-assessable shares of ordinary shares equal to (i) the Conversion Amount divided by (ii) the Conversion Price then in effect.

(i) Conversion Price. The initial conversion price, as may be adjusted as further described below, is US$9,925.3613 per ordinary share. Such initial conversion price would result in the conversion of the Amended and Restated Notes into 25,188 ordinary shares, which, calculated on a fully-diluted basis as of the date hereof, would represent 33.5% of the total issued share capital of the Company as of such date and time of conversion.

(ii) Conversion Price Adjustment. In the event that the Company issues ordinary shares to any person other than RRJ Berkeley and SeaTown before the conversion, the Conversion Price shall be adjusted to ensure RRJ Berkeley and SeaTown's shareholding percentage in the Company remain unchanged.

Upon the conversion of the Amended and Restated Notes into ordinary shares of the Company prior to or on 31 December 2016, all interest accrued and unpaid shall be forgiven. Notwithstanding anything contained herein to the contrary, any accrued and unpaid interest shall not be convertible into ordinary shares in connection with the conversion.

The Group has designated the 2014 Note and 2015 Note as financial liabilities at fair value through profit or loss. The entire convertible notes are initially and subsequently measured at fair value, with changes in fair value recognized in the condensed consolidated statement of comprehensive income in the period in which they arise. The Call Option of the 2014 Note is derivative in nature. Part of the consideration from the issuance of the 2014 Note shall be allocated to the Call Option, and the Call Option shall be recognized and measured at fair value separately, both initially and subsequently.

The modification of the 2014 Note on 10 February 2015 was not regarded as an extinguishment of the 2014 Note. The difference between the carrying amount of 2014 Note immediately before and after the modification was recognized in the condensed consolidated statement of comprehensive income.

The convertible notes with total amount of US$258,841,000 were subsequently converted into 617,936,000 ordinary shares upon Listing.

16 Hybrid instruments (continued)

16.2 Redeemable convertible deemed preferred shares

	Unaudited RMB'000
At 1 January 2016	**1,695,641**
Fair value change	**173,031**
At 30 June 2016	**1,868,672**
At 1 January 2015	869,271
Issuance	369,250
Fair value change	88,723
At 30 June 2015	1,327,244

On 18 June 2013, Shanghai Yupei and Shanghai Yupei Investment Management Co., Ltd., subsidiaries of the Company (together "Yupei Parties") entered into an investment framework contract ("Framework Contract") with Carlyle. Pursuant to the Framework Contract, Carlyle wishes to invest in the Project Companies in the 2 years investment period, starting from 18 June 2013, and to provide shareholder loans to Project Companies.

The detailed contract terms and the key features are analyzed below:

(a) Liquidation

Upon liquidation of the Project Companies, before any distribution or payment to be made to the parent companies of the Project Companies, Carlyle shall be entitled to receive an amount equal to 112% of its investment principal amount. After that, any remaining assets shall be paid to the parent companies of the Project Companies to entitle the parent companies to receive an amount equal to 112% of its investments in the Project Companies. And then, any remaining assets shall be distributed rateably between the parent companies of the Project Companies and Carlyle based on their shareholding percentage.

The following events shall be treated as liquidation: Sale of the substantially all of the assets of the Project Companies; and Drag-Along sale of Carlyle's equity interests in the Project Companies to third parties.

16 Hybrid instruments (continued)

16.2 Redeemable convertible deemed preferred shares (continued)

(b) Redemption

Redemption upon maturity of investment period

The investment period is 2 years commencing from 18 June 2013, the date of signing the Framework Contract, during which, the total investment amount shall reach to US$200 million or Yupei Parties shall provide Carlyle with at least 17 Project Companies for investment, otherwise Carlyle has the right to request Yupei Parties to redeem the entire investment amount at a price entitle Carlyle to receive an after-tax IRR of 12% on any date before the maturity of the investment period.

The maturity of the investment period was expired on 17 June 2015. The Yupei Parties provided Carlyle 18 Project Companies in total with investment amount of US$201 million.

Redemption upon event of default

Upon the occurrence of any event of default, Carlyle may request Yupei Parties redeem all or a portion of its investments and shareholder loans in the Project Companies. The redemption price shall be the total investment and shareholder loan principal amount plus interest accrued at the after-tax IRR of 20%.

Redemption upon IPO

The Company needs to complete a qualified IPO, as defined in the Framework Contract, after 4.5 years from the date of entering into the Framework Contract, i.e. 18 June 2013. Upon confirming the engagement of the IPO sponsors and underwriters, Carlyle has the choice to require Yupei Parties redeem its entire investments in the Project Companies and shareholder loans plus accrued and unpaid interest.

This term has been modified on 28 February 2016 pursuant to a share sale and purchase agreement (the "SPA") entered into between the Company and Carlyle (Note 16.2(d)).

(c) Conversion

Upon confirming the engagement of the IPO sponsors and underwriters, Carlyle also has the choice to convert its entire investments in the Project Companies and shareholder loans plus accrued and unpaid interest into a number of ordinary shares of the Company.

This term has been modified on 28 February 2016 pursuant to the SPA entered into between the Company and Carlyle (Note 16.2(d)).

16 Hybrid instruments (continued)

16.2 Redeemable convertible deemed preferred shares (continued)

(d) Modification on redeemable convertible deemed preferred shares

On 28 February 2016, the Company entered into a SPA with Carlyle, pursuant to which Carlyle shall sell and the Company shall purchase from Carlyle the investments in the 18 Project Companies on the First Dealing Date, the date on which dealings in the shares of the Company first commence on the Stock Exchange of Hong Kong Limited (the "SPA Closing"). The purchase price has been predetermined and shall be paid by the Company as:

(i) immediately prior to the consummation of the qualified IPO, the Company shall at SPA Closing issue the number of ordinary shares of the Company in the amount equal to the quotient ("Carlyle Consideration Shares") obtained by dividing (x) the HK$ equivalent of US$120,000,000 by (y) the final initial public offering price per ordinary share of the Company in the qualified IPO; and

(ii) upon the consummation of the qualified IPO but in any event on the First Dealing Date, the Company shall pay Carlyle an amount of the purchase price less US$120,000,000, being the value of the Carlyle Consideration Shares as of the date of consummation of the qualified IPO.

On the same day, the Company and Yupei Parties entered into a consent agreement with Carlyle. Each of the Yupei Parties, the Company and Carlyle agree that, upon the occurrence of the qualified IPO, the Framework Contrat signed on 18 June 2013 shall be forthwith terminated. The agreement shall automatically terminate and cease to have any effect if the SPA Closing has not occurred by 30 September 2017.

The investment made by Carlyle as Yupei Parties' joint venture partner was accounted for as redeemable convertible deemed preferred shares instead of non-controlling interests at the Project Companies, primarily because (i) the conditions triggering the customary exit rights are beyond Yupei Parties' control; and (ii) the amounts payable by Yupei Parties in terms of an exercise of such exits rights are determined with reference to a predetermined investment return provided in the Framework Contract.

Considering the relevant terms of the Framework Contract and the relevant accounting standards, notwithstanding each of the Project Companies treats the capital investment made by Carlyle as an equity instrument in its individual financial statements, these capital investments should not be treated as non-controlling interests, but classified as financial liabilities in the Group's interim financial information.

The Group has designated the redeemable convertible deemed preferred shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible deemed preferred shares are initially and subsequently measured at fair value, with changes in fair value recognized in the condensed consolidated statement of comprehensive income in the period in which they arise.

Subsequent to 30 June 2016, the redeemable convertible deemed preferred shares with amount of US$161,800,000 were redeemed and amount of US$120,000,000 were converted into 286,480,000 ordinary shares at the conversion price of HK$3.25 per share upon Listing.

16 Hybrid instruments (continued)

16.3 Prepayable loans

	Unaudited RMB'000
At 1 January 2016	**1,650,900**
Payment of interest	**(42,236)**
Fair value change	**186,395**
At 30 June 2016	**1,795,059**
At 1 January 2015	—
Issuance	1,390,317
Fair value change	62,195
At 30 June 2015	1,452,512

On 20 April 2015, the Company entered into loan agreements with RRJ Sherlock and SeaTown, Mr. Li and Yupei Investment Management (Mr. Li and Yupei Investment Management together the "Founder Parties") (the "2015 Loan"). Pursuant to the loan agreements, the Company borrowed an aggregated principal amount of US$225,000,000 (approximately RMB1,377,045,000) and US$25,000,000 (approximately RMB152,988,000) from RRJ Sherlock and SeaTown respectively, which have a maturity period of 2 years, bearing an interest rate of 12% per annum. Thereafter, SeaTown entered into a loan participation agreement with Moussedragon, L.P. ("Moussedragon") on 19 August 2015 (the "Loan Participation Agreement"), pursuant to which, SeaTown granted to Moussedragon a participation in part of the 2015 Loan with amount of US$5,000,000 in exchange for US$5,000,000.

On 5 February 2016, the Company entered into an amended and restated loan agreement (the "Amended and Restated Loan Agreement") with RRJ Sherlock and SeaTown, and the Founder Parties, pursuant to which terms on the 2015 Loan have been amended and restated (the "Amended and Restated Loans"). Under the Amended and Restated Loan Agreement, the principal amount of the loan borrowed from RRJ Sherlock and SeaTown is US$225,000,000 and US$25,000,000, respectively. The Amended and Restated Loans will be matured on 28 May 2017 and bear an interest rate of 12% per annum.

16 Hybrid instruments (continued)

16.3 Prepayable loans (continued)

Certain key features of the 2015 Loan and the key modifications are as follows:

(a) Optional prepayment

The Company may prepay the loan in whole or in part, provided that, the principal amount of the loan being prepaid shall be an amount equals to twenty percent (20%) of the principal amount or its integral multiples. Each prepayment of principal on the loan under shall be accompanied by payment of an interest (the "Prepayment Interest") that equals to the accrued and unpaid interest as of the date of the prepayment (the "Prepayment Date"). Provided, however, that in the event that the Prepayment Date falls on a date that is prior to the first (1st) anniversary of the borrowing date, the Prepayment Interest shall be calculated as if the prepayment were made on the date that is the first (1st) anniversary of the borrowing date.

(b) Redemption

Redemption upon event of default

Upon the occurrence of any event of default, RRJ Sherlock, SeaTown and Moussedragon may declare all sums of interest and principal remaining on the loan and all other sums outstanding under or in respect of the loan agreement to be immediately due and payable.

Redemption upon IPO (only applicable to the Amended and Restated Loans)

In the event that (i) an IPO has consummated on or prior to the maturity date, and (ii) the Company fails to repay any outstanding principal amount and all accrued and unpaid interest in full to RRJ Sherlock, SeaTown and Moussedragon within 10 days after the closing date of the IPO (the "IPO Repayment Date"), such outstanding principal amount and all accrued and unpaid interest of the loan shall accrue interest daily, at a rate of twenty percent (20%), from the IPO Repayment Date to the date on which such outstanding amount is repaid in full by the Company.

(c) Contribution from Yupei Investment Management

On the borrowing date, Yupei Investment Management shall sell and transfer to RRJ Sherlock and SeaTown an aggregate of 810 and 90 fully paid and non-assessable ordinary shares (the "Consideration Shares"), standing for 1.62% and 0.18% ordinary shares of the Company with a par value of US$1 per share, for an aggregate purchase price of US$1. Further, pursuant to the Loan Participation Agreement, SeaTown sells to Moussedragon 18 Consideration Shares, standing for 0.036% ordinary shares of the Company, for an aggregate price of US$18.

16 Hybrid instruments (continued)

16.3 Prepayable loans (continued)

(d) Guarantee from the Founder Parties

In the event that an IPO has not consummated on or prior to the maturity date, RRJ Sherlock, Seatwon and Moussedragon have the right to require the Founder Parties to purchase all of the Consideration Shares at an aggregate price equal to an amount (the "Purchase Price") such that the sum of the Purchase Price shall enable RRJ Sherlock, SeaTown and Moussedragon to achieve an IRR of at least 20% in respect of the principal amount.

The optional prepayment embedded is not closely related to the host debt, and therefore is a derivative liability and shall be bifurcated from the host debt unless the whole instrument is designated by the Company as at fair value through profit or loss. The Group has designated the 2015 Loan as financial liabilities at fair value through profit or loss. The entire prepayable loans are initially and subsequently measured at fair value, with changes in fair value recognized in the condensed consolidated statement of comprehensive income in the period in which they arise.

Associated with the issuance of the 2015 Loan, Yupei Investment Management transfers the Consideration Shares to RRJ Sherlock, SeaTown and Moussedragon at a nominal amount (i.e. US$1). As Yupei Investment Management held 100% of the outstanding ordinary shares of the Company immediately before the issuance of the 2015 Loan, the substance indicates that Yupei Investment Management made equity contributions to the Company. And also the Founder Parties guarantee RRJ Sherlock, SeaTown and Moussedragon an IRR of the prepayable loan being not less than 20% in the event that an IPO has not consummated on or prior to the maturity date. There's no guarantee from the Group in respect of the purchase obligation of the Founder Parties. Therefore, the Founder Parties' guarantee could be viewed as an option written to RRJ Sherlock, SeaTown and Moussedragon to guarantee the value of Consideration Shares by making compensation for the repurchasing to ensure the IRR of not being less than 20%. As a result, the aggregate fair value of the Consideration Shares and the written put option on the borrowing date minus the nominal amount received would be deemed as equity contribution to the Company by the Founder Parties and are recorded in "other reserve" on the condensed consolidated balance sheet.

On 27 June 2016, the Company entered into a legally binding facility agreement with Credit Suisse AG, Singapore Branch ("Credit Suisse Singapore") for a credit facility of up to US$300 million for the purpose of repaying the Amended and Restated Loans from RRJ Sherlock and SeaTown prior to the Listing. The banking facility bears an interest rate of Libor+4.5% per annum and is available for utilization prior to the Listing. The banking facility was subsequently used to repay the principal amount as well as the accrued and unpaid interest of the prepayable loans with total amount of US$271,856,361 prior to the Listing.

16 Hybrid instruments (continued)

16.4 Redeemable convertible ordinary shares

	Unaudited RMB'000
At 1 January 2016	**334,265**
Fair value change	**55,060**
At 30 June 2016	**389,325**
At 1 January 2015	—
Issuance	215,558
Fair value change	(15,026)
At 30 June 2015	200,532

On 11 March 2015 and 18 May 2015, China Yupei Logistics Property Development Co., Ltd., Yupei East China Logistics Property Management Co., Ltd. ("Yupei East China Logistics"), Yupei East China Logistics Property Development Co., Ltd. and Shanghai Yuji Consulting Management Co., Ltd., subsidiaries of the Company, (together "Yuji Parties") entered into an investment agreement and a supplementary agreement with FD Insurance, respectively, pursuant to which, FD Insurance wishes to invest in one of the project subsidiaries of the Company, Yupei East China Logistics, with investment amount of US$48,150,500 (approximately RMB299,446,000).

The detailed contract terms and the key features are analyzed below:

(a) **Redemption**

Upon the occurrence of any event of default, FD Insurance may request Yuji Parties redeem all or a portion of its investments in Yupei East China Logistics. The redemption price shall be the total investment amount plus interest accrued at the after-tax IRR of 20%.

(b) **Conversion**

The Company needs to complete a qualified IPO on or before 18 December 2017. Upon confirming the engagement of the IPO sponsors and underwriters, FD Insurance needs to convert its entire investments in Yupei East China Logistics into a number of ordinary shares of the Company equal to the quotient obtained by dividing (x) the redemption price, which is the sum of the outstanding investment and an additional amount to enable FD Insurance to achieve an after-tax IRR of 18%, by (y) the Per Share IPO Price.

The Group has designated the redeemable convertible ordinary shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible ordinary shares are initially and subsequently measured at fair value, with changes in fair value recognized in the condensed consolidated statement of comprehensive income in the period in which they arise.

The redeemable convertible ordinary shares with total amount of US$58,716,000 were subsequently converted to 140,176,000 ordinary shares at the conversion price of HK$3.25 per share upon Listing.

17 Deferred income tax

Deferred income tax assets

	Six months ended 30 June 2016 Unaudited RMB'000	2015 Unaudited RMB'000
Opening balance at 1 January	**–**	7,858
Charged to the condensed consolidated statement of comprehensive income (Note 21)	**–**	(7,858)
Closing balance at 30 June	**–**	–

Deferred income tax liabilities

	Six months ended 30 June 2016 Unaudited RMB'000	2015 Unaudited RMB'000
Opening balance at 1 January	**990,101**	278,425
Charged to the condensed consolidated statement of comprehensive income (Note 21)	**158,494**	149,111
Closing balance at 30 June	**1,148,595**	427,536

18 Trade and other payables

	As at 30 June 2016 Unaudited RMB'000	As at 31 December 2015 Audited RMB'000
Payables for construction costs	**242,757**	424,631
Payables for listing expenses	**35,002**	17,458
Other taxes payable	**10,744**	9,769
Advances from customers	**9,407**	12,268
Deposits	**7,050**	7,034
Accrued operating expenses	**3,920**	1,975
Interest payable	**3,498**	2,467
Employee benefit payables	**1,650**	1,800
Consideration payable for business combination	**—**	373
Amounts due to related parties (Note 24)	**—**	12,300
Others	**4,491**	2,566
	318,519	492,641

At 30 June 2016 and 31 December 2015, the ageing analysis of payables for construction costs is as follows:

	As at 30 June 2016 Unaudited RMB'000	As at 31 December 2015 Audited RMB'000
Payables for construction costs		
Up to 1 year	**242,006**	422,098
1 year to 2 years	**180**	2,221
Over 2 years	**571**	312
	242,757	424,631

19 Expenses by nature

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Tax charges	**28,789**	14,398
Listing expenses	**23,466**	7,021
Employee benefit expenses — including directors' emoluments	**14,160**	11,918
Maintenance and repairing costs	**6,852**	1,485
Employees share option scheme (Note 14)	**3,740**	—
Leasing commission	**3,366**	2,607
Auditors' remuneration — Audit services	**2,500**	440
Travelling expenses	**2,173**	1,871
Utilities and office expenses	**2,131**	1,089
Leasing fees	**1,970**	1,422
Professional fees	**1,227**	4,015
Depreciation and amortization expenses (Note 7)	**626**	461
Entertainment expenses	**566**	622
Bank charges	**230**	112
Pre-IPO private placement commission fee	**—**	7,440
Other expenses	**2,825**	755
	94,621	55,656

20 Other losses — net

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Contract termination compensation	**2,500**	—
Disposal of auxiliary facilities of investment properties	**1,349**	—
Others	**970**	182
	4,819	182

21 Income tax expense

PRC income tax has been provided at the rate of 25% on the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax	**5,080**	3,963
Deferred income tax (Note 17)	**158,494**	156,969
	163,574	160,932

(i) Cayman Islands profits tax

The Company has not been subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% for the period.

(iii) PRC corporate income tax ("CIT")

CIT is provided on the assessable income of entities within the Group incorporated in the PRC.

(iv) PRC withholding income tax

According to the new CIT Law, a 10% withholding income tax will be levied on the immediate holding companies established outside the PRC. A lower withholding income tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies.

The Group did not recognize deferred tax liability on accumulated undistributed profit of its subsidiaries as at 30 June 2016 and 31 December 2015, due to the subsidiaries do not intend to distribute dividend in foreseeable future.

22 Earnings per share

(a) Basic

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

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Profit attributable to owners of the Company (RMB'000)	**523,643**	238,130
Weighted average number of ordinary shares in issue[i]	**800,000,000**	800,000,000
Basic earnings per share (RMB per share)	**0.65**	0.30

(b) 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.

	Six months ended 30 June 2015 Unaudited
Profit attributable to owners of the Company (RMB'000)	238,130
Add: fair value changes of the convertible notes (Note 16.1) (RMB'000)	141,795
	379,925
Weighted average number of ordinary shares in issue[i]	800,000,000
Adjustment for shares granted under the convertible notes[i]	591,304,348
Weighted average number of ordinary shares for diluted earnings per share[i]	1,391,304,348
Diluted earnings per share (RMB per share)	0.27

During the period ended 30 June 2016, there were no other instruments outstanding that could have a dilutive effect on the Company's ordinary shares.

(i) In determining the weighted average number of ordinary shares in issue during the six months ended 30 June 2016 and 30 June 2015, a 16,000-for-1 share subdivision upon Listing on 15 July 2016 have been regarded as if these shares had been in issue since 1 January 2015.

23 Contingencies

The Group did not have contingent liabilities as at 30 June 2016 or 31 December 2015.

24 Related party transactions

The Group is controlled by Yupei Investment Management (incorporated in B.V.I). The ultimate parent of the Group is Lee International Investment Management Company Limited (incorporated in the B.V.I). The ultimate controlling party of the Group is Mr. Li and Ms. Ma and their associates are regarded as the related parties.

Names and relationships with related parties are as follows:

Company name	Relationships
Shanghai Yupei Industrial	Controlled by same ultimate equity holders of the Company
Shanghai Yupei Construction Engineering Co., Ltd. ("Yupei Construction")	Controlled by same ultimate equity holders of the Company
Shanghai Yupei Specialty Building Materials Co., Ltd. ("Yupei Building Materials")	Controlled by same ultimate equity holders of the Company
Wuhu Yushi Construction Decoration Engineering Co., Ltd. ("Wuhu Yushi")	Controlled by same ultimate equity holders of the Company
Shanghai Yupei Express Logistics Co., Ltd. ("Yupei Express Logistics")	Controlled by same ultimate equity holders of the Company
Shanghai Yupei E-Commerce Co., Ltd. ("Yupei E-Commerce")	Controlled by same ultimate equity holders of the Company
Shanghai Hongyu	Associate of the Company

The significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2015 and 2016, and balances arising from related party transactions as at 30 June 2016 and 31 December 2015 are summarised below.

24 Related party transactions (continued)

(a) Advances from related parties

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Advances from		
— Yupei Construction	**–**	450,000
— Shanghai Yupei Industrial	**–**	416,850
— Yupei Building Materials	**–**	70,000
	–	936,850

(b) Repayment of advances from related parties

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Repayment of advances		
— Shanghai Hongyu	**12,300**	–
— Yupei Construction	**–**	200,000
— Shanghai Yupei Industrial	**–**	271,700
— Yupei Building Materials	**–**	100,000
	12,300	571,700

(c) Advances to a related party

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Advances to		
— Shanghai Yupei Industrial	**–**	115,850

24 Related party transactions (continued)

(d) Receipt of advances to related parties

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Receipt of advances		
— Shanghai Yupei Industrial	**–**	115,850
— Wuhu Yushi	**–**	1,289
	–	117,139

(e) Services provided by a related party

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Rental fee		
— Shanghai Yupei Industrial	**548**	1,095

(f) Services provided to related parties

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Rental income and revenue from providing property management services to		
— Yupei Express Logistics	**4,871**	1,463
— Yupei Building Materials	**2,816**	2,816
— Yupei E-Commerce	**543**	543
— Yupei Construction	**388**	388
	8,618	5,210

24 Related party transactions (continued)

(g) Interest expense

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Interest expense paid/payable to		
— Yupei Construction	**–**	4,964
— Shanghai Yupei Industrial	**–**	3,507
— Yupei Building Materials	**–**	953
	–	9,424

(h) Key management personnel compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is summarised below:

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	RMB'000	RMB'000
Salaries and allowance	**3,174**	2,693
Other social security cost, housing benefits and other employee benefits	**235**	255
	3,409	2,948

24 Related party transactions (continued)

(i) Period-end balances arising from advances to or from related parties and receiving/provision of services from or to related parties

	As at 30 June 2016 Unaudited RMB'000	As at 31 December 2015 Audited RMB'000
Accounts receivable from related parties		
— Yupei Express Logistics	1,243	—
— Yupei E-Commerce	16	—
— Yupei Construction	12	—
	1,271	—
Other receivable from related parties		
— Others	—	419
Other long-term payable to a related party		
— Yupei Express Logistics	2,243	—
Advance from related parties		
— Yupei Express Logistics	578	—
— Yupei Building Materials	447	—
	1,025	—
Trade payables to a related party:		
— Yupei Building Materials	—	695
Other payable to a related party		
— Shanghai Hongyu	—	12,300

24 Related party transactions (continued)

(i) Period-end balances arising from advances to or from related parties and receiving/provision of services from or to related parties (continued)

The receivables from and payables to related parties as at 30 June 2016 and 31 December 2015 arise mainly from ordinary course of businesses.

The receivables are unsecured, bear no interest and are repayable on demand. There are no provisions made against receivables from related parties.

The payables are unsecured, bear no interest and are repayable on demand.

(j) Borrowings guaranteed by related parties

As at 31 December 2015, the Group's bank borrowings of RMB87,625,000 is guaranteed by Mr. Li, which was released in January 2016 (Note 15).

25 Financial guarantee contracts

(a) In 2015, the Group's wholly-owned subsidiary, Shanghai Yupei signed a financial guarantee contract to provide guarantee on bank borrowing of RMB260,000,000 of Shanghai Tianke Enterprise Co., Ltd. ("Shanghai Tianke", the parent company of the other two investors of Shanghai Hongyu, the associate of the Group), covering the period from 17 June 2015 to 16 December 2016. Under the terms of the financial guarantee contract, Shanghai Yupei will guarantee the payment to the lender if Shanghai Tianke fails to repay when due.

The fair value of the financial guarantee at the time of signature is zero because the guarantee is agreed on arm's length terms. No receivable for the future premiums is recognized.

The guarantee was released on 12 June 2016.

(b) In 2015, the Group's wholly-owned subsidiary, Chengdu Shengbao Iron Structure Co., Ltd. ("Chengdu Shengbao") signed a financial guarantee contract to provide guarantee on bank borrowing of RMB10,000,000 of Chengdu Daxinan Prefab Houses Co., Ltd. ("Chengdu Daxinan", whose shareholder is a relative of the original shareholder of Chengdu Shengbao before Chengdu Shengbao was acquired by Shanghai Yupei in 2015), covering the period from 5 January 2015 to 4 January 2016. Under the terms of the financial guarantee contracts, Chengdu Shengbao will guarantee the payment to the lender if Chengdu Daxinan fails to repay when due.

The fair value of the financial guarantee at the time of signature is zero because the guarantee is agreed on arm's length terms. No receivable for the future premiums is recognized.

The guarantee was released with the repayment of the bank borrowing on 4 January 2016.

26 Events occurring after the balance sheet date

(a) Debt facilities with two financial institutions

On 27 June 2016, the Company entered into two legally binding commitment letters with two financial institutions, each an independent third party, for debt facilities of up to US$100 million in aggregate for the purposes of repaying the credit facility to Credit Suisse Singapore, the development of additional logistics facilities in the future and other general corporate purposes. The debt facilities bear coupon rate of 8% per annum, payable semiannually, and are available, subject to the execution of satisfactory definitive documentation, for utilization upon Listing. The debt facilities will be due on the third anniversary of the day the Company draws down the facilities at 106.8% of the outstanding principal amount and the Company has an early repayment option, exercisable up to 18 months after the Company draws down the facilities, subject to a premium. The debt facilities are subject to a number of customary covenants and are guaranteed by the Group's offshore subsidiaries and secured by pledge over their shares. The debt facilities were drawn down on 15 July 2016 subsequently.

Save as disclosed in Note 1, Note 5.2, Note 12, Note 14 and Note 16 of this condensed consolidated interim financial information, there are no other material subsequent events undertaken by the Company or by the Group after 30 June 2016.

中國物流資產控股有限公司

CHINA LOGISTICS PROPERTY HOLDINGS CO., LTD