2017 INTERIM REPORT 中期報告

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 | 股份代號：1589
LOGISTICS FACILITIES AND SERVICE PROVIDER | STOCK CODE : 1589

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Shifa *(Chairman)*
Mr. Pan Naiyue
Mr. Sun Limin *(resigned on 30 March 2017)*
Mr. Zhang Long
Mr. Wu Guolin *(appointed on 30 March 2017)*
Ms. Li Huifang *(appointed on 30 March 2017)*
Mr. Chen Runfu *(re-designated from a non-executive director on 30 March 2017)*
Mr. Cheuk Shun Wah *(appointed on 17 August 2017)*
Ms. Shi Lianghua *(appointed on 17 August 2017)*

Non-executive Directors

Mr. Ong Tiong Sin *(resigned on 17 August 2017)*
Mr. Liu Xiangge *(resigned on 17 August 2017)*
Mr. Wang Yeyi *(appointed on 30 March 2017)*
Ms. Li Qing *(re-designated from an executive director on 30 March 2017)*

Independent Non-executive Directors

Mr. Guo Jingbin
Mr. Fung Ching Simon
Mr. Wang Tianye
Mr. Leung Chi Ching Frederick
Mr. Chen Yaomin *(appointed on 30 March 2017)*

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

LEGAL ADVISORS

As to Hong Kong law:
Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Beijing 100025
China

As to Cayman Islands law:
Ogier
Floor 11 Central Tower
28 Queen's Road Central
Central
Hong Kong

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

Ping An Bank Co., Ltd., Shanghai Branch
China Merchants Bank Co., Ltd.
Suzhou Ganjianglu Sub-branch
Ping An Bank Co., Ltd., Hangzhou Branch
Industrial and Commercial Bank of China Ltd.,
Kunshan Branch
Bank of China, Suzhou High-tech Industrial Development
Zone Sub-branch

Business Overview and Outlook

BUSINESS OVERVIEW

As of 30 June 2017, the Company had 116 logistics facilities in operation in 24 logistics parks, located in logistics hubs in 13 provinces or centrally administered municipalities.

As demands from tenants in e-commerce and third-party logistics providers ("**3PL**") industries continued to increase, the Group expanded its network of logistics facilities to cope with such demand and thereby grew its revenue by 31.3% from RMB126.4 million for the six months ended 30 June 2016 to RMB166.1 million for the six months ended 30 June 2017. The Group's gross profit increased from RMB88.6 million for the six months ended 30 June 2016 to RMB105.7 million for the six months ended 30 June 2017. As of 25 August 2017, the Group's occupancy rate for stabilized logistics parks has increased to 88.5%, which was in line with the Company's expectation.

Major operating data of the Group's logistics parks

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

	As of 30 June 2017	As of 31 December 2016
Completed GFA:		
Stabilized logistics parks (million sq.m.)[1]	**0.9**	0.9
Pre-stabilized logistics parks (million sq.m.)[2]	**1.2**	1.2
Total (million sq.m.)	**2.1**	2.1
Logistics parks under development or being repositioned (million sq.m.)	**0.9**	0.4
Land held for future development (million sq.m.)	**0.9**	0.6
Investments accounted for using equity method (million sq.m.)	**0.1**	0.1
Total GFA (million sq.m.)	**4.0**	3.2
Investment projects (million sq.m.)[3]	**2.9**	3.3
Occupancy rate for stabilized logistics parks (%)[1]	**84.7**	86.6

(1) Logistics facilities (i) for which construction have been completed for more than 12 months as of 30 June 2017 or 31 December 2016 (as the case may be) 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 2017 or 31 December 2016 (as the case may be) 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.

In August 2017, the Group successfully issued senior notes in the aggregate principal amount of US$100,000,000 which bear interest at a rate of 8% per annum and are due in August 2020. The net proceeds from the issuance will be used to repay existing offshore indebtedness and for general corporate purposes. Furthermore, in September 2017, the Group also successfully issued additional senior notes in the aggregate principal amount of US$100,000,000 which bear interest at a rate of 8% per annum and will mature in August 2020. The net proceeds from the issue of the additional senior notes are intended to be used for repaying existing offshore indebtedness and general corporate purposes.

INDUSTRY OVERVIEW

Over recent years, thanks to the growing demand for logistics services, the Chinese logistics facilities market has witnessed a sustained and rapid development, but the amount and quality have been far lower than that of the economically developed markets. According to a report from DTZ Cushman & Wakefield Limited, as at the second quarter of 2017, the inventory level of the premium logistics facilities in China reached 33.18 million square meters, which was still lower compared to the economic scale of China and was much less than the total 150 million square meters of the similar property market in the United States of America, whereas the area of logistics facilities per capita in China was smaller than that in the developed markets, such as the United States of America and Japan. According to a report from CBRE Group, Inc., the area of logistics facilities per capita in China was 0.4 square meters, which was one to thirteenth of that in the United States of America.

Across this industry, the demand of the premium logistics facilities leasing market in China continued to maintain a strong momentum, the 3PL and e-commerce tenants still took a leading position in the leasing market, and the overall demand of the traditional retail and manufacturing sectors maintained steady. According to China Federation of Logistics & Purchasing, in the first half of 2017, the total amount of the national logistics in China was RMB118.9 trillion, representing a period-over-period increase of 7.1% based on the comparable prices and an increase of 0.9 percentage points over the same period of the previous year. Furthermore, according to the National Academy of Economic Strategy of the Chinese Academy of Social Sciences, in the first half of 2017, the e-commerce sector in China still kept at a higher growth rate in its development. From December 2016 to May 2017, the total amount of online retail sales amounted to RMB3,022.9 billion, which has exceeded RMB3 trillion for the first time within six consecutive months, representing a period-over-period increase of 35.3% and marking the highest record in the Chinese e-commerce sector over the same period.

For the overall supply and demand relation, there were still some over-demand circumstances in the Chinese premium logistics facilities market, driving the steady growth in rental prices.

OUTLOOK

Business Outlook

During the second half of 2017, 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 2017, the Group has approximately 0.9 million sq.m. of GFA of land held for future development and approximately 2.9 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* — China's e-commerce industry continued to experience strong growth in 2017. 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. With an expected growth of the global e-commerce sales at a rate of 20% per annum, e-commerce is becoming more and more important to consumers, which surpasses the traditional retail sector. Consumers continuously move towards organized retail channels, including e-commerce and chain stores. The demand for modern logistics solutions has been propelled due to this large-scale and highly-efficient transportation of goods.

- *Growing 3PL market* — The 3PL industry continued to experience steady growth in 2017. Key drivers for this growth have been the demand for more efficient logistics services, rapid development in transportation infrastructure, and 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.

- *Domestic consumption* — Consumption is a major driver of demand for modern logistics facilities, which is a long-term trend driven by population growth, urbanization and the growing middle class.

- *Sustained demand for modern logistics facilities* — Given that modern logistics facilities have been in short supply for a sustained period of time, China is still a core market for logistics development. The supply chain is evolving, and enterprises need modern warehouse facilities to improve efficiency and reduce costs.

- *Emergence of new types of customers* — Due to the lack of scale and capability, many retailers and manufacturers have chosen to outsource their delivery services to 3PL to improve efficiency. Consolidation of the fragmented business in the past will mean the emergence of new types of customers.

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 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 2016 to the six months ended 30 June 2017:

	Six months ended 30 June				Year-on-Year
	2017		2016		Change
	RMB	**%**	RMB	%	%
	Unaudited		Unaudited		
	(In thousands, except for percentages and per share data)				
Condensed Consolidated Statement of Comprehensive Income					
Revenue	**166,065**	**100.0**	126,440	100.0	31.3
Cost of sales	**(60,344)**	**(36.3)**	(37,801)	(29.9)	59.6
Gross profit	**105,721**	**63.7**	88,639	70.1	19.3
Selling and marketing expenses	**(12,495)**	**(7.5)**	(9,026)	(7.1)	38.4
Administrative expenses	**(34,670)**	**(20.9)**	(47,794)	(37.8)	(27.5)
Other income	**11,881**	**7.2**	15,421	12.2	(23.0)
Fair value gains on investment properties — net	**452,274**	**272.3**	618,229	489.0	(26.8)
Fair value losses on hybrid instruments — net	**—**	**—**	(21,066)	(16.7)	(100)
Other gains/(losses) — net	**881**	**0.5**	(4,819)	(3.8)	(118.3)
Operating profit	**523,592**	**315.3**	639,584	505.8	(18.1)
Finance income	**33,919**	**20.4**	7,495	5.9	352.6
Finance expenses	**(149,892)**	**(90.3)**	(17,652)	(14.0)	749.2
Finance expenses — net	**(115,973)**	**(69.8)**	(10,157)	(8.0)	1,041.8
Share of profit of investments accounted for using the equity method	**147,090**	**88.6**	57,790	45.7	154.5
Profit before income tax	**554,709**	**334.0**	687,217	543.5	(19.3)
Income tax expense	**(126,015)**	**(75.9)**	(163,574)	(129.4)	(23.0)
Profit for the period attributable to owners of the Company	**428,694**	**258.1**	523,643	414.1	(18.1)
Other comprehensive income					
Items that may be reclassified to profit or loss					
Change in value of available-for-sale financial assets	**(2,936)**	**(1.8)**	—	—	(100.0)
Currency translation differences	**531**	**0.3**	—	—	100.0
	(2,405)	**(1.4)**	—	—	(100.0)

	Six months ended 30 June				Year-on-Year
	2017		2016		Change
	RMB	%	RMB	%	%
	Unaudited		Unaudited		
	(In thousands, except for percentages and per share data)				
Other comprehensive income for the period, net of tax	**(2,405)**	**(1.4)**	—	—	(100.0)
Total comprehensive income for the period attributable to owners of the Company	**426,289**	**256.7**	523,643	414.1	(18.6)
Earnings per share (expressed in RMB)					
Basic	**0.1459**		0.6546		
Diluted	**0.1457**		0.6546		

Revenue

The Group's revenue increased by 31.3% from RMB126.4 million for the six months ended 30 June 2016 to RMB166.1 million for the same period of 2017, 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 59.6% from RMB37.8 million for the six months ended 30 June 2016 to RMB60.3 million for the same period of 2017, 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 increased from 29.9% in the first half of 2016 to 36.3% for the same period of 2017. The increase was primarily attributable to (i) the revenue from certain new projects which were completed and commenced operation at the end of 2016 or the first quarter of 2017 is less than that from the mature operating projects; and (ii) the expenditure of the fixed cost, including tax and maintenance fee on properties.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 19.3% from RMB88.6 million for the six months ended 30 June 2016 to RMB105.7 million for the same period of 2017. As a result of the foregoing, the Group's gross profit margin decreased from 70.1% for the six months ended 30 June 2016 to 63.7% for the same period of 2017.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 38.4% from RMB9.0 million for the six months ended 30 June 2016 to RMB12.5 million for the same period of 2017, 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 increased from 7.1% in the first half of 2016 to 7.5% for the same period of 2017.

Administrative Expenses

The Group's administrative expenses decreased by 27.5% from RMB47.8 million for the six months ended 30 June 2016 to RMB34.7 million for the same period of 2017, primarily due to the fact that we did not incur any listing expenses in 2017. As a percentage of the Group's revenue, administrative expenses decreased from 37.8% in the first half of 2016 to 20.9% in the first half of 2017. The decrease was primarily due to the fact that we did not incur any listing expenses in 2017 and the increase of the Group's operational efficiency.

Other Income

The Group's other income decreased by 23.0% from RMB15.4 million for the six months ended 30 June 2016 to RMB11.9 million for the same period of 2017, primarily due to (i) the Government grants received by the Group from the local government authority are non-fixed; and (ii) the government grants received are not directly related to the Group's existing business revenue.

Fair Value Gains on Investment Properties — Net

The Group's net fair value gains on investment properties decreased by 26.8% from RMB618.2 million for the six months ended 30 June 2016 to RMB452.3 million for the same period of 2017, primarily as a result of the decrease in the Group's fair value gains on investment properties as the logistics parks projects under development decreased as of 30 June 2017 as compared with the same period of 2016.

Fair Value Losses on Hybrid Instruments — Net

The Group's net fair value losses on hybrid instruments decreased by 100% from RMB21.1 million for the six months ended 30 June 2016 to Nil for the same period of 2017 as all such hybrid instruments have been retired prior to the listing.

Other Gains/(Losses) — Net

The Group's other gains/(losses) decreased significantly from the net loss of RMB4.8 million for the six months ended 30 June 2016 to the net gains of RMB0.9 million for the same period of 2017, primarily as a result of a compensation for the terminated contract of RMB2.5 million and the Group's loss of RMB1.3 million from the disposal of the auxiliary facilities of the logistics park. The above matters did not occur in the six months ended 30 June 2017 as the Group strengthened the relevant process control.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by 18.1% from RMB639.6 million for the six months ended 30 June 2016 to RMB523.6 million for the same period of 2017. As a percentage of the Group's revenue, the Group's operating profit decreased from 505.8% for the six months ended 30 June 2016 to 315.3% for the same period of 2017.

Finance Income

The Group's finance income increased by 352.6% from RMB7.5 million for the six months ended 30 June 2016 to RMB33.9 million for the same period of 2017, primarily as a result of the effect of net exchange gains or losses on foreign deposits and loan balances.

Finance Expenses

The Group's finance expenses increased significantly by 749.2% from RMB17.7 million for the six months ended 30 June 2016 to RMB149.9 million for the same period of 2017, primarily due to (i) the sharp decrease in the Group's capitalization rates of interest on loans as compared with 2016; (ii) the increase of the Group's total loans.

Income Tax Expense

The Group's income tax expenses decreased by 23.0% from RMB163.6 million for the six months ended 30 June 2016 to RMB126.0 million for the same period of 2017. The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, decreased from 23.8% in the first half of 2016 to 22.7% for the same period in 2017, primarily due to the declined tax rate resulting from the exemption of income tax on the net income, such as the investment income and net exchange gains, recognized by certain of the Group's subsidiaries.

Profit for the Period Attributable to Owners of the Company

As a result of the foregoing, the Group's profit for the period attributable to the owners of the Group decreased by 18.1% from RMB523.6 million for the six months ended 30 June 2016 to RMB428.7 million for the same period of 2017.

Non-IFRSs Measure

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 this 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 adjusted EBITDA, which consists of profit for the year attributable to owners of the Company, adding back our interest expense on borrowings, net exchange losses, income tax expense, amortization expense, listing expenses, depreciation charge, pre-IPO private placement commission fee and other one-off transaction expenses, further adjusted to deduct our other income, fair value gains on investment properties — net, fair value losses on hybrid instruments — net and other gains/(losses) — net, interest income on bank deposits, net exchange gains and share of profit of investments accounted for using the equity method.

The Group's core net profit increased from RMB56.2 million for the six months ended 30 June 2016 to RMB62.9 million for the same period in 2017. 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 2017 was 37.8%.

Earnings per share

The Group's basic earnings per share and diluted earnings per share decreased by 77.7% and 77.7% from RMB0.6546 and RMB0.6546 for the six months ended 30 June 2016 to RMB0.1459 and RMB0.1457 for the six months ended 30 June 2017, respectively, primarily as a result of (i) the increase in the weighted average number of ordinary shares in issue from 800,000,000 shares for the six months ended 30 June 2016 to 2,937,850,494 shares for the six months ended 30 June 2017; and (ii) the profit for the period attributable to owners of the Company decreased from RMB523.6 million for the six months ended 30 June 2016 to RMB428.7 million for the six months ended 30 June 2017.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended 30 June 2017, the Group financed its operations primarily through cash from the Group's operations and borrowings from banks and other financial institutions. The Group intends to finance its expansion and business operations by internal resources, through organic and sustainable growth and bank borrowings.

Cash and cash equivalents

As of 30 June 2017, the Group had cash and cash equivalents of RMB814.6 million (31 December 2016: RMB1,957.7 million), which primarily consisted of cash at bank and on hand that were denominated in Renminbi, U.S. dollars, Swiss Franc and Hong Kong dollars.

The Group currently does not use any derivative contracts to hedge against the Group's exposure to currency risk. The Group's management manages the currency risk by closely monitoring the movement at the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

Indebtedness

(a) **Borrowings**

As of 30 June 2017, the Group's total outstanding borrowings amounted to RMB5,359.0 million. The Group's 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 2017 Unaudited	As of 31 December 2016 (Audited)
	(in RMB thousands)	
Non-current		
Long-term bank borrowings		
— secured by assets	**2,833,454**	2,536,954
— secured by assets and equity interest of certain subsidiaries	**397,133**	445,525
Long-term borrowings from other financial institutions		
— secured by shares of subsidiary guarantors	**668,447**	652,944
— unsecured	**1,349,965**	1,387,400
	5,248,999	5,022,823
Less: Long-term borrowings due within one year	**(445,892)**	(390,231)
	4,803,107	4,632,592

	As of 30 June 2017 Unaudited	As of 31 December 2016 (Audited)
	(in RMB thousands)	
Current		
Short-term bank borrowings		
— secured by assets	**110,000**	213,623
Current portion of long-term bank borrowings	**445,892**	390,231
	555,892	603,854
	5,358,999	5,236,446

The Group's total outstanding borrowings amounted to RMB5,236.4 million and RMB5,359.0 million as of 31 December 2016 and 30 June 2017, 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 2017, the Group's borrowings of RMB2,018.4 million (31 December 2016: RMB2,090.3 million) bore fixed interest rates and the remaining borrowings of RMB3,340.6 million bore floating interest rates. The weighted average effective interest rates of the Group's borrowings, which represent actual borrowing cost incurred during the period divided by weighted average borrowings that were outstanding during the period, for the six months ended 30 June 2016 and 2017 were 5.3% and 7.7%, 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 2017 Unaudited	As of 31 December 2016 (Audited)
	(in RMB thousands)	
Within one year	**555,892**	603,854
Between one and two years	**601,218**	515,608
Between two and five years	**3,260,901**	3,272,664
Over five years	**940,988**	844,320
Total Borrowings	**5,358,999**	5,236,446

The Group has the following undrawn borrowing facilities:

	As of 30 June 2017 Unaudited	As of 31 December 2016 (Audited)
	(in RMB thousands)	
Floating rate:		
Expiring within one year	—	31,378
Expiring beyond one year	**45,000**	128,000
Fixed rate:		
Expiring beyond one year	—	130,000
	45,000	289,378

GEARING RATIO

The Group's gearing ratio is calculated by dividing (i) the Group's interest-bearing borrowings less cash and cash equivalents and restricted cash, being the Group's net debt, by (ii) the sum of net debt and the Group's total equity being the Group's total capital. As of 31 December 2016 and 30 June 2017, the Group's gearing ratio was 27.8% and 33.5%, respectively.

CAPITAL EXPENDITURES

The Group made payment for the capital expenditures representing the spending on the development of its logistics park projects, the acquisition of land and the acquisition of property, plant and equipment of RMB934.0 million for the six months ended 30 June 2017. For the six months ended 30 June 2016, the Group made capital expenditures of RMB789.1 million. The Group's capital expenditure in the first half of 2017 was funded primarily by cash generated from its operating activities and bank borrowings.

CHARGE ON GROUP ASSETS

As of 30 June 2017, the Group had pledged its investment properties of a total of RMB10,674.0 million to secure bank borrowings of the Group. See Note 16 set out in the "Notes to the Financial Information" in this report for further details.

CONTINGENT LIABILITIES AND GUARANTEES

As of 30 June 2017, there were no significant unrecorded contingent liabilities, guarantees or litigation against the Group.

FUNDING AND TREASURY POLICY

The Group adopts a stable, conservative approach on its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its business operations as well as its future investments and expansion plans.

MATERIAL ACQUISITIONS AND FUTURE PLANS FOR MAJOR INVESTMENT

During the six months ended 30 June 2017, 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 of the Company dated 30 June 2016 (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 2017, the Group had a total of 154 employees. The Group has established comprehensive training programs to support and encourage its employees and continued to organize on-the-job training on a regular basis to employees from member of its management team to newly hired employees to improve their relevant skills at work. 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 2017, the total employee benefit expenses of the Group (including salaries, wages, bonuses, employees share option expenses, pension, housing, medical insurance and other social insurance) amounted to RMB25.9 million, representing approximately 15.6% 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 the date of this report) have been granted by the Company under the pre- IPO share option scheme and such options remained outstanding as of 30 June 2017.

DIVIDENDS

The Company did not declare or distribute any dividend to the Company's Shareholders for the six months ended 30 June 2016 and for the same period of 2017.

OBSERVANCE OF UNDERTAKING RELATING TO LEASE REGISTRATION

Historically, certain leases of the Group for its logistics facilities, offices and registered address had 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 by, among others, (i) establishing a team to communicate and coordinate with tenants and lessors to obtain lease registration, (ii) reporting the 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 that existing tenants 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 2017, 42 leases out of the 84 leases for the Group's logistics facilities (covering GFA of approximately 2,100,000 sq.m.) had been registered. The Group is in the process of registering the remaining 42 leases and will take all practicable steps to ensure that such leases are registered.

EVENTS AFTER THE PERIOD UNDER REVIEW

Discloseable Transaction

On 24 July 2017, the Company and China Yupei Logistics Property Development Co., Ltd (a direct wholly-owned subsidiary of the Company, "**China Yupei**"), Shanghai Yupei (Group) Company Limited (上海宇培(集團)有限公司) (an indirect wholly-owned subsidiary of the Company, "**Shanghai Yupei**"), and Total Superb Investments Limited ("**Total Superb**"), an independent third party, entered into a share purchase agreement, pursuant to which the Company and China Yupei have agreed to sell, and Total Superb has agreed to purchase, in aggregate 100% shareholding interest in Yupei East China Logistics Property Management Co., Ltd at the consideration of US$131,428,946.00 in cash. Total Superb has further agreed to render to Shanghai Yuji Investment Management Consulting Company Limited (上海宇冀投資管理諮詢有限公司) (an indirect wholly-owned subsidiary of the Company, "**Shanghai Yuji Investment**") a discharge amount of RMB14,037,469.50 in cash, which amount shall be used for the discharge of a loan owed to Shanghai Yupei by Shanghai Yuji Investment. As of the date of this report, the parties are in the course of completing the disposal in accordance with the share purchase agreement, subject to the payment of the second instalment of the consideration and the discharge amount, as further described in the announcement of the Company dated 24 July 2017. For details, please refer to the announcement of the Company dated 24 July 2017.

Issuance of senior notes

On 8 August 2017, the Company issued senior notes (the "**Original Notes**") in the aggregate principal amount of US$100,000,000, which have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Original Notes bear interest from and including 8 August 2017 at a rate of 8% per annum payable semi-annually in arrears on 8 February and 8 August of each year, commencing on 8 February 2018, and are due for repayment on 8 August 2020. Pursuant to the terms of the Original Notes, certain subsidiaries of the Company have provided pledges over the stock in certain subsidiaries of the Company held by them to secure the obligations of the Company under the Original Notes, and of certain subsidiaries of the Company under their guarantees provided to secure the Company's obligations under the Original Notes. For details, please refer to the announcements of the Company dated 25 July 2017, 2 August 2017 and 8 August 2017.

Net proceeds from the issuance of the Original Notes, after deducting the underwriting discounts and commissions and other expenses paid in connection with the issuance, amounted to approximately US$97 million. The Company intends to use the net proceeds for repaying existing offshore indebtedness and general corporate purposes. As of the date of this report, US$51 million of the net proceeds has been used for the repayment of the principal amount and interest on the borrowings from AMTD Strategic Capital Limited.

Furthermore, in September 2017, the Company issued additional senior notes (the "**Additional Notes**") in the aggregate principal amount of US$100,000,000 which bear interest at a rate of 8% per annum and will mature in August 2020, the principal terms of which are the same as the terms of the Original Notes. The Additional Notes have been listed on the Stock Exchange. For details, please refer to the announcements of the Company dated 12 September 2017, 13 September 2017 and 14 September 2017. The Company intends to use the net proceeds from the issue of the Additional Notes for repaying existing offshore indebtedness and general corporate purposes.

Other Information

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

As of 30 June 2017, 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 Securities and Futures Ordinance (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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") 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	26.89%
Zhang Long[4]	Beneficial Owner	2,112,000	0.07%
Pan Naiyue[5]	Beneficial Owner	2,112,000	0.07%
Wu Guolin[6]	Beneficial Owner	1,872,000	0.06%
Li Huifang[7]	Beneficial Owner	704,000	0.02%
Li Qing[8]	Beneficial Owner	1,872,000	0.06%

Notes:

(1) All interests stated are long positions.

(2) As of 30 June 2017, the Company had 2,921,756,000 issued ordinary shares (the "**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) Mr. Wu Guolin is interested in 1,872,000 options granted to him under the pre-IPO share option scheme of the Company, representing 1,872,000 underlying Shares.

(7) Ms. Li Huifang is interested in 704,000 options granted to her under the pre-IPO share option scheme of the Company, representing 704,000 underlying Shares.

(8) 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.

(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[2]	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 30 June 2017, 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 of 30 June 2017, 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	26.89%
Yupei International Investment Management Co., Ltd[3][4]	Beneficial owner	785,600,000	26.89%
Ma Xiaocui	Interest of spouse[5]	785,600,000	26.89%
RRJ Capital Master Fund II, L.P.	Interest of controlled corporation[6]	544,384,000	18.63%
The Carlyle Group L.P.	Interest of controlled corporation[7]	286,480,000	9.81%
Carlyle Holdings III GP Management L.L.C.	Interest of controlled corporation[7]	286,480,000	9.81%
Carlyle Holdings III GP L.P.	Interest of controlled corporation[7]	286,480,000	9.81%
Carlyle Holdings III GP Sub L.L.C.	Interest of controlled corporation[7]	286,480,000	9.81%
Carlyle Holdings III L.P.	Interest of controlled corporation[7]	286,480,000	9.81%
TC Group Cayman, L.P.	Interest of controlled corporation[7]	286,480,000	9.81%
TC Group Cayman Sub, L.P.	Interest of controlled corporation[7]	286,480,000	9.81%
Carlyle Asia Real Estate III GP, Ltd.	Interest of controlled corporation[7]	286,480,000	9.81%
Seed Coinvestment GP, L.P.	Interest of controlled corporation[7]	286,480,000	9.81%
Seed Coinvestment, L.P.	Interest of controlled corporation[7]	286,480,000	9.81%
Seed Holding Company I, Limited[7]	Beneficial owner	286,480,000	9.81%
Sino-Ocean Group Holding Limited	Interest of controlled corporation[8]	287,741,000	9.85%
Shine Wind Development Limited	Interest of controlled corporation[8]	287,741,000	9.85%
Faith Ocean International Limited	Interest of controlled corporation[8]	287,741,000	9.85%
Sino-Ocean Land (Hong Kong) Limited	Interest of controlled corporation[8]	287,741,000	9.85%
Joy Orient Investments Limited[8]	Beneficial owner	287,741,000	9.85%

Notes:

(1) All interests stated are long positions.

(2) As of 30 June 2017, the Company had 2,921,756,000 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) The 785,600,000 Shares held by Yupei International Investment Management Co., Ltd. have been charged in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) as security for a bona fide commercial loan provided to Yupei International Investment Management Co., Ltd. as disclosed in the announcements of the Company dated 28 September 2016 and 5 December 2016.

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

(6) 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.

(7) 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.

(8) 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 30 June 2017, 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.

As of 30 June 2017, 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 30 June 2017) 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 2017, 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 of 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 2017. 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 during the six months ended 30 June 2017 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	Number of Shares represented by the outstanding share options as of 31 December 2016	**Number of Shares represented by the outstanding share options as of 30 June 2017**
Directors					
Pan Naiyue	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	633,600	**633,600**
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	633,600	**633,600**
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	844,800	**844,800**
				2,112,000	**2,112,000**
Sun Limin *(resigned as an executive director on 30 March 2017)*	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	422,400	**422,400**
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	422,400	**422,400**
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	563,200	**563,200**
				1,408,000	**1,408,000**
Zhang Long	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	633,600	**633,600**
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	633,600	**633,600**
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	844,800	**844,800**
				2,112,000	**2,112,000**
Wu Guolin *(appointed as an executive director on 30 March 2017)*	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	561,600	**561,600**
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	561,600	**561,600**
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	748,800	**748,800**
				1,872,000	**1,872,000**
Li Huifang *(appointed as an executive director on 30 March 2017)*	28 March 2016	$1.625	From 15 July 2017 to 14 July 2021	211,200	**211,200**
	28 March 2016	$1.625	From 15 July 2018 to 14 July 2021	211,200	**211,200**
	28 March 2016	$1.625	From 15 July 2019 to 14 July 2021	281,600	**281,600**
				704,000	**704,000**

Name or category of grantee	Date of grant of share options	Exercise price of share options (HK$ per share)	Exercise period of share options	Number of Shares represented by the outstanding share options as of 31 December 2016	**Number of Shares represented by the outstanding share options as of 30 June 2017**
Shi Lianghua *(appointed as an executive director on 17 August 2017)*	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	494,400	**494,400**
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	494,400	**494,400**
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	659,200	**659,200**
				1,648,000	**1,648,000**
Li Qing	28 March 2016	$1.625	From 15 July 2017 to 14 July 2021	561,600	**561,600**
	28 March 2016	$1.625	From 15 July 2018 to 14 July 2021	561,600	**561,600**
	28 March 2016	$1.625	From 15 July 2019 to 14 July 2021	748,800	**748,800**
				1,872,000	**1,872,000**
				11,728,000	**11,728,000**
Members of senior management & other employees of the Group					
In aggregate	21 March 2016	$1.625	From 15 July 2017 to 14 July 2021	1,104,000	**1,104,000**
	21 March 2016	$1.625	From 15 July 2018 to 14 July 2021	1,104,000	**1,104,000**
	21 March 2016	$1.625	From 15 July 2019 to 14 July 2021	1,472,000	**1,472,000**
	28 March 2016	$1.625	From 15 July 2017 to 14 July 2021	124,800	**124,800**
	28 March 2016	$1.625	From 15 July 2018 to 14 July 2021	124,800	**124,800**
	28 March 2016	$1.625	From 15 July 2019 to 14 July 2021	166,400	**166,400**
				4,096,000	**4,096,000**
Total				15,824,000	**15,824,000**

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Consistent with the Board's commitment to maintaining the well-being of the Group and protecting the Group's long-term interest, share repurchase exercises were implemented during the six months ended 30 June 2017. During the period, 17,268,000 ordinary shares of the Company were repurchased by the Company on the Stock Exchange at an aggregate price of HK$41,169,090, which does not include any fees associated with the repurchase. Consequent to these share repurchase exercises, the Company has repurchased and cancelled 17,238,000 Shares as of 30 June 2017, representing approximately 0.59% of the total number of issued shares of the Company immediately prior to such repurchases and cancellations. As at the date of this interim report, all of the above repurchased shares were cancelled. As the Board is of the view that the value of the Company's shares is consistently undervalued, it believes that the repurchases will go towards addressing this trend. The Board also believes that given the current financial resources of the Company, the share repurchases will not affect the Company's financial position. Details of shares repurchased during the relevant period are set out as follows:

Date of repurchase	Number of Shares purchased on the Stock Exchange	Price paid per Share Highest HK$	Price paid per Share Lowest HK$	Aggregate consideration paid HK$
12 June 2017	491,000	2.50	2.48	1,221,140
13 June 2017	1,196,000	2.51	2.44	2,967,340
14 June 2017	258,000	2.50	2.49	642,350
15 June 2017	1,657,000	2.50	2.50	4,123,200
16 June 2017	3,500,000	2.50	2.50	8,712,920
19 June 2017	1,900,000	2.48	2.47	4,685,440
20 June 2017	4,982,000	2.40	2.30	11,616,040
21 June 2017	1,745,000	2.42	2.16	3,909,600
22 June 2017	1,480,000	2.17	2.11	3,162,850
23 June 2017	59,000	2.19	2.16	128,210

The Directors believe that the repurchase of shares is in the best interests of the Company and its Shareholders and would lead to an enhancement of the Group's earnings per share.

Save as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to shareholders of the Company for the six months ended 30 June 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2017, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules, except for a deviation from code provision A.2.1 of the Code which 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 eight executive directors (including Mr. Li), two non-executive directors and five independent non-executive directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review and monitor 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. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2017.

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. No incident of non-compliance of the Model Code by the employees was noted by the Company during the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company established the Audit Committee 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 the unaudited interim financial results of the Group for the six months ended 30 June 2017.

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

With effect from 30 March 2017, Mr. Sun Limin has resigned as an executive director of the Company, each of Mr. Wu Guolin and Ms. Li Huifang has been appointed as an executive director of the Company, Mr. Wang Yeyi has been appointed as a non-executive director of the Company, Mr. Chen Yaomin has been appointed as an independent non-executive director of the Company, Ms. Li Qing has been re-designated from an executive director to a non-executive director, and Mr. Chen Runfu has been re-designated from a non-executive director to an executive director.

With effect from 17 August 2017, each of Mr. Ong Tiong Sin and Mr. Liu Xiangge has resigned as a non-executive director of the Company and each of Mr. Cheuk Shun Wah and Ms. Shi Lianghua has been appointed as an executive director of the Company.

Save as disclosed above, there is no other change in the composition of the Board or 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 2016 annual report of the Company or the directors' appointment announcement dated 17 August 2017 (as the case may be).

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$3,362.1 million, comprising HK$3,175.4 million raised from the global offering and HK$186.7 million raised from the issue of shares pursuant to the partial exercise of the over-allotment option.

As of 30 June 2017, the Net Proceeds of HK$3,362.1 million had been fully 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

pwc

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 30 to 68, 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 2017 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, 30 August 2017

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Condensed Consolidated Balance Sheet

	Note	30 June 2017 Unaudited RMB'000	31 December 2016 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**7,627**	6,620
Investment properties	7	**14,285,000**	12,839,000
Intangible assets	7	**87**	107
Investments accounted for using the equity method	8	**332,057**	184,967
Long-term trade receivables		**18,536**	19,412
Available-for-sale financial assets	5	**57,582**	—
Other long-term prepayments	9	**300,757**	397,576
		15,001,646	13,447,682
Current assets			
Trade and other receivables	10(a)	**55,582**	36,553
Prepayments	10(b)	**34,174**	13,070
Available-for-sale financial assets	5	**142,456**	76,119
Derivative financial instruments	11	**561**	—
Cash and cash equivalents	12	**814,561**	1,957,704
Restricted cash	12	**79,142**	9,555
		1,126,476	2,093,001
Total assets		**16,128,122**	15,540,683
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and premium	13	**5,724,669**	5,760,728
Treasury shares	13	**(57)**	—
Other reserves	14	**171,229**	166,842
Retained earnings		**2,980,216**	2,551,522
Total equity		**8,876,057**	8,479,092

	Note	30 June 2017 Unaudited RMB'000	31 December 2016 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	**4,803,107**	4,632,592
Long-term payables		**37,775**	27,612
Deferred income tax liabilities	17	**1,482,673**	1,358,750
		6,323,555	6,018,954
Current liabilities			
Trade and other payables	18	**369,208**	422,437
Current income tax liabilities		**3,410**	16,346
Borrowings	16	**555,892**	603,854
		928,510	1,042,637
Total liabilities		**7,252,065**	7,061,591
Total equity and liabilities		**16,128,122**	15,540,683

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2017	2016
		Unaudited	Unaudited
	Note	**RMB'000**	RMB'000
Revenue	6	**166,065**	126,440
Cost of sales	19	**(60,344)**	(37,801)
Gross profit		**105,721**	88,639
Selling and marketing expenses	19	**(12,495)**	(9,026)
Administrative expenses	19	**(34,670)**	(47,794)
Other income		**11,881**	15,421
Fair value gains on investment properties — net		**452,274**	618,229
Fair value losses on hybrid instruments — net		**—**	(21,066)
Other gains/(losses) — net	20	**881**	(4,819)
Operating profit		**523,592**	639,584
Finance income	21	**33,919**	7,495
Finance costs	21	**(149,892)**	(17,652)
Finance expenses — net	21	**(115,973)**	(10,157)
Share of profit of investments accounted for using the equity method	8	**147,090**	57,790
Profit before income tax		**554,709**	687,217
Income tax expense	22	**(126,015)**	(163,574)
Profit for the period attributable to owners of the Company		**428,694**	523,643
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in value of available-for-sale financial assets		**(2,936)**	—
Currency translation differences		**531**	—
		(2,405)	—
Other comprehensive income for the period, net of tax		**(2,405)**	—

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2017 Unaudited RMB'000	2016 Unaudited RMB'000
Total comprehensive income for the period attributable to owners of the Company		**426,289**	523,643
Earnings per share (expressed in RMB)			
— Basic	23	**0.1459**	0.6546
— Diluted	23	**0.1457**	0.6546

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company				
	Share capital and premium	Treasury shares	Other reserves	Retained earnings	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017	5,760,728	—	166,842	2,551,522	8,479,092
Comprehensive income					
Profit for the period	—	—	—	428,694	428,694
Other comprehensive income					
Change in value of available-for-sale financial assets (Note 5)	—	—	(2,936)	—	(2,936)
Currency translation differences	—	—	531	—	531
	—	—	(2,405)	—	(2,405)
Total comprehensive income	—	—	(2,405)	428,694	426,289
Transactions with equity owners in its capacity as equity owners					
Employees share option scheme					
— Value of employee services (Notes 14, 15)	—	—	6,792	—	6,792
Repurchase of shares (Note 13)	—	(36,116)	—	—	(36,116)
Cancellation of shares (Note 13)	(36,059)	36,059	—	—	—
	(36,059)	(57)	6,792	—	(29,324)
Balance at 30 June 2017	5,724,669	(57)	171,229	2,980,216	8,876,057

Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company				
	Share capital and premium	Treasury shares	Other reserves	Retained earnings	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	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
	—	—	3,740	—	3,740
Balance at 30 June 2016	310	—	156,517	2,354,990	2,511,817

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	**78,556**	52,307
Interest received	**1,736**	4,959
Income tax paid	**(15,028)**	(6,381)
Net cash generated from operating activities	**65,264**	50,885
Cash flows used in investing activities		
Payment of the remaining consideration of acquisition of Zhengzhou Hozdo Logistics Co., Ltd.	**—**	(373)
Acquisition of property, plant and equipment	**(2,027)**	(171)
Proceeds from disposal of property, plant and equipment	**278**	—
Addition of investment properties	**(931,933)**	(821,290)
Proceeds from disposal of investment property auxiliary facilities	**—**	17
Purchases of available-for-sale financial assets	**(126,855)**	—
Proceeds from disposal of derivative financial instruments	**278**	—
(Increase)/decrease in restricted cash	**(69,587)**	800
Receipt of government grants	**11,881**	13,600
Net cash used in investing activities	**(1,117,965)**	(807,417)
Cash flows from financing activities		
Proceeds from borrowings	**565,503**	1,297,500
Repayments of borrowings	**(424,999)**	(621,763)
Payment of interest of hybrid instruments	**—**	(42,236)
Payment of interest expenses	**(184,366)**	(68,831)
Payment of bond offering expenses	**(6)**	—
Decrease in amounts due to related parties	**—**	(12,300)
Payment of underwritering commission fees and other listing expenses	**(616)**	(28,832)
Repurchase of ordinary shares	**(36,116)**	—
Net cash (used in)/generated from financing activities	**(80,600)**	523,538
Net decrease in cash and cash equivalents	**(1,133,301)**	(232,994)
Cash and cash equivalents at the beginning of the period	**1,957,704**	820,773
Exchange (losses)/ gains on cash and cash equivalents	**(9,842)**	2,571
Cash and cash equivalents at end of the period	**814,561**	590,350

The notes on pages 37 to 68 form an integral part of this condensed consolidated interim 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 logistics facilities and the provision of related management services in the People's Republic of China (the "PRC").

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.

Before the Listing, Mr. Li Shifa ("Mr. Li") and Ms. Ma Xiaocui ("Ms. Ma") (the spouse of Mr. Li) were the ultimate controlling shareholders of the Group. After the Listing, they became the substantial shareholders of the Group.

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 30 August 2017.

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 2017 has been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2016, as described in that annual consolidated financial statements.

(a) Derivative financial instruments

The Group's derivative financial instruments refer to foreign exchange swaps. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group does not designate the derivatives as hedges, and they are categorized as held for trading.

Gains or losses arising from changes in the fair value of the derivative financial instruments are presented in the consolidated statement of comprehensive income within "Other gains/(losses) — net" in the period in which they arise.

(b) Taxes on income in the interim periods are estimated and 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 2017 and have not been early adopted by the Group:

3 Accounting policies (continued)

Standards		Effective for annual periods beginning on or after
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 2 (Amendment)	Share — based payment	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018
IAS 40 (Amendments)	Investment property	1 January 2018
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	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 consolidated financial statements for the year ended 31 December 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 Group's annual consolidated financial statements as at 31 December 2016.

There have been no changes in the risk management policies since year 2016.

5.2 Liquidity risk

Compared to 2016 year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

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 2017, 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).

The following table presents the Group's assets that are measured at fair value at 30 June 2017:

	Level 1 Unaudited RMB'000	Level 2 Unaudited RMB'000	Level 3 Unaudited RMB'000	Total Unaudited RMB'000
As at 30 June 2017				
Assets				
Available-for-sale financial assets	—	—	200,038	200,038
Derivative financial instruments	—	561	—	561
Investment properties	—	—	14,285,000	14,285,000
	—	561	14,485,038	14,485,599

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation (continued)

The following table presents the Group's assets that are measured at fair value at 31 December 2016:

	Level 1 Unaudited RMB'000	Level 2 Unaudited RMB'000	Level 3 Unaudited RMB'000	Total Unaudited RMB'000
As at 31 December 2016				
Assets				
Available-for-sale financial assets	—	—	76,119	76,119
Investment properties	—	—	12,839,000	12,839,000
	—	—	12,915,119	12,915,119

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

There were no changes in valuation techniques during the period.

5.4 Valuation techniques used to derive Level 2 fair values

Level 2 trading derivatives comprise foreign exchange swaps. These foreign exchange swaps have been fair valued using forward exchange rates that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

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

Investment Properties

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

5 Financial risk management and financial instruments (continued)

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

Available-for-sale financial assets

The following table presents the changes in level 3 instruments for the period ended 30 June 2017:

	Six months ended 30 June 2017 Unaudited RMB'000
Opening balance	**76,119**
Additions	**126,855**
Net fair value changes recognized in equity	**(2,936)**
Closing balances	**200,038**
Total gain/(losses) for the year realized in the condensed consolidated statement of comprehensive income, under "Other gains/(losses) — net"	**—**

Quantitative information about fair value measurements using significant unobservable inputs (level 3):

Description	Fair value at 30 June 2017 RMB'000	Valuation techinique	Unobservable inputs	Projected rate
Available-for-sale	200,038	Discounted cash flow ("DCF")	Expected yield rate	3%–6.5%

5 Financial risk management and financial instruments (continued)

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

Hybrid instruments

The following table presents the changes in level 3 instruments for the period ended 30 June 2016:

	Six months ended 30 June 2016 Unaudited RMB'000
Opening balances	5,790,473
Payment of interest	(42,236)
Losses recognized in the condensed consolidated statement of comprehensive income	21,066
Closing balances	5,769,303
Changes in unrealized losses, under "Fair value losses on hybrid instruments — net"	21,066

5.6 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 borrowing with similar credit risk and are 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 the 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 logistics facilities and providing related management services derived within the 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 logistics 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 and B represents 29.59% and 10.72% of the Group's total revenue for the six months ended 30 June 2017. Revenue from customer A represents 31.45% of the Group's total revenue for the six months ended 30 June 2016.

7 Property, plant and equipment, investment properties and intangible assets

	Property, plant and equipment Unaudited RMB'000	Investment properties Unaudited RMB'000	Intangible assets Unaudited RMB'000
Six months ended 30 June 2017			
Net book value or valuation			
Opening amount as at 1 January 2017	**6,620**	**12,839,000**	**107**
Additions	**2,027**	**993,726**	**—**
Disposals	**(86)**	**—**	**—**
Fair value gains on investment properties	**—**	**452,274**	**—**
Depreciation and amortization (Note 19)	**(934)**	**—**	**(20)**
Closing amount as at 30 June 2017	**7,627**	**14,285,000**	**87**
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 amortization (Note 19)	(612)	—	(14)
Closing amount as at 30 June 2016	4,458	11,115,000	121

Valuations of the Group's investment properties were performed by an independent professional valuer, Colliers International (Hong Kong) Limited ("Colliers"), to determine the fair values of the investment properties as at 30 June 2017 and 31 December 2016. The revaluation gains or losses are included in "Fair value gains on investment properties — net" in the condensed consolidated statement of comprehensive income.

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

The valuations were derived primarily using the DCF method with projections based on significant unobservable inputs including market rents, rental growth rates, capitalization rates 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. In addition, for investment properties under construction or leasehold land held for future development 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 costs to complete, expected completion dates and the developer's profit margin.

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

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

	Fair value measurements at 30 June 2017 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	**—**	**—**	**14,285,000**

	Fair value measurements at 31 December 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	—	—	12,839,000

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

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

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

Fair value measurements using significant unobservable inputs (Level 3)

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Opening balance	**12,839,000**	9,709,000
Additions	**993,726**	789,137
Disposals	**—**	(1,366)
Net gains from fair value adjustment	**452,274**	618,229
Closing balance	**14,285,000**	11,115,000

Valuation processes of the Group

The fair value of the Group's investment properties at 30 June 2017 and 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 valuer 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 2017 and 2016, the fair values of the properties have been derived 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; and
- Holds discussions with the independent valuer.

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

Valuation techniques

For completed logistics facilities, the valuation was determined primarily using DCF method and T&R analysis, 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 existing leases, other contracts and external evidences 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;
Capitalization rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Term / reversionary yields	Based on actual location, size and quality of the properties and taking into account market data and the status of the existing tenancies at the valuation date.

For logistics facilities which are still under construction or leasehold land held for future development, the valuation was based on the same valuation methods 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.
Completion dates	Properties under construction or leasehold land held for future development require approvals or permits from oversight bodies at various points in the development process, including approvals 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.
The developer's profit margin	Based on actual location, size and quality of the properties and taking into account market data and the completion status of the properties at the valuation date.

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

8 Investments accounted for using the equity method

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Beginning of the period	**184,967**	108,465
Share of post — tax profits of associates	**147,090**	57,790
End of the period	**332,057**	166,255

Investment in an associate

The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investment in an associate as at 30 June 2017:

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 2017.

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 2017 Unaudited RMB'000
Assets	**1,777,077**
Liabilities	**(967,181)**
Share of profit	**358,756**
Percentage held	**41%**

9 Other long-term prepayments

As at 30 June 2017 and 31 December 2016, the balance of other long-term prepayments is as follows:

	As at	
	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB'000	RMB'000
Prepayment for land use rights	**95,392**	257,782
Prepayment for construction costs	**187,087**	119,585
Long-term prepaid expenses	**18,278**	20,209
	300,757	397,576

10 Trade and other receivables and prepayments

(a) Trade and other receivables

	As at	
	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB'000	RMB'000
Trade receivables		
Rental income receivables	**5,094**	6,044
Other receivables		
Other receivables for land use rights and other deposits	**44,369**	30,388
Other receivables due from third parties	**6,119**	118
Other receivables due from related parties (Note 25)	**—**	3
	50,488	30,509
	55,582	36,553

As at 30 June 2017 and 31 December 2016, the fair value of the current portion of trade and other receivables of the Group approximated their carrying amounts.

As at 30 June 2017 and 31 December 2016, all the carrying amounts of trade and other receivables were denominated in RMB.

As at 30 June 2017 and 31 December 2016, the aging analysis of the trade receivables based on the dates that the Group was entitled to collect the rental income, was as follows:

	As at	
	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB'000	RMB'000
Trade receivables		
Up to 30 days	**4,529**	4,158
31 to 90 days	**551**	863
91 to 365 days	**14**	1,023
	5,094	6,044

10 Trade and other receivables and prepayments (continued)

(b) Prepayments

	As at 30 June 2017 Unaudited RMB'000	As at 31 December 2016 Audited RMB'000
Prepaid taxes/taxes to be deducted	**24,858**	7,433
Prepayments for bond offering expenses	**7,964**	—
Prepayments for utilities	**1,352**	5,637
	34,174	13,070

11 Derivative financial instruments

	As at 30 June 2017 Unaudited RMB'000	As at 31 December 2016 Audited RMB'000
Foreign exchange swaps — held-for-trading	**561**	—

Derivatives held for trading purpose are classified as a current asset or liability. The principal amounts of the outstanding foreign exchange swaps at 30 June 2017 were USD4,775,000 (2016: Nil).

The gains arising from changes in the fair value of the outstanding foreign exchange swaps recognized in the consolidated statement of comprehensive income is RMB561,000 (2016: Nil) (Note 20).

12 Cash and cash equivalents and restricted cash

	As at	
	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB'000	RMB'000
Cash at bank and on hand	**893,703**	1,967,259
Less: Restricted cash[(i)]	**(79,142)**	(9,555)
Cash and cash equivalents	**814,561**	1,957,704

(i) As at 30 June 2017, restricted deposits of RMB78,324,000 (2016: RMB2,237,000) were held at bank as collateral for the bank borrowings (Note 16); RMB 818,000 (2016: RMB 818,000) was held at bank for issuing letter of guarantee.

As at 31 December 2016, restricted deposits of RMB6,500,000 were held at bank for the unsettled lawsuit as required by the court. It was released on 18 May 2017.

13 Share capital and premium, and treasury shares

(a) Authorized shares

	Number of authorized shares
At 1 January 2017 and 30 June 2017	**8,000,000,000**
At 1 January 2016 and 30 June 2016	500,000

13 Share capital and premium, and treasury shares (continued)

(b) Issued shares

	Number of issued shares	Ordinary shares RMB'000	Treasury shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2017	**2,938,994,000**	**1,203**	**—**	**5,759,525**	**5,760,728**
Repurchase of shares (i)	**—**	**—**	**(36,116)**	**—**	**(36,116)**
Cancellation of shares (ii)	**(17,238,000)**	**(7)**	**36,059**	**(36,052)**	**—**
At 30 June 2017	**2,921,756,000**	**1,196**	**(57)**	**5,723,473**	**5,724,612**
At 1 January 2016 and 30 June 2016	50,000	310	—	—	310

(i) The Company repurchased 17,268,000 ordinary shares of its own through The Stock Exchange of Hong Kong Limited from 12 June 2017 to 23 June 2017. The total amount paid to repurchase the shares was RMB36,116,000 and has been deducted from shareholders' equity.

(ii) The Company cancelled 17,238,000 shares from 26 June 2017 to 30 June 2017. After the cancellation, the Company's ordinary shares in issue were reduced from 2,938,994,000 to 2,921,756,000. The amount of share capital and share premium was deducted accordingly. As at 30 June 2017, 30,000 repurchased shares remained uncancelled and was cancelled subsequently on 4 July 2017.

14 Other reserves

	Six months ended 30 June	
	2017 Unaudited RMB'000	2016 Unaudited RMB'000
Opening Balance	**166,842**	152,777
Employee share option scheme		
— Value of employee services	**6,792**	3,740
Change in value of available-for-sale financial assets (Note 5)	**(2,936)**	—
Currency translation differences	**531**	—
Closing Balance	**171,229**	156,517

15 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 2017 and 30 June 2017	**1.625**	**15,824,000**

15 Share-based payments (continued)

Share options outstanding at 30 June 2017 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share	Number of options
21 March 2021	1.625	12,832,000
28 March 2021	1.625	2,992,000

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 2017 was approximately HK$8,152,000 (equivalent to RMB6,792,000).

16 Borrowings

	As at 30 June 2017 Unaudited RMB'000	As at 31 December 2016 Audited RMB'000
Non-current		
Long-term bank borrowings		
— secured by assets (a)	**2,833,454**	2,536,954
— secured by assets and equity interest of certain subsidiaries (b)	**397,133**	445,525
Long-term borrowings from other financial institutions		
— secured by shares of subsidiary guarantors (c)	**668,447**	652,944
— unsecured	**1,349,965**	1,387,400
	5,248,999	5,022,823
Less: Long-term borrowings due within one year	**(445,892)**	(390,231)
	4,803,107	4,632,592
Current		
Short-term bank borrowings		
— secured by assets (a)	**110,000**	213,623
Current portion of long-term bank borrowings	**445,892**	390,231
	555,892	603,854
	5,358,999	5,236,446

(a) As at 30 June 2017, bank borrowings of RMB2,183,548,000 (2016: RMB2,389,954,000) were secured by the investment properties of the Group amounting to RMB7,993,000,000 (2016: RMB8,840,000,000).

As at 30 June 2017, bank borrowings of RMB289,150,000 (2016: RMB110,000,000) with undrawn borrowing amounting to RMB45,000,000 were secured by the investment properties of the Group amounting to RMB1,011,000,000 (2016: RMB573,000,000), and restricted deposits of the Group amounting to RMB5,580,000 (2016: RMB2,237,000) (Note 12).

16 Borrowings (continued)

As at 30 June 2017, bank borrowings of RMB346,693,000 (2016: RMB250,623,000) were secured by the investment properties of the Group amounting to RMB1,185,000,000 (2016: RMB1,029,000,000), and the rental income generated from the lease of the investment properties during the terms of the borrowings (2016: secured by the rental income).

As at 30 June 2017, bank borrowings of RMB124,063,000 (2016:Nil) were secured by the investment properties of the Group amounting to RMB485,000,000 (2016:Nil), the rental income generated from the lease of the investment properties during the terms of the borrowings (2016:Nil), and restricted deposits of the Group amounting to RMB5,000,000 (2016: Nil) (Note 12).

(b) As at 30 June 2017, bank borrowings of RMB397,133,000 were secured by the Group's equity interests in certain subsidiaries and restricted deposits of the Group amounting to RMB67,744,000. As at 31 December 2016, bank borrowings of RMB445,525,000 were secured by the investment property of the Group amounting to RMB885,000,000 and the Group's equity interest in certain subsidiaries.

(c) 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$100,000,000 in aggregate for the purposes of repaying the credit facility to Credit Suisse AG, Singapore Branch ("Credit Suisse Singapore"), the development of additional logistics facilities in the future and other general corporate purposes. The debt facilities were drawn down on 15 July 2016, bearing coupon rate of 8% per annum and payable semiannually. 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.

16 Borrowings (continued)

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2017	31 December 2016
	Unaudited	Audited
	RMB'000	RMB'000
Floating rate:		
— expiring within 1 year	—	31,378
— expiring beyond 1 year	45,000	128,000
Fixed rate:		
— expiring over 1 year	—	130,000
	45,000	289,378

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.

17 Deferred income tax liabilities

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Opening balance at 1 January	1,358,750	990,101
Charged to the condensed consolidated statement of comprehensive income (Note 22)	123,923	158,494
Closing balance at 30 June	1,482,673	1,148,595

18 Trade and other payables

	As at 30 June 2017 Unaudited RMB'000	As at 31 December 2016 Audited RMB'000
Payables for construction costs (a)	**198,035**	262,915
Interest payable	**64,919**	74,817
Deposits	**33,907**	11,653
Advances from customers	**23,392**	30,045
Other taxes payable	**17,411**	15,924
Accrued operating expenses	**12,028**	16,281
Payables for bond offering expenses	**7,958**	—
Payables for listing expenses	**3,869**	4,485
Employee benefit payables	**3,138**	3,372
Prepaid rents from related parties (Note 25)	**1,136**	283
Others	**3,415**	2,662
	369,208	422,437

(a) At 30 June 2017 and 31 December 2016, the ageing analysis of payables for construction costs based on the dates that the Group had the payment obligation for the construction costs, was as follows:

	As at 30 June 2017 Unaudited RMB'000	As at 31 December 2016 Audited RMB'000
Up to 1 year	**165,543**	237,868
1 year to 2 years	**30,326**	23,745
Over 2 years	**2,166**	1,302
	198,035	262,915

19 Expenses by nature

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Tax charges	**43,189**	28,789
Employee benefit expenses — including directors' emoluments	**25,944**	17,900
Maintenance and repairing costs	**12,923**	6,852
Professional fees	**7,312**	1,227
Leasing commission	**4,212**	3,366
Travelling expenses	**2,615**	2,173
Auditors' remuneration		
— Audit services	**1,500**	1,500
— Non-audit services	**1,000**	1,000
Utilities and office expenses	**2,503**	2,131
Depreciation and amortization expenses (Note 7)	**954**	626
Leasing fees	**848**	1,970
Entertainment expenses	**353**	566
Bank charges	**261**	230
Listing expenses	**—**	23,466
Other expenses	**3,895**	2,825
	107,509	94,621

20 Other gains/(losses) — net

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Derivative financial instruments		
— Fair value changes on derivative financial instruments	**561**	—
— Gain from disposal of derivative financial instruments	**278**	—
Net gain from disposal of property, plant and equipment	**192**	—
Contract termination compensation	**—**	(2,500)
Net loss from disposal of auxiliary facilities of investment properties	**—**	(1,349)
Others	**(150)**	(970)
	881	(4,819)

21 Finance expenses — net

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Finance expenses		
Interest on bank borrowings	**(95,070)**	(61,313)
Interest on borrowings from other financial institutions	**(112,181)**	—
	(207,251)	(61,313)
Less: Capitalization of interest	**57,359**	43,661
Net interest expense on borrowings	**(149,892)**	(17,652)
Finance income		
Interest income on bank deposits	**1,794**	4,959
Net exchange gains	**32,125**	2,536
	33,919	7,495
Net finance expenses	**(115,973)**	(10,157)

22 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	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax	**2,092**	5,080
Deferred income tax (Note 17)	**123,923**	158,494
	126,015	163,574

(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 2017 and 31 December 2016, because the subsidiaries do not intend to distribute dividend in foreseeable future.

23 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. In determining the weighted average number of ordinary shares in issue during the six month ended 30 June 2017 and 2016, the 16,000-for-1 share subdivision effective upon Listing on 15 July 2016 have been accounted for as if it had been completed on 1 January 2016.

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
Profit attributable to owners of the Company (RMB'000)	**428,694**	523,643
Weighted average number of ordinary shares in issue	**2,937,850,494**	800,000,000
Basic earnings per share (RMB per share)	**0.1459**	0.6546

(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 2017 Unaudited
Profit attributable to owners of the Company (RMB'000)	428,694
Weighted average number of ordinary shares in issue	2,937,850,494
Adjustment for shares granted under share option scheme	4,850,739
Weighted average number of ordinary shares for diluted earnings per share	2,942,701,233
Diluted earnings per share (RMB per share)	0.1457

During the period ended 30 June 2016, there was no dilutive potential ordinary shares.

24 Contingencies

The Group did not have contingent liabilities as at 30 June 2017 or 31 December 2016.

25 Related party transactions

Before the Listing, Mr. Li and Ms. Ma are the ultimate controlling shareholders of the Group and their subsidiaries are regarded as the related parties. After the Listing, they become the substantial shareholders of the Group and their subsidiaries continue to be regarded as the related parties.

Names and relationships with related parties are as follows:

Company name	Relationships
Shanghai Yupei Industrial (Group) Co., Ltd. ("Shanghai Yupei Industrial")	Controlled by Mr. Li and Ms. Ma
Shanghai Yupei Construction Engineering Co., Ltd. ("Yupei Construction")	Controlled by Mr. Li and Ms. Ma
Shanghai Yupei Specialty Building Materials Co., Ltd. ("Yupei Building Materials")	Controlled by Mr. Li and Ms. Ma
Shanghai Yupei Express Logistics Co., Ltd. ("Yupei Express Logistics")	Controlled by Mr. Li and Ms. Ma
Shanghai Yupei E-Commerce Co., Ltd. ("Yupei E-Commerce")	Controlled by Mr. Li and Ms. Ma
Yupei Supply Chain Management Co., Ltd. ("Yupei Supply Chain")	Controlled by Mr. Li and Ms. Ma
Yupei International Investment Management Co., Ltd. ("Yupei International")	Controlled by Mr. Li and Ms. Ma
HK Yupei International Holding Co., Limited ("Hong Kong Yupei")	Controlled by Mr. Li and Ms. Ma
Shanghai Hongyu	Associate of the Company

In the opinion of the Company's directors, the related party transactions were conducted in the ordinary course of business and based on terms mutually agreed by the underlying parties.The significant transactions carried out between the Group and its related parties during the six months ended 30 June 2016 and 2017, and balances arising from related party transactions as at 30 June 2017 and 31 December 2016 are summarised below.

25 Related party transactions (continued)

(a) Repayment of advances from a related party

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Repayment of advances		
— Shanghai Hongyu	**—**	12,300

(b) Services provided by a related party

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Rental fee		
— Shanghai Yupei Industrial	**—**	548

(c) Services provided to related parties

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Rental income and revenue from providing property management services to		
— Yupei Express Logistics	**4,451**	4,871
— Yupei Building Materials	**2,763**	2,816
— Yupei Construction	**380**	388
— Yupei E-Commerce	**266**	543
— Yupei Supply Chain	**108**	—
	7,968	8,618

25 Related party transactions (continued)

(d) 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	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Salaries and allowance	**4,862**	3,174
Employee share option expenses	**5,037**	2,609
Other social security cost, housing benefits and other employee benefits	**288**	235
	10,187	6,018

(e) Period-end balances arising from transactions with related parties

	As at 30 June	As at 31 December
	2017	2016
	Unaudited	Audited
	RMB'000	RMB'000
Other receivable from related parties (Note 10(a))		
— Yupei International	**—**	2
— Hong Kong Yupei	**—**	1
	—	3
Long-term rental deposits received from related parties		
— Yupei Supply Chain	**2,506**	1,400
— Yupei Express Logistics	**128**	843
	2,634	2,243
Prepaid rents from related parties (Note 18)		
— Yupei Express Logistics	**643**	283
— Yupei Supply Chain	**493**	—
	1,136	283

25 Related party transactions (continued)

(e) Period-end balances arising from transactions with related parties (continued)

The receivables from and payables to related parties as at 30 June 2017 and 31 December 2016 arise mainly from ordinary course of businesses.

The receivables are unsecured in nature and bear no interest. There are no provisions made against receivables from related parties.

The payables bear no interest.

26 Events occurring after the balance sheet date

(a) Disposal of 100% shareholding interest in Yupei East China

On 24 July 2017, the Company and China Yupei Logistics Property Development Co., Ltd ("China Yupei") (as the "Transferors"), Shanghai Yupei Group Co., Ltd. ("Shanghai Yupei") and Total Superb Investments Limited ("Total Superb") (as the "Transferee") entered into the share purchase agreement, pursuant to which the Transferors have agreed to sell, and the "Transferee" has agreed to purchase 100% shares in Yupei East China at the Consideration of US$131,428,946 (equivalent to approximately RMB885,962,525) in cash. The "Transferee" has further agreed to render to Shanghai Yuji Investment Management Consulting Company Limited ("Shanghai Yuji Investment"), the wholy-owned subsidiary of Yupei East China, which owns the land use right and the existing industrial buildings located in Shanghai, PRC, the discharge amount of RMB14,037,470 in cash, which amount shall be used for the discharge of the loan owed to Shanghai Yupei by Shanghai Yuji Investment. As of the date of this condensed consolidated interim financial information, the parties are in the course of completing the disposal in accordance with the share purchase agreement, subject to the payment of the second instalment of the consideration and the discharge amount.

(b) Issuance of senior notes

On 8 August 2017, the Company completed the issuance of the US$ denominated senior fixed rate notes (the "Notes") in the aggregate principal amount of US$100,000,000. The Notes are secured by guarantees and pledges provided by certain subsidiaries of the Group. The Notes will mature on 8 August 2020, unless earlier redeemed in accordance with the terms thereof. The Notes bear interest from and including 8 August 2017 at a rate of 8% per annum payable semi-annually in arrears on 8 February and 8 August of each year, commencing on 8 February 2018. The Company intends to use the net proceeds of the issuance of the Notes for repaying existing offshore indebtedness and general corporate purposes. As of the date of this condensed consolidated interim financial information, US$51 million of the net proceeds has been used for the repayment of the principal amount and interest on the borrowings from a financial institution.

Save as disclosed in Note 2 and 13 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 2017.

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