2018
INTERIM REPORT
中期報告

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

(於開曼群島註冊成立的有限公司)
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

物流設施提供商 · 服務商
LOGISTICS FACILITIES AND SERVICE PROVIDER

股份代號 STOCK CODE ：1589

CNLP
中国物流资产 CHINA LOGISTICS PROPERTY HOLDINGS

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Shifa *(Chairman)*
Mr. Pan Naiyue *(Chief Executive Officer)*
Mr. Zhang Long *(resignation effective from 11 May 2018)*
Mr. Wu Guolin
Ms. Li Huifang
Mr. Chen Runfu
Mr. Cheuk Shun Wah
Ms. Shi Lianghua

Non-executive Directors

Mr. Huang Xufeng
Ms. Li Qing
Mr. Fu Bing *(appointment effective from 11 May 2018)*

Independent Non-executive Directors

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

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

COMPANY'S WEBSITE

www.cnlpholdings.com

STOCK CODE

1589

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1899 Shenkun Road
Minhang District
Shanghai
China (201106)

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 THE 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
Industrial and Commercial Bank of China Ltd., Kunshan Jinpu Road Sub-branch
China Merchants Bank Co., Ltd., Jiaxing Branch
Bank of China, Suzhou New District Sub-branch

Business Overview and Outlook

BUSINESS OVERVIEW

As of 30 June 2018, the Company had 138 logistics facilities in operation in 29 logistics parks, located in logistics hubs in 14 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 demands and thereby grew its revenue by 65.2% from RMB166.1 million for the six months ended 30 June 2017 to RMB274.3 million for the six months ended 30 June 2018. The Group's gross profit increased from RMB105.7 million for the six months ended 30 June 2017 to RMB199.3 million for the six months ended 30 June 2018.

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 2018	As of 31 December 2017
Completed GFA:		
Stabilized logistics parks (million sq.m.)[1]	**2.4**	2.3
Pre-stabilized logistics parks (million sq.m.)[2]	**0.2**	0.1
Total (million sq.m.)	**2.6**	2.4
Logistics parks under development or being repositioned (million sq.m.)	**0.9**	0.7
Land held for future development (million sq.m.)	**0.8**	0.8
Investments accounted for using equity method (million sq.m.)	**0.1**	0.1
Total GFA (million sq.m.)	**4.4**	4.0
Investment projects (million sq.m.)[3]	**2.8**	2.8
Occupancy rate for stabilized logistics parks (%)[1]	**88.0**	89.8

(1) Logistics facilities (i) for which construction have been completed for more than 12 months as of 30 June 2018 or 31 December 2017 (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 2018 or 31 December 2017 (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 February 2018, the Group successfully issued senior notes in the aggregate principal amount of US$100,000,000 which bear interest at a rate of 9.00% per annum and are due in February 2019. The net proceeds from the issuance will be used to repay existing offshore indebtedness and for general corporate purposes.

The Group has further enhanced its business expansion through its collaboration with two well-known corporations, JD.com, Inc. ("**JD**") and LaSalle Investment Management Asia Pte. Ltd. ("**LaSalle**"), which serve as important milestones of the Group.

On 27 April 2018, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Jingdong Logistics Group Corporation ("**JD Subscriber**"), pursuant to which, upon completion of the subscription on 11 May 2018, the Company allotted and issued, and JD Subscriber subscribed for, 321,068,999 shares of the Company at the subscription price of HK$2.80 per subscription share. JD Subscriber is a subsidiary of JD.com, Inc. which is in turn a leading technology-driven e-commerce company and retail infrastructure service provider in China. The investment by JD Subscriber would, amongst other things, enable the Company to further expand its business coverage, optimize site selection and network establishment, and ensure a high occupancy rate. Meanwhile, the fund generated from the allotment and issue of the subscription shares would improve gearing ratio and ensure sufficient liquidity. For further details, please refer to the announcements of the Company dated 27 April 2018 and 11 May 2018.

Moreover, on 22 August 2018, the Company and LaSalle, an institutional property investor, entered into a cooperation framework agreement, pursuant to which the Company and a fund managed by LaSalle agreed in principle to invest up to US$300 million in and operate a portfolio of logistics warehousing projects located in China. Under the cooperation framework agreement, the Company committed to invest up to US$90 million and its onshore affiliates will be engaged to provide project or property management services to the relevant logistics warehousing projects. This is a significant milestone for the Group to achieve revenue diversification. The cooperation with LaSalle would also benefit the Group's long-term development, notably optimizing the capital structure and reducing the operational cost, which would further enhance the financial stability. The fund cooperation model helps accelerate the expansion of our logistics business, which allows the Group to seize market opportunities. For further details, please refer to the announcement of the Company dated 22 August 2018.

INDUSTRY OVERVIEW

In recent years, the economy of China has experienced a critical transitional period, shifting from rapid development into high-quality development, whereas consumption became the main impetus for economic development. 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 developed markets. According to a report from DTZ Cushman & Wakefield Limited, as at the end of the second quarter of 2018, the inventory level of the premium logistics facilities in China reached 43.21 million square meters ("**sq.m.**"), representing a period-over-period increase of 30% and has retained a strong growth momentum. Yet, it was still low in light of the economic scale of China, and 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.

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 remained steady. According to China Federation of Logistics & Purchasing, in the first half of 2018, the total amount of the national logistics in China was RMB131.1 trillion, representing a period-over-period increase of 6.9% based on the comparable prices. In the first half of 2018, the e-commerce sector in China still kept at a higher growth rate in its development. According to the National Bureau of Statistics of China, in the first half of 2018, the total amount of online retail sales in China amounted to RMB4,081.0 billion, representing a period-over-period increase of 30.1%.

For the overall supply and demand relation, there were still some over-demand circumstances in the Chinese premium logistics facilities market. Despite the uneven development of premium logistics facilities market in various regions of China, the huge endogenous demand has been continuously absorbing the inventory, which managed to gradually narrow the gap in the development of premium logistics facilities among regions, driving the steady growth in rental prices.

OUTLOOK

Business Outlook

During the second half of 2018, the Group will continue its efforts to achieve its goal to develop into the largest provider of premium logistics facilities in China and to maintain 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 2018, the Group has approximately 0.8 million sq.m. of GFA of land held for future development and approximately 2.8 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 expand 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 of its shares on The Stock Exchange of Hong Kong Limited in July 2016, the gearing ratio has been improved upon the Listing and the Group is in a better position to offer debt securities if necessary.

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

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

Industry Outlook

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

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

- *Growing e-commerce market in China* — China's e-commerce industry continued to experience strong growth in 2018. 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. China's rural e-commerce market will maintain a rapid development, and its growth rate will be far higher than the national average level.

  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 2018. Key drivers for this growth have been the demand for more efficient logistics services, rapid development in transportation infrastructure, and the trend for an increasing number of retailers, manufacturers and others choosing to outsource logistics for cost saving and efficiency. 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.

- *Industry and consumption upgrades* — Industry and consumption upgrades provide new opportunities for the flourishing growth of premium logistics facilities while presenting new challenges to supply chain services. The use of smart technologies such as big data, artificial intelligence, cloud computing, and robots has become an important means of strengthening the competitiveness of property market, enhancing customer stickiness and increasing property rentals.

- *Favorable government policy* — Numerous government publications have highlighted the importance of logistics to China's economic growth. The Chinese government aims to further lower the ratio of the total social logistics cost to gross domestic product, targeting to further lower the current ratio of 14.6% by 1 to 2 percentage points in 3 to 5 years. To achieve this goal, more high-standard logistics facilities are required to be invested in order to improve logistics efficiency.

Management Discussion and Analysis

FINANCIAL OVERVIEW

The following table is a summary of the Group's condensed consolidated statement of comprehensive income with line items in absolute amounts and as percentages of the Group's total revenue for the periods indicated, together with the change (expressed in percentages) from the six months ended 30 June 2017 to the six months ended 30 June 2018:

	Six months ended 30 June				Year-on-Year
	2018		2017		Change
	RMB	%	RMB	%	%
	Unaudited		Unaudited		
	(In thousands, except for percentages and per share data)				
Condensed Consolidated Statement of Comprehensive Income					
Revenue	**274,295**	**100**	166,065	100.0	65.2
Cost of sales	**(75,042)**	**(27.4)**	(60,344)	(36.3)	24.4
Gross profit	**199,253**	**72.6**	105,721	63.7	88.5
Selling and marketing expenses	**(13,709)**	**(5.0)**	(12,495)	(7.5)	9.7
Administrative expenses	**(52,956)**	**(19.3)**	(34,670)	(20.9)	52.7
Other income	**3,189**	**1.2**	11,881	7.2	(73.2)
Fair value gains on investment properties — net	**493,107**	**179.8**	452,274	272.3	9.0
Other (losses)/gains — net	**(2,693)**	**(1.0)**	881	0.5	(405.7)
Operating profit	**626,191**	**228.3**	523,592	315.3	19.6
Finance income	**5,928**	**2.2**	33,919	20.4	(82.5)
Finance costs	**(228,478)**	**(83.3)**	(149,892)	(90.3)	52.4
Finance expenses — net	**(222,550)**	**(81.1)**	(115,973)	(69.8)	91.9
Share of profit of investments accounted for using the equity method	**12,282**	**4.5**	147,090	88.6	(91.7)
Profit before income tax	**415,923**	**151.6**	554,709	334.0	(25.0)
Income tax expense	**(127,190)**	**(46.4)**	(126,015)	(75.9)	0.9
Profit for the period attributable to owners of the Company	**288,733**	**105.3**	428,694	258.1	(32.6)
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
	2018		2017		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	**288,733**	**105.3**	426,289	256.7	(32.3)
Earnings per share (expressed in RMB)					
Basic	**0.0959**		0.1459		
Diluted	**0.0958**		0.1457		

Revenue

The Group's revenue increased by 65.2% from RMB166.1 million for the six months ended 30 June 2017 to RMB274.3 million for the same period of 2018, 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 where the Group operates.

Cost of Sales

The Group's cost of sales increased by 24.4% from RMB60.3 million for the six months ended 30 June 2017 to RMB75.0 million for the same period of 2018, primarily as a result of an increase in the scale of the Group's operation. As a percentage of the Group's revenue, the Group's cost of sales decreased from 36.3% in the first half of 2017 to 27.4% for the same period of 2018. The decrease was primarily attributable to economies of scale from the Group's growing operation scale and the increase of the operational efficiency of the Group.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by 88.5% from RMB105.7 million for the six months ended 30 June 2017 to RMB199.3 million for the same period of 2018. The Group's gross profit margin increased from 63.7% for the six months ended 30 June 2017 to 72.6% for the same period of 2018.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 9.7% from RMB12.5 million for the six months ended 30 June 2017 to RMB13.7 million for the same period of 2018, primarily due to the expansion of the Group's in-house sales and marketing team to promote the Group's logistics parks. As a percentage of the Group's revenue, selling and marketing expenses decreased from 7.5% in the first half of 2017 to 5.0% for the same period of 2018.

Administrative Expenses

The Group's administrative expenses increased by 52.7% from RMB34.7 million for the six months ended 30 June 2017 to RMB53.0 million for the same period of 2018, primarily due to the increase of leasing fee of office building. As a percentage of the Group's revenue, administrative expenses decreased from 20.9% in the first half of 2017 to 19.3% in the first half of 2018. The decrease was primarily due to economies of scale from the Group's growing operation scale.

Other Income

The Group's other income decreased by 73.2% from RMB11.9 million for the six months ended 30 June 2017 to RMB3.2 million for the same period of 2018, primarily due to the government grants received by the Group from the local government authority are non-fixed.

Fair Value Gains on Investment Properties — Net

The Group's net fair value gains on investment properties increased by 9.0% from RMB452.3 million for the six months ended 30 June 2017 to RMB493.1 million for the same period of 2018, primarily as a result of the increase in rental rate in the premium logistics facilities industry in the PRC.

Other (Losses)/Gains — Net

The Group's other (losses)/gains decreased from the net gains of RMB0.9 million for the six months ended 30 June 2017 to the net losses of RMB2.7 million for the same period of 2018, primarily as a result of the net of other gains resulted from fair value changes on financial assets and other losses resulted from tax charge for the redemption and conversion of the hybrid instruments.

Operating Profit

As a result of the foregoing, the Group's operating profit increased by 19.6% from RMB523.6 million for the six months ended 30 June 2017 to RMB626.2 million for the same period of 2018. As a percentage of the Group's revenue, the Group's operating profit decreased from 315.3% for the six months ended 30 June 2017 to 228.3% for the same period of 2018.

Finance Income

The Group's finance income decreased by 82.5% from RMB33.9 million for the six months ended 30 June 2017 to RMB5.9 million for the same period of 2018, primarily as a result of the decrease of net exchange gains on borrowings and senior notes balances denominated in U.S. dollars.

Finance Costs

The Group's finance costs increased by 52.4% from RMB149.9 million for the six months ended 30 June 2017 to RMB228.5 million for the same period of 2018, primarily due to the increase in interest expense on borrowings which increased because of the rapid business development of the Group, and the change from exchange gains during the previous period to exchange losses for the current period due to the impact of the changes in US dollar exchange rate.

Income Tax Expense

The Group's income tax expense increased by 0.9% from RMB126.0 million for the six months ended 30 June 2017 to RMB127.2 million for the same period of 2018. The Group's effective tax rate, calculated by dividing the Group's income tax expense by the Group's profit before tax, increased from 22.7% in the first half of 2017 to 30.6% for the same period in 2018, primarily due to the increased interests of debt financing and foreign exchange losses recognized by overseas companies, while such losses were not deductible for tax purposes and led to the increase in effective tax rate.

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 32.6% from RMB428.7 million for the six months ended 30 June 2017 to RMB288.7 million for the same period of 2018.

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 the financial measure because it is used by the Group's management to evaluate its operating performance.

Core Net Profit

The Group defines its core net profit as its 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, depreciation charge and other one-off transaction expenses, further adjusted to deduct our other income, fair value gains on investment properties — 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 RMB62.9 million for the six months ended 30 June 2017 to RMB136.4 million for the same period in 2018. 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 2018 was 49.7%.

Earnings per share

The Group's basic earnings per share and diluted earnings per share decreased by 34.3% and 34.2% from RMB0.1459 and RMB0.1457 for the six months ended 30 June 2017 to RMB0.0959 and RMB0.0958 for the six months ended 30 June 2018, respectively, primarily as a result of (i) the increase in the weighted average number of ordinary shares in issue from 2,937,850,494 shares for the six months ended 30 June 2017 to 3,011,172,812 shares for the six months ended 30 June 2018; and (ii) the profit for the period attributable to owners of the Company decreased from RMB428.7 million for the six months ended 30 June 2017 to RMB288.7 million for the six months ended 30 June 2018.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended 30 June 2018, the Group financed its operations primarily through cash from the Group's operations and borrowings from banks and other financial institutions and senior notes issuance. The Group intends to finance its expansion and business operations by internal resources, through organic and sustainable growth and borrowings.

Cash and cash equivalents

As of 30 June 2018, the Group had cash and cash equivalents of RMB1,162.4 million (31 December 2017: RMB1,820.5 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 2018, the Group's total outstanding borrowings amounted to RMB6,899.6 million. The Group's borrowings were denominated in Renminbi (as to 53%) and U.S. dollars (as to 47%). 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 2018 Unaudited	As of 31 December 2017 Audited
	(in RMB thousands)	
Non-current		
Long-term bank borrowings		
— secured by assets	**3,168,156**	3,221,448
— secured by assets and equity interest of certain subsidiaries	**248,996**	322,939
Long-term borrowings from other financial institutions		
— secured by shares of subsidiary guarantors	**—**	653,044
— unsecured	**659,053**	649,744
Senior Notes		
— secured by guarantees and pledges provided by certain subsidiaries	**1,948,514**	1,916,490
Less: Long-term bank borrowings due within one year	**(638,784)**	(551,114)
Long-term borrowings from other financial institutions due within one year	**—**	(653,044)
	5,385,935	5,559,507

	As of 30 June 2018 Unaudited	As of 31 December 2017 Audited
	(in RMB thousands)	
Current		
Short-term bank borrowings		
— secured by deposit	**177,430**	—
— unsecured	**40,000**	—
Short-term senior notes		
— secured by guarantees and pledges provided by certain subsidiaries	**657,476**	—
Current portion of long-term bank borrowings		
— secured by assets	**389,788**	551,114
— secured by assets and equity interest of certain subsidiaries	**248,996**	—
Current portion of long-term borrowings from other financial institutions	**—**	653,044
	1,513,690	1,204,158
Total borrowings	**6,899,625**	6,763,665

As of 30 June 2018, the Group's borrowings of RMB3,602.2 million (31 December 2017: RMB3,557.9 million) bore fixed interest rates and the remaining borrowings of RMB3,297.4 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 year ended 31 December 2017 and the six months ended 30 June 2018 were as follows:

	As of 30 June 2018 Unaudited	As of 31 December 2017 Audited
RMB	**5.9%**	5.7%
US$	**9.1%**	11.1%

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 2018 Unaudited	As of 31 December 2017 Audited
	(in RMB thousands)	
Within one year	**1,513,690**	1,204,158
Between one and two years	**1,249,127**	1,292,813
Between two and five years	**3,335,398**	3,358,044
Over five years	**801,410**	908,650
Total Borrowings	**6,899,625**	6,763,665

The Group has the following undrawn borrowing facilities:

	As of 30 June 2018 Unaudited	As of 31 December 2017 Audited
	(in RMB thousands)	
Floating rate:		
Expiring within one year	**76,000**	—
Expiring beyond one year	**16,000**	76,000
Fixed rate:		
Expiring beyond one year	**89,600**	124,700
	181,600	200,700

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 2017 and 30 June 2018, the Group's gearing ratio was 34.2% and 34.5%, 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 RMB1,164.7 million for the six months ended 30 June 2018. For the six months ended 30 June 2017, the Group made capital expenditures of RMB934.0 million. The Group's capital expenditures in the first half of 2018 were funded primarily by cash generated from its operating activities, bank borrowings and senior notes.

CHARGE ON GROUP ASSETS

As of 30 June 2018, the Group had pledged its investment properties of a total of RMB12,663 million to secure bank borrowings of the Group. See Note 15 set out in the "Notes to the Condensed Consolidated Interim Financial Information" in this report for further details.

CONTINGENT LIABILITIES AND GUARANTEES

As of 30 June 2018, 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 current 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 2018, 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 2018, the Group had a total of 165 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 employees' 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 2018, 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 RMB21.8 million, representing approximately 8.0% 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 0.49% of the total issued share capital of the Company as of the date of this report) have been granted by the Company and 13,214,600 shares (representing approximately 0.41% of the total issued share capital of the Company as of the date of this report) remained outstanding as of 30 June 2018.

DIVIDENDS

The Company did not declare or distribute any dividend to the Company's shareholders for the six months ended 30 June 2017 and for the same period of 2018.

OBSERVANCE OF UNDERTAKING RELATING TO LEASE REGISTRATION

Historically, certain leases of the Group for its logistics facilities, offices and registered addresses 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 2018, 16 leases out of the 145 leases for the Group's logistics facilities (covering GFA of approximately 2,542,678 sq.m.) had been registered. The Group is in the process of registering the remaining 129 leases and will take all practicable steps to ensure that such leases are registered.

Other Information

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

As of 30 June 2018, 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)	887,600,000	27.37%
Pan Naiyue(4)	Beneficial Owner	2,112,000	0.07%
Wu Guolin(5)	Beneficial Owner	1,872,000	0.06%
Li Huifang(6)	Beneficial Owner	704,000	0.02%
Shi Lianghua(7)	Beneficial Owner	1,648,000	0.05%
Li Qing(8)	Beneficial Owner	1,872,000	0.06%

Notes:

(1) All interests stated are long positions.

(2) As of 30 June 2018, the Company had 3,243,545,199 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 887,600,000 Shares held by Yupei International Investment Management Co., Ltd.

(4) 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.

(5) 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.

(6) 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.

(7) Ms. Shi Lianghua is interested in 1,648,000 options granted to her under the pre-IPO share option scheme of the Company, representing 1,648,000 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 2018, 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 2018, 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]	887,600,000	27.37%
Yupei International Investment Management Co., Ltd[3][4]	Beneficial owner	887,600,000	27.37%
Ma Xiaocui	Interest of spouse[5]	887,600,000	27.37%
Central Huijin Investment Ltd.	Security interest[6]	871,826,000	26.88%
China Construction Bank Corporation	Security interest[6]	871,826,000	26.88%
RRJ Capital Master Fund II, L.P.	Interest of controlled corporation[7]	544,384,000	16.78%
Warburg Pincus & Co.	Interest of controlled corporation[8]	376,272,000	11.60%
WP X Investment VI Ltd.	Interest of controlled corporation[8]	376,272,000	11.60%
ESR Cayman Limited[8]	Beneficial owner	376,272,000	11.60%
劉強東	Beneficiary of a trust (other than a discretionary interest)[9]	321,068,999	9.90%
Max Smart Limited	Interest of controlled corporation[9]	321,068,999	9.90%
JD.com, Inc.	Interest of controlled corporation[9]	321,068,999	9.90%
Jingdong Logistics Group Corporation[9]	Beneficial owner	321,068,999	9.90%
Sino-Ocean Group Holding Limited	Interest of controlled corporation[10]	287,741,000	8.87%
Shine Wind Development Limited	Interest of controlled corporation[10]	287,741,000	8.87%
Faith Ocean International Limited	Interest of controlled corporation[10]	287,741,000	8.87%
Sino-Ocean Land (Hong Kong) Limited	Interest of controlled corporation[10]	287,741,000	8.87%
Joy Orient Investments Limited[10]	Beneficial owner	287,741,000	8.87%

Notes:

(1) All interests stated are long positions.

(2) As at 30 June 2018, the Company had 3,243,545,199 issued Shares.

(3) Mr. Li 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 in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

(4) 785,600,000 Shares held by Yupei International Investment Management Co., Ltd. have been charged in favour of CCB International Overseas Limited as security for a commercial loan provided to Yupei International Investment Management Co., Ltd.

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

(6) The 871,826,000 Shares involve (i) a security interest over 785,600,000 Shares which CCB International Overseas Limited is interested in; and (ii) a security interest over 86,226,000 Shares which Design Time Limited is interested in. CCB International Overseas Limited is a wholly-owned subsidiary of CCB International (Holdings) Limited. Design Time Limited is a wholly-owned subsidiary of CCBI Investments Limited, which is in turn wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is wholly-owned by CCB Financial Holdings Limited, which is in turn wholly-owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited is wholly-owned by China Construction Bank Corporation, which is then owned as to 57.11% by Central Huijin Investment Ltd.. Accordingly, each of Central Huijin Investment Ltd. and China Construction Bank Corporation is deemed to be interested in the total number of 871,826,000 Shares, under the SFO.

(7) 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.

(8) As at 30 June 2018, ESR Cayman Limited is indirectly owned as to 40.60% by WP X Investment VI Ltd, which is in turn indirectly owned as to 96.90% by Warburg Pincus & Co.. Accordingly, each of Warburg Pincus & Co. and WP X Investment VI Ltd is deemed to be interested in the 376,272,000 Shares held by ESR Cayman Limited.

(9) 劉強東 (Mr. Richard Qiangdong Liu) controls 100% of Max Smart Limited, which in turn controls 72.63% of JD.com, Inc.. JD.com, Inc. holds the entire issued share capital of Jingdong Logistics Group Corporation. Accordingly, each of 劉強東, Max Smart Limited and JD.com, Inc. is deemed to be interested in the 321,068,999 Shares held by Jingdong Logistics Group Corporation.

(10) Joy Orient Investments Limited is an indirect 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 2018, 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 2018, options to subscribe for an aggregate of 15,824,000 Shares (representing approximately 0.49% of the total issued share capital of the Company as of 30 June 2018) have been granted by the Company under the Pre-IPO Share Option Scheme. No further options have been granted under the Pre-IPO Share Option Scheme after the listing of the Company on 15 July 2016 (the "**Listing Date**").

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.

Each option granted under the Pre-IPO Share Option Scheme has a five-year option period commencing from the grant date. During the six months ended 30 June 2018, Pre-IPO Options representing 750,200 Shares have been exercised by the holders, Pre-IPO Options representing 1,478,400 Shares have lapsed, and no Pre-IPO Options have been cancelled. The weighted average closing price of the Shares immediately before the dates on which the Pre-IPO Options were exercised is HK$2.54.

Details of the outstanding options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2018 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[Note]	Number of Shares represented by the outstanding share options as at 1 January 2018	Exercised during the period	Cancelled during the period	Lapsed during the period	**Number of Shares represented by the outstanding share options as at 30 June 2018**
Directors								
Pan Naiyue *(Chief*	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	633,600	–	–	–	**633,600**
Executive Officer)	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	633,600	–	–	–	**633,600**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	844,800	–	–	–	**844,800**
				2,112,000	–	–	–	**2,112,000**
Zhang Long *(resignation*	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	633,600	–	–	–	**633,600**
as an executive director	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	633,600	–	–	(633,600)	**–**
effective from	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	844,800	–	–	(844,800)	**–**
11 May 2018)								
				2,112,000	–	–	(1,478,400)	**633,600**
Wu Guolin	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	561,600	–	–	–	**561,600**
	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	561,600	–	–	–	**561,600**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	748,800	–	–	–	**748,800**
				1,872,000	–	–	–	**1,872,000**
Li Huifang	28 March 2016	$1.625	From 15 July 2017 to 28 March 2021	211,200	–	–	–	**211,200**
	28 March 2016	$1.625	From 15 July 2018 to 28 March 2021	211,200	–	–	–	**211,200**
	28 March 2016	$1.625	From 15 July 2019 to 28 March 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(Note)	Number of Shares represented by the outstanding share options as at 1 January 2018	Exercised during the period	Cancelled during the period	Lapsed during the period	**Number of Shares represented by the outstanding share options as at 30 June 2018**
Shi Lianghua	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	494,400	–	–	–	**494,400**
	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	494,400	–	–	–	**494,400**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	659,200	–	–	–	**659,200**
				1,648,000	–	–	–	**1,648,000**
Li Qing	28 March 2016	$1.625	From 15 July 2017 to 28 March 2021	561,600	–	–	–	**561,600**
	28 March 2016	$1.625	From 15 July 2018 to 28 March 2021	561,600	–	–	–	**561,600**
	28 March 2016	$1.625	From 15 July 2019 to 28 March 2021	748,800	–	–	–	**748,800**
				1,872,000	–	–	–	**1,872,000**
				10,320,000	–	–	(1,478,400)	**8,841,600**
Members of senior management & other employees of the Group								
In aggregate	21 March 2016	$1.625	From 15 July 2017 to 21 March 2021	1,526,400	(750,200)	–	–	**776,200**
	21 March 2016	$1.625	From 15 July 2018 to 21 March 2021	1,363,200	–	–	–	**1,363,200**
	21 March 2016	$1.625	From 15 July 2019 to 21 March 2021	1,817,600	–	–	–	**1,817,600**
	28 March 2016	$1.625	From 15 July 2017 to 28 March 2021	124,800	–	–	–	**124,800**
	28 March 2016	$1.625	From 15 July 2018 to 28 March 2021	124,800	–	–	–	**124,800**
	28 March 2016	$1.625	From 15 July 2019 to 28 March 2021	166,400	–	–	–	**166,400**
				5,123,200	(750,200)	–	–	**4,373,000**
Total				15,443,200	(750,200)	–	(1,478,400)	**13,214,600**

Note:

Such Pre-IPO Options are subject to lapse and/or expiry on an earlier date in accordance with the rules of the Pre-IPO Share Option Scheme upon a change in status of employment or cessation of employment.

ISSUE OF EQUITY SECURITIES DURING THE INTERIM PERIOD

As disclosed in the Company's announcement dated 27 April 2018, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Jingdong Logistics Group Corporation ("**JD Subscriber**") on 27 April 2018. Pursuant to the Subscription Agreement, upon completion of the subscription on 11 May 2018, the Company allotted and issued, and JD Subscriber subscribed for, 321,068,999 Shares (being ordinary shares with nominal value US$0.0000625 each in the issued share capital of the Company) (the "**Subscription Shares**"), at the subscription price of HK$2.80 per Subscription Share (the "**Subscription**").

The net subscription price per Subscription Share, after deduction of relevant expenses, is approximately HK$2.797. The closing price of the Shares on the date of the Subscription Agreement was HK$2.65 per Share as quoted on the Stock Exchange.

The gross proceeds from the Subscription amounted to HK$898,993,197.20, while the net proceeds from the Subscription (after deducting the expenses incurred in the Subscription) amounted to approximately HK$898.08 million, among which approximately HK$390.00 million have been used for the development of additional logistics park projects and approximately HK$0.93 million have been used for working capital and other general corporate purposes during the six months ended 30 June 2018, and HK$507.15 million remains unutilized, where HK$415.86 million is intended to be used for the development of additional logistics park projects and HK$91.29 million is intended to be used for working capital and other general corporate purposes, in each case in accordance with the intentions as previously disclosed by the Company in the announcement of the Company dated 27 April 2018. The unutilized proceeds are estimated to be fully utilized by the end of 2018.

JD Subscriber is a subsidiary of JD.com, Inc. which is in turn a leading technology-driven e-commerce company and retail infrastructure service provider in China. JD Subscriber and its affiliates are one of the Company's major tenants of the logistics facilities operated by the Group. The investment by JD Subscriber enables the Company to achieve the following synergies: (i) facilitation in site selection and network establishment; (ii) ensuring a high occupancy rate; and (iii) improving gearing ratio and liquidity. Moreover, the issue of shares under the Subscription would, amongst other things, provide additional capital for the business operations of the Group.

For further details, please refer to the announcements of the Company dated 27 April 2018 and 11 May 2018.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to shareholders of the Company for the six months ended 30 June 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2018, 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 seven executive directors (including Mr. Li and Mr. Pan Naiyue), three non-executive directors and five independent non-executive directors and therefore has a fairly strong independence element in its composition.

As disclosed in the Company's announcement dated 26 March 2018, Mr. Li has stepped down as the chief executive officer of the Group and Mr. Pan Naiyue, an executive director of the Company, has been appointed as the chief executive officer of the Group in succession to Mr. Li.

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 2018.

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 2018.

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 2018.

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

With effect from 11 May 2018, Mr. Zhang Long has resigned as an executive director of the Company and Mr. Fu Bing has been appointed as a non-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 2017 annual report of the Company or the announcement dated 7 May 2018 (as the case may be).

Report on Review of Interim Financial Information

羅兵咸永道

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

(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 27 to 78, 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 2018 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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 of the Group 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 2018

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 2018 Unaudited RMB'000	31 December 2017 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**133,468**	132,661
Investment properties	7	**16,388,000**	14,792,000
Intangible assets	7	**523**	79
Investments accounted for using the equity method	8	**458,511**	446,229
Financial assets at fair value through profit or loss	5	**56,241**	—
Available-for-sale financial assets	5	**—**	55,541
Long-term trade receivables		**12,036**	15,146
Other long-term prepayments	9	**332,253**	506,982
Restricted cash	11	**35,203**	102,802
		17,416,235	16,051,440
Current assets			
Trade and other receivables	10(a)	**65,935**	80,085
Prepayments	10(b)	**161,745**	118,470
Financial assets at fair value through profit or loss	5	**276,085**	—
Available-for-sale financial assets	5	**—**	269,937
Cash and cash equivalents	11	**1,162,383**	1,820,537
Restricted cash	11	**247,469**	1,303
		1,913,617	2,290,332
Total assets		**19,329,852**	18,341,772
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital and share premium	12(b)	**6,456,984**	5,724,612
Other reserves	13	**172,015**	164,578
Retained earnings		**3,714,458**	3,436,564
Total equity		**10,343,457**	9,325,754

Condensed Consolidated Balance Sheet

	Note	30 June 2018 Unaudited RMB'000	31 December 2017 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	15	**5,385,935**	5,559,507
Long-term payables		**109,189**	54,064
Deferred income tax liabilities	16	**1,653,022**	1,521,506
		7,148,146	7,135,077
Current liabilities			
Trade and other payables	17	**321,127**	626,822
Current income tax liabilities		**3,432**	49,961
Borrowings	15	**1,513,690**	1,204,158
		1,838,249	1,880,941
Total liabilities		**8,986,395**	9,016,018
Total equity and liabilities		**19,329,852**	18,341,772

The notes on pages 34 to 78 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2018	2017
		Unaudited	Unaudited
	Note	**RMB'000**	RMB'000
Revenue	6	**274,295**	166,065
Cost of sales	18	**(75,042)**	(60,344)
Gross profit		**199,253**	105,721
Selling and marketing expenses	18	**(13,709)**	(12,495)
Administrative expenses	18	**(52,956)**	(34,670)
Other income		**3,189**	11,881
Fair value gains on investment properties — net	7	**493,107**	452,274
Other (losses)/gains — net	19	**(2,693)**	881
Operating profit		**626,191**	523,592
Finance income	20	**5,928**	33,919
Finance costs	20	**(228,478)**	(149,892)
Finance expenses — net	20	**(222,550)**	(115,973)
Share of profit of investments accounted for using the equity method	8	**12,282**	147,090
Profit before income tax		**415,923**	554,709
Income tax expense	21	**(127,190)**	(126,015)
Profit for the period attributable to owners of the Company		**288,733**	428,694
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in value of financial assets at fair value through other comprehensive income ("FVOCI")		**—**	(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 2018 Unaudited RMB'000	 2017 Unaudited RMB'000
Total comprehensive income for the period attributable to owners of the Company		**288,733**	426,289
Earnings per share (expressed in RMB)			
— Basic	22	**0.0959**	0.1459
— Diluted	22	**0.0958**	0.1457

The notes on pages 34 to 78 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 share premium Unaudited RMB'000	Treasury shares Unaudited RMB'000	Other reserves Unaudited Restated RMB'000	Retained earnings Unaudited Restated RMB'000	Total Unaudited RMB'000
Balance at 31 December 2017	5,724,612	—	164,578	3,436,564	9,325,754
Change in accounting policy — IFRS 9 (Note 3)	—	—	10,493	(10,839)	(346)
Balance at 1 January 2018	5,724,612	—	175,071	3,425,725	9,325,408
Comprehensive income					
Profit for the period	—	—	—	288,733	288,733
Total comprehensive income	—	—	—	288,733	288,733
Transactions with equity owners in its capacity as equity owners					
Employees share option scheme					
— Issue of ordinary shares (Note 12)	727,510	—	—	—	727,510
— Value of employee services (Notes 13, 14)	—	—	821	—	821
— Exercise of share options (Note 12, 13)	4,862	—	(3,877)	—	985
	732,372	—	(3,056)	—	729,316
Balance at 30 June 2018	6,456,984	—	172,015	3,714,458	10,343,457

Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company				
	Share capital and share premium Unaudited RMB'000	Treasury shares Unaudited RMB'000	Other reserves Unaudited Restated RMB'000	Retained earnings Unaudited Restated RMB'000	Total Unaudited 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	—	—	(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 13, 14)	—	—	6,792	—	6,792
Repurchase of shares (Note 12)	—	(36,116)	—	—	(36,116)
Cancellation of shares (Note 12)	(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

The notes on pages 34 to 78 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	**179,932**	78,556
Interest received	**5,870**	1,736
Income tax paid	**(4,847)**	(15,028)
Net cash generated from operating activities	**180,955**	65,264
Cash flows used in investing activities		
Acquisition of property, plant and equipment	**(20,438)**	(2,027)
Proceeds from disposal of property, plant and equipment	**—**	278
Addition of investment properties	**(1,144,270)**	(931,933)
Addition of intangible assets	**(482)**	—
Payment of withholding tax of disposal of subsidiaries	**(40,645)**	—
Purchases of available-for-sale financial assets	**—**	(126,855)
Proceeds from disposal of derivative financial instruments	**—**	278
Increase in restricted cash	**(178,567)**	(69,587)
Receipt of government grants	**1,600**	11,881
Net cash used in investing activities	**(1,382,802)**	(1,117,965)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**727,510**	—
Proceeds from exercise of share options	**985**	—
Proceeds from borrowings	**1,162,190**	565,503
Repayments of borrowings	**(1,101,207)**	(424,999)
Payment of interest expenses	**(246,265)**	(184,366)
Payment of commission fees and other expenses related to issuance of senior notes	**(18,358)**	—
Payment of bond offering expenses	**—**	(6)
Payment of underwriting commission fees and other listing expenses	**—**	(616)
Repurchase of ordinary shares	**—**	(36,116)
Net cash generated/(used in) from financing activities	**524,855**	(80,600)
Net decrease in cash and cash equivalents	**(676,992)**	(1,133,301)
Cash and cash equivalents at the beginning of the period	**1,820,537**	1,957,704
Exchange gains/(losses) on cash and cash equivalents	**18,838**	(9,842)
Cash and cash equivalents at end of the period	**1,162,383**	814,561

The notes on pages 34 to 78 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").

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 2018.

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 2018 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 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3 Significant 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 2017, as described in that annual consolidated financial statements.

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

(b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. The impact of adopting following standards are disclosed below:

(i) IFRS 9 "Financial instruments"

IFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The Group used modified retrospective approach while adopting IFRS 9. The reclassification and adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

(ii) IFRS 15 "Revenue from contracts with customers"

The Group adopted IFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The other newly adopted standards did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

The following tables show the retrospective adjustments recognised for each individual line item of the condensed consolidated balance sheet as at 1 January 2018. There is no impact on the condensed consolidated statement of comprehensive income for the six months ended 30 June 2017 by adopting IFRS 9 and IFRS 15.

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

The adjustments are explained in more details below.

	31 December 2017 As originally presented RMB'000	IFRS 9 (i) RMB'000	IFRS 15 (ii) RMB'000	1 January 2018 Restated RMB'000
Assets				
Non-current assets				
Property, plant and equipment	132,661	—	—	132,661
Investment properties	14,792,000	—	—	14,792,000
Intangible assets	79	—	—	79
Investment accounted for using the equity method	446,229	—	—	446,229
Available-for-sale financial assets	55,541	(55,541)	—	—
Financial assets at fair value through profit or loss	—	55,541	—	55,541
Long-term trade receivables	15,146	—	—	15,146
Other long-term prepayments	506,982	—	—	506,982
Restricted cash	102,802	—	—	102,802
	16,051,440	—	—	16,051,440
Current assets				
Trade and other receivables	80,085	(346)	—	79,739
Prepayments	118,470	—	—	118,470
Available-for-sale financial assets	269,937	(269,937)	—	—
Financial assets at fair value through profit or loss	—	269,937	—	269,937
Cash and cash equivalents	1,820,537	—	—	1,820,537
Restricted cash	1,303	—	—	1,303
	2,290,332	(346)	—	2,289,986
Total assets	18,341,772	(346)	—	18,341,426

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

	31 December 2017 As originally presented RMB'000	IFRS 9 (i) RMB'000	IFRS 15 (ii) RMB'000	1 January 2018 Restated RMB'000
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital and share premium	5,724,612	—	—	5,724,612
Other reserves	164,578	10,493	—	175,071
Retained earnings	3,436,564	(10,839)	—	3,425,725
Total equity	9,325,754	(346)	—	9,325,408
Liabilities				
Non-current liabilities				
Borrowings	5,559,507	—	—	5,559,507
Long-term payables	54,064	—	—	54,064
Deferred income tax liabilities	1,521,506	—	—	1,521,506
	7,135,077	—	—	7,135,077
Current liabilities				
Trade and other payables	626,822	—	—	626,822
Current income tax liabilities	49,961	—	—	49,961
Borrowings	1,204,158	—	—	1,204,158
	1,880,941	—	—	1,880,941
Total liabilities	9,016,018	—	—	9,016,018
Total equity and liabilities	18,341,772	(346)	—	18,341,426

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

(i) IFRS 9 "Financial instruments"

Impact of adoption

IFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss ("FVPL") and the Group does not have any such liabilities which are subject to IFRS 9.

The adoption of IFRS 9 Financial instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated as the Group does not have any hedge instrument. As a result, the adjustments arising from the new impairment rules are not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet as at 1 January 2018.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	Notes	2018 Unaudited Restated RMB'000
Closing retained earnings at 31 December 2017 — IAS 39		**3,436,564**
Reclassify investments from available-for-sale to FVPL	(1)	**(10,493)**
Increase in provision for trade and other receivables	(2)	**(346)**
Adjustment to retained earnings from adoption of IFRS 9 on 1 January 2018		**(10,839)**
Opening retained earnings at 1 January 2018 — IFRS 9		**3,425,725**

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

(i) IFRS 9 "Financial instruments" (continued)

Impact of adoption (continued)

(1) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets — 1 January 2018	Notes	FVPL RMB'000	FVOCI (Available-for-sale 2017) RMB'000	Amortised cost (Receivables 2017)* RMB'000
Closing balance 31 December 2017 — IAS 39		—	325,478	95,231
Reclassify investments from available-for-sale to FVPL		325,478	(325,478)	—
Opening balance 1 January 2018 — IFRS 9		**325,478**	**—**	**95,231**

* The financial assets at amortised cost include trade receivables and other financial assets at amortised cost, but exclude cash and cash equivalents and restricted cash, and also before adjustment for impairment.

The impact of these changes on the Group's equity is as follows:

	Notes	Effect on available-for-sale reserves RMB'000	Effect on retained earnings* RMB'000
Closing balance at 31 December 2017 — IAS 39		(10,493)	3,436,564
Reclassify investments from available-for-sale to FVPL	(a)	10,493	(10,493)
Opening balance at 1 January 2018 — IFRS 9		**—**	**3,426,071**

* The retained earnings are before adjustment for impairment.

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

(i) IFRS 9 "Financial instruments" (continued)

Impact of adoption (continued)

(1) Classification and measurement (continued)

(a) Reclassification from available-for-sale to FVPL

The Group's equity investments currently classified as available-for-sale were reclassified to financial assets at FVPL under IFRS 9 because they are limited life entities. Related fair value losses of RMB10,493,000 were transferred from the available-for-sale financial assets reserve to retained earnings on 1 January 2018. In the six months to 30 June 2018, net fair value gains of RMB6,848,000 relating to these investments were recognised in profit or loss (Note 19).

(2) Impairment of financial assets

The Group has trade and other receivables that are subject to IFRS 9's new expected credit loss model, and the Group was required to revise its impairment methodology under IFRS 9 for these receivables.

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

(i) IFRS 9 "Financial instruments" (continued)

Impact of adoption (continued)

(2) Impairment of financial assets (continued)

On that basis, the loss allowance as at 1 January 2018 was determined as follows for trade and other receivables:

	Not due RMB'000	Within 30 days RMB'000	31 days to 90 days RMB'000	91 days to 180 days RMB'000	181 days to 365 days RMB'000	Over 365 days RMB'000	Total RMB'000
1 January 2018							
Trade receivables							
Gross carrying amount	15,146	6,122	1,328	—	—	—	22,596
Expected loss rate	—	0.21%	0.21%	0.21%	11.48%	100%	0.07%
Loss allowance	—	13	3	—	—	—	16
Other receivables							
Gross carrying amount	72,305	—	—	—	—	330	72,635
Expected loss rate	—	—	—	—	—	100%	0.45%
Loss allowance	—	—	—	—	—	330	330

The loss allowances for trade and other receivables as at 31 December 2017 are reconciled to the opening loss allowances on 1 January 2018 as follows:

	1 January 2018 Uaudited Restated RMB'000
Closing loss allowance at 31 December 2017 — IAS 39	—
Amounts restated through opening retained earnings	346
Opening loss allowance at 1 January 2018 — IFRS 9	346

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

(i) IFRS 9 "Financial instruments" (continued)

Impact of adoption (continued)

(2) Impairment of financial assets (continued)

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.

Accounting policies applied from 1 January 2018

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

(i) IFRS 9 "Financial instruments" (continued)

Accounting policies applied from 1 January 2018 (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the condensed consolidated statement of comprehensive income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the condensed consolidated statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

3 Significant accounting policies (continued)

(b) New and amended standards adopted by the Group (continued)

(i) IFRS 9 "Financial instruments" (continued)

Accounting policies applied from 1 January 2018 (continued)

Impairment

From 1 January 2018, the Group assesses the expected credit losses associated with its financial assets at amortised cost on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

(ii) IFRS 15 "Revenue from contracts with customers"

Impact of adoption

IFRS 15 replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group engaged in the leasing of storage facilities and the provision of related management services. The Group didn't introduce any customer loyalty programme which is likely to be affected by IFRS 15. There are also no separate performance obligations which could affect the timing of the recognition of revenue. Therefore IFRS 15 did not have material impact on the Group's accounting policies and did not require retrospective adjustments.

3 Significant accounting policies (continued)

(c) New standards, new amendments and interpretations to existing standards issued and relevant to the Group but not yet effective

The following new standards and amendments and interpretations to existing 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 2018 and have not been early adopted by the Group:

Standards		Effective for annual periods beginning on or after	
IFRS 16	Leases	1 January 2019	(i)
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.	

(i) IFRS 16 "Leases"

Nature of change

IFRS 16 will result in almost all leases being recognized in the condensed consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB354,897,569. The Group estimates that approximately 4% of these relate to payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss.

3 Significant accounting policies (continued)

(c) New standards, new amendments and interpretations to existing standards issued and relevant to the Group but not yet effective (continued)

(i) IFRS 16 "Leases" (continued)

Impact (continued)

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognized on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by Group

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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 2017.

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 2017.

There have been no changes in the risk management policies since year 2017.

5 Financial risk management and financial instruments (continued)

5.2 Liquidity risk

Compared to 2017 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 2018, 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 financial assets that are measured at fair value at 30 June 2018 and at 31 December 2017:

	Level 1 Unaudited RMB'000	**Level 2 Unaudited RMB'000**	**Level 3 Unaudited RMB'000**	**Total Unaudited RMB'000**
As at 30 June 2018				
Financial assets at FVPL	**—**	**—**	**332,326**	**332,326**

	Level 1 Unaudited RMB'000	Level 2 Unaudited RMB'000	Level 3 Unaudited RMB'000	Total Unaudited RMB'000
As at 31 December 2017				
Available-for-sale assets	—	—	325,478	325,478

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation (continued)

The following table presents the Group's investment properties that are measured at fair value at 30 June 2018 and at 31 December 2017:

	Level 1 Unaudited RMB'000	Level 2 Unaudited RMB'000	Level 3 Unaudited RMB'000	Total Unaudited RMB'000
As at 30 June 2018				
Investment properties	**–**	**–**	**16,388,000**	**16,388,000**

	Level 1 Unaudited RMB'000	Level 2 Unaudited RMB'000	Level 3 Unaudited RMB'000	Total Unaudited RMB'000
As at 31 December 2017				
Investment properties	–	–	14,792,000	14,792,000

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)

Financial assets at FVPL

The following table presents the changes in level 3 instruments for the period ended 30 June 2018:

	Six months ended 30 June 2018 Unaudited Restated RMB'000
Closing balance at 31 December 2017	—
Change in accounting policy — IFRS 9 (Note 3)	325,478
Opening balance at 1 January 2018	325,478
Net fair value changes recognized in profit or loss (Note 19)	6,848
Closing balance at 30 June 2018	332,326
Change in unrealized gains for the period included in the condensed consolidated statement of comprehensive income, under "Other (losses)/gains — net" (Note 19)	6,848

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

Description	Fair value at 30 June 2018 RMB'000	Valuation techinique	Unobservable inputs	Projected rate
Financial assets at FVPL	332,326	Discounted cash flow ("DCF")	Expected yield rate	2%–4%

5 Financial risk management and financial instruments (continued)

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 represents 36.15% of the Group's total revenue for the six months ended 30 June 2018. Revenue from customer A and customer B represents 29.59% and 10.72% of the Group's total revenue for the six months ended 30 June 2017, respectively.

6 Segment information (continued)

The revenue of the Group for the six months ended 30 June 2018 and 2017 are set out as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Rental income and revenue from providing management services	**274,295**	166,065

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 2018			
Net book value or valuation			
Opening amount as at 1 January 2018	**132,661**	**14,792,000**	**79**
Additions	**11,558**	**1,102,893**	**482**
Fair value gains on investment properties	**—**	**493,107**	**—**
Depreciation and amortization (Note 18)	**(3,785)**	**—**	**(38)**
Impairment losses	**(6,966)**	**—**	**—**
Closing amount as at 30 June 2018	**133,468**	**16,388,000**	**523**
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 18)	(934)	—	(20)
Closing amount as at 30 June 2017	7,627	14,285,000	87

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

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 2018 and 31 December 2017. The revaluation gains or losses are included in "Fair value gains on investment properties — net" in the condensed consolidated statement of comprehensive income.

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 2018 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	**—**	**—**	**16,388,000**

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

Description	Fair value measurements at 31 December 2017 using 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	—	—	14,792,000

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	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Opening balance	**14,792,000**	12,839,000
Additions	**1,102,893**	993,726
Net gains from fair value adjustment	**493,107**	452,274
Closing balance	**16,388,000**	14,285,000

Valuation processes of the Group

The fair value of the Group's investment properties at 30 June 2018 and 2017 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.

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

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 2018 and 2017, 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.

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.

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

Valuation techniques (continued)

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	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Beginning of the period	**446,229**	184,967
Share of post-tax profits of associates	**12,282**	147,090
End of the period	**458,511**	332,057

Investment in an associate

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

8 Investments accounted for using the equity method (continued)

Nature of investment in an associate as at 30 June 2018:

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 leasing and provision of related management services.

There are no contingent liabilities relating to the Group's interest in its associate as at 30 June 2018.

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

	Six months ended 30 June 2018 Unaudited RMB'000
Assets	**2,114,220**
Liabilities	**(995,900)**
Share of profit	**29,955**
Percentage held	**41%**

9 Other long-term prepayments

As at 30 June 2018 and 31 December 2017, the balance of other long-term prepayments is as follows:

	As at	
	30 June 2018	31 December 2017
	Unaudited	Audited
	RMB'000	RMB'000
Prepayment for construction costs	**307,974**	340,457
Long-term prepaid expenses	**24,279**	27,652
Prepayment for land use rights	**—**	138,873
	332,253	506,982

10 Trade and other receivables and prepayments

(a) Trade and other receivables

	As at	
	30 June 2018	31 December 2017
	Unaudited	Audited
	RMB'000	RMB'000
Trade receivables		
Rental income receivables from third parties	**6,139**	6,968
Rental income receivables from related parties (Note 24(d))	**1,588**	482
	7,727	7,450
Other receivables		
Other receivables for land use rights and other deposits	**57,128**	67,460
Other receivables due from third parties	**1,426**	175
Other receivables due from related parties (Note 24(d))	**—**	5,000
	58,554	72,635
Less: Provision for impairment of trade receivables	**(16)**	—
Provision for impairment of other receivables	**(330)**	—
	(346)	—
	65,935	80,085

10 Trade and other receivables and prepayments (continued)

(a) Trade and other receivables (continued)

As at 30 June 2018 and 31 December 2017, the fair value of the current portion of trade and other receivables of the Group approximated their carrying amounts.

As at 30 June 2018 and 31 December 2017, all the carrying amounts of trade and other receivables were denominated in RMB.

As at 30 June 2018 and 31 December 2017, 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 2018	31 December 2017
	Unaudited	Audited
	RMB'000	RMB'000
Trade receivables		
Up to 30 days	**6,785**	6,122
31 to 90 days	**930**	1,328
91 to 180 days	**12**	—
181 to 365 days	**—**	—
Over 365 days	**—**	—
	7,727	7,450

(b) Prepayments

	As at	
	30 June 2018	31 December 2017
	Unaudited	Audited
	RMB'000	RMB'000
Prepaid taxes/taxes to be deducted	**153,619**	102,476
Prepayments for utilities	**8,126**	15,994
	161,745	118,470

11 Cash and cash equivalents and restricted cash

	As at	
	30 June 2018	31 December 2017
	Unaudited	Audited
	RMB'000	RMB'000
Cash at bank and on hand	**1,445,055**	1,924,642
Less: Restricted cash		
— Current (a)	**(247,469)**	(1,303)
— Non-current (b)	**(35,203)**	(102,802)
Cash and cash equivalents	**1,162,383**	1,820,537

(a) As at 30 June 2018, restricted deposits of RMB1,303,000 (31 December 2017: RMB1,303,000) were held at bank for issuing letter of guarantee. Restricted deposits of RMB246,166,000 (31 December 2017: Nil) (Note 15) were held at banks as collateral for certain short-term and current portion of long-term bank borrowings.

(b) As at 30 June 2018, restricted deposits of RMB35,203,000 (31 December 2017: RMB102,802,000) were held at banks as collateral for certain long-term bank borrowings (Note 15).

12 Share capital and share premium

(a) Authorized shares

	Number of authorized shares
At 1 January 2018 and 30 June 2018	**8,000,000,000**
At 1 January 2017 and 30 June 2017	8,000,000,000

12 Share capital and share premium (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 2018	**2,921,726,000**	**1,196**	**—**	**5,723,416**	**5,724,612**
Issue of ordinary shares(i)	**321,068,999**	**127**	**—**	**727,383**	**727,510**
Employee share option scheme — Exercise of options (Note 14)	**750,200**	**—**	**—**	**4,862**	**4,862**
At 30 June 2018	**3,243,545,199**	**1,323**	**—**	**6,455,661**	**6,456,984**
At 1 January 2017	2,938,994,000	1,203	—	5,759,525	5,760,728
Repurchase of shares(ii)	—	—	(36,116)	—	(36,116)
Cancellation of shares(iii)	(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

(i) On 11 May 2018, the Company allotted and issued 321,068,999 subscription shares to Jingdong Logistics Group Corporation ("JD Subscriber") at the subscription price of Hong Kong Dollar ("HK$") 2.80 per share in accordance with the terms and conditions of the subscription agreement entered into with JD Subscriber. The gross proceeds from the subscription is HK$898,993,197 (equivalent to RMB727,510,000).

(ii) 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.

(iii) 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.

13 Other reserves

	Six months ended 30 June	
	2018	
	Unaudited	2017
	Restated	Unaudited
	RMB'000	RMB'000
Balance at 31 December	**164,578**	166,842
Change in accounting policy — IFRS 9 (Note 3)	**10,493**	—
Balance at 1 January	**175,071**	166,842
Employee share option scheme		
— Value of employee services (Note 14)	**821**	6,792
— Exercise of share options	**(3,877)**	—
Change in value of financial assets at FVPL	**—**	(2,936)
Currency translation differences	**—**	531
Balance at 30 June	**172,015**	171,229

14 Share-based payments

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

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

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

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

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

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

14 Share-based payments (continued)

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

	For the six months period ended 30 June			
	2018		2017	
	Average exercise price in HK$ per share	Number of options	Average exercise price in HK$ per share	Number of options
As at 1 January	**1.625**	**15,443,200**	1.625	15,824,000
Exercised (Note 12)	**1.625**	**(750,200)**	—	—
Forfeited	**1.625**	**(1,478,400)**	—	—
As at 30 June	**1.625**	**13,214,600**	1.625	15,824,000

Share options outstanding at 30 June 2018 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in HK$ per share	Number of options
21 March 2016	25 August 2018 (a)	1.625	633,600
21 March 2016	26 June 2019 (a)	1.625	400
21 March 2016	21 March 2021 (a)	1.625	422,400
21 March 2016	21 March 2021	1.625	563,200
21 March 2016	21 March 2021	1.625	8,603,000
28 March 2016	28 March 2021	1.625	2,992,000
			13,214,600

(a) Part of these share options were subsequently exercised in July and August 2018.

14 Share-based payments (continued)

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

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

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

The share option expense charged to the condensed consolidated statement of comprehensive income during the six months ended 30 June 2018 was approximately HK$985,000 (equivalent to RMB821,000) (six months ended 30 June 2017: HK$8,152,000, equivalent to RMB6,792,000).

15 Borrowings

	As at	
	30 June 2018	31 December 2017
	Unaudited	Audited
	RMB'000	RMB'000
Non-current		
Long-term bank borrowings		
— secured by assets (a)	**3,168,156**	3,221,448
— secured by assets and equity interest of certain subsidiaries (b)	**248,996**	322,939
Long-term borrowings from other financial institutions		
— secured by shares of subsidiary guarantors (d)	**—**	653,044
— unsecured	**659,053**	649,744
Senior notes		
— secured by guarantees and pledges provided by certain subsidiaries (e)	**1,948,514**	1,916,490
Less: Long-term borrowings due within one year	**(638,784)**	(551,114)
Long-term borrowings from other financial institutions due within one year	**—**	(653,044)
	5,385,935	5,559,507
Current		
Short-term bank borrowings		
— secured by deposit (c)	**177,430**	—
— unsecured	**40,000**	—
Short-term senior notes		
— secured by guarantees and pledges provided by certain subsidiaries (f)	**657,476**	—
Current portion of long-term bank borrowings		
— secured by assets (a)	**389,788**	551,114
— secured by assets and equity interest of certain subsidiaries (b)	**248,996**	—
Current portion of long-term borrowings from other financial institutions	**—**	653,044
	1,513,690	1,204,158
Total borrowings	**6,899,625**	6,763,665

(a) As at 30 June 2018, bank borrowings of RMB2,226,467,000 (31 December 2017: RMB2,535,483,000) with undrawn borrowing amounting to RMB 89,600,000 (31 December 2017: RMB 124,700,000) were secured by the investment properties of the Group amounting to RMB8,700,000,000 (31 December 2017: RMB9,149,000,000).

15 Borrowings (continued)

As at 30 June 2018, bank borrowings of RMB628,323,000 (31 December 2017: RMB361,916,000) with undrawn borrowing amounting to RMB16,000,000 (31 December 2017: Nil) were secured by the investment properties of the Group amounting to RMB2,588,000,000 (31 December 2017: RMB1,491,000,000) , trade receivables amounting to RMB2,087,000 (31 December 2017: RMB1,075,000), and the rental income generated from the lease of the underlying investment properties during the terms of the borrowings.

As at 30 June 2018, bank borrowings of RMB313,366,000 (31 December 2017: RMB324,049,000) with undrawn borrowing amounting to RMB76,000,000 were secured by the investment properties of the Group amounting to RMB1,375,000,000 (31 December 2017: RMB1,470,000,000), trade receivables amounting to RMB731,000 (31 December 2017: RMB305,000), the rental income generated from the lease of the underlying investment properties during the terms of the borrowings, and restricted deposit of the Group amounting to RMB35,203,000 (31 December 2017: RMB37,460,000).

(b) As at 30 June 2018, bank borrowings of RMB248,996,000 (31 December 2017: RMB322,939,000) were secured by the Group's equity interests in certain subsidiaries and restricted deposits of the Group amounting to RMB66,166,000 (31 December 2017: RMB65,342,000) (Note 11).

(c) As at 30 June 2018, bank borrowings of RMB177,430,000 (31 December 2017: Nil) were secured by restricted deposit of the Group amoungting to RMB180,000,000 (31 December 2017: Nil) (Note 11).

(d) 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 3 purposes of repaying the credit facility to Credit Suisse AG, Singapore Branch and 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.

On 10 January 2018, the Company exercised the early repayment option and the debt facilities were repaid.

15 Borrowings (continued)

(e) On 8 August 2017, 14 September 2017 and 28 December 2017, the Company issued US$ denominated senior fixed rate notes (the "2017 Notes") in the principal amount of US$100,000,000 respectively, and the aggregate amount of which was US$300,000,000 in total. The 2017 Notes are secured by guarantees and pledges provided by certain subsidiaries of the Group. The 2017 Notes will mature on 8 August 2020, unless earlier redeemed in accordance with the terms thereof. The 2017 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 2017 Notes for repaying existing offshore indebtedness and general corporate purposes.

As 30 June 2018, US$215,009,000 of the net proceeds of the 2017 Notes has been used for the repayment of the principal amount and interest on the borrowings from two financial institutions, the interest on the bank borrowings and the 2017 Notes, US$71,437,000 has been used for investment properties' construction and US$6,053,000 has been used for other daily operations.

(f) On 8 February 2018, the Company issued US$ denominated senior fixed rate note (the "2018 Note") in the principal amount of US$100,000,000. The 2018 Note is secured by guarantees and pledges provided by certain subsidiaries of the Group. The 2018 Note will mature on 4 February 2019, unless earlier redeemed in accordance with the terms thereof. The 2018 Note bears interest at a rate of 9% per annum payable semi-annually in arrears on 7 August 2018 and 4 February 2019. The Company intends to use the net proceeds of the issuance of the 2018 Note for repaying existing offshore indebtedness and general corporate purposes.

As 30 June 2018, US$35,191,000 of the net proceeds of the 2018 Note has been used for the repayment of the principal amount and interest on the bank borrowings, US$52,120,000 has been used for investment properties' construction and US$11,792,000 has been used for other daily operations.

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 borrowings with similar credit risk within level 3 of the fair value hierarchy.

15 Borrowings (continued)

The Group has the following undrawn borrowing facilities:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Floating rate:		
— expiring within 1 year	**76,000**	—
— expiring beyond 1 year	**16,000**	76,000
	92,000	76,000
Fixed rate:		
— expiring beyond 1 year	**89,600**	124,700
	181,600	200,700

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

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

16 Deferred income tax liabilities

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Opening balance at 1 January	**1,521,506**	1,358,750
Charged to the condensed consolidated statement of comprehensive income (Note 21)	**131,516**	123,923
Closing balance at 30 June	**1,653,022**	1,482,673

17 Trade and other payables

	As at	
	30 June 2018	31 December 2017
	Unaudited	Audited
	RMB'000	RMB'000
Interest payable	**120,918**	134,007
Advances from customers	**26,130**	45,870
Payables for construction costs (a)	**67,114**	330,954
Deposits	**19,756**	33,376
Other taxes payable	**18,828**	22,121
Accrued operating expenses	**17,095**	22,385
Tax charge for the redemption and conversion of the hybrid instruments	**9,337**	—
Employee benefit payables	**3,701**	6,123
Payables for commission fees and other expenses related to issuance of senior notes	**2,928**	14,279
Rental deposits and rental fees payable to related parties (Note 24(d))	**16,701**	16,415
Prepaid rents from related parties (Note 24(d))	**18,036**	255
Others	**583**	1,037
	321,127	626,822

17 Trade and other payables (continued)

(a) At 30 June 2018 and 31 December 2017, 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 2018	31 December 2017
	RMB'000	RMB'000
Up to 1 year	54,061	271,361
1 year to 2 years	10,978	46,455
Over 2 years	2,075	13,138
	67,114	330,954

18 Expenses by nature

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Property tax, land tax, and other tax charges	51,964	43,189
Employee benefit expenses — including directors' emoluments	21,809	25,944
Leasing fees	14,665	848
Maintenance and repairing costs	13,938	12,923
Leasing commission	7,243	4,212
Impairment losses of property, plant and equipment (Note 7)	6,966	—
Professional fees	5,387	7,312
Utilities and office expenses	3,891	2,503
Depreciation and amortization expenses (Note 7)	3,823	954
Travelling expenses	2,319	2,615
Auditors' remuneration		
— Audit services	1,500	1,500
— Non-audit services	1,000	1,000
Entertainment expenses	2,492	353
Bank charges	309	261
Other expenses	4,401	3,895
	141,707	107,509

19 Other (losses)/gains — net

	Six months ended 30 June	
	2018	2017
	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
Fair value gains on financial assets at FVPL (Note 5)	**6,848**	—
Net gain from disposal of property, plant and equipment	**—**	192
Tax charge for the redemption and conversion of the hybrid instruments	**(9,337)**	—
Others	**(204)**	(150)
	(2,693)	881

20 Finance expenses — net

	Six months ended 30 June 2018 Unaudited RMB'000	Six months ended 30 June 2017 Unaudited RMB'000
Finance expenses		
Interest on bank borrowings	**(104,029)**	(95,070)
Interest on borrowings from other financial institutions	**(36,706)**	(112,181)
Interest on senior notes	**(109,900)**	—
	(250,635)	(207,251)
Less: capitalization of interest	**61,271**	57,359
Net interest expense on borrowings	**(189,364)**	(149,892)
Net exchange losses	**(49,606)**	—
Less: capitalization of exchange losses	**10,492**	—
	(228,478)	(149,892)
Finance income		
Interest income on bank deposits	**5,928**	1,794
Net exchange gains	**—**	32,125
	5,928	33,919
Net finance expenses	**(222,550)**	(115,973)

21 Income tax expense

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

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

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax	**(4,326)**	2,092
Deferred income tax (Note 16)	**131,516**	123,923
	127,190	126,015

(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 remaining assessable profits 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 2018 and 31 December 2017, because the subsidiaries do not intend to distribute dividend in foreseeable future.

22 Earnings per share

(a) Basic

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

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
Profit attributable to owners of the Company (RMB'000)	**288,733**	428,694
Weighted average number of ordinary shares in issue	**3,011,172,812**	2,937,850,494
Basic earnings per share (RMB per share)	**0.0959**	0.1459

(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	
	2018	2017
	Unaudited	Unaudited
Profit attributable to owners of the Company (RMB'000)	**288,733**	428,694
Weighted average number of ordinary shares in issue	**3,011,172,812**	2,937,850,494
Adjustment for shares granted under share option scheme	**3,349,739**	4,850,739
Weighted average number of ordinary shares for diluted earnings per share	**3,014,522,551**	2,942,701,233
Diluted earnings per share (RMB per share)	**0.0958**	0.1457

23 Contingencies

The Group did not have significant contingent liabilities as at 30 June 2018 and 31 December 2017.

24 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.

As disclosed in Note 12(b)(i), JD Subscriber subscribed for 321,068,999 newly issued shares of the Company on 11 May 2018. After the completion of the subscription, JD Subscriber holds 9.9% of the total issued shares of the Company. Also by representation in the Company's Board, JD Subscriber has significant influence over the Company, and therefore is regarded as the related party since 11 May 2018. As JD Subscriber is ultimately controlled by JD.com, Inc., JD.com, Inc. and all its subsidiaries (together "JD Subsidiaries") are regarded as the related parties since 11 May 2018.

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 Holdings Co., Limited ("Hong Kong Yupei")	Controlled by Mr. Li and Ms. Ma
Shanghai Hongyu	Associate of the Company
JD Subsidiaries	Ultimately controlled by JD.com, Inc.

24 Related party transactions (continued)

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 2018 and 2017, and balances arising from related party transactions as at 30 June 2018 and 31 December 2017 are summarised below.

(a) Services provided by a related party

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Rental fee		
— Shanghai Hongyu	**13,822**	—

(b) Services provided to related parties

	Six months ended 30 June	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Rental income and revenue from providing property management services to		
— Yupei Supply Chain	**5,824**	108
— Yupei Express Logistics	**4,969**	4,451
— Yupei Building Materials	**2,845**	2,763
— Shanghai Yupei Industrial	**254**	—
— Yupei Construction	**—**	380
— Yupei E-Commerce	**—**	266
	13,892	7,968

24 Related party transactions (continued)

(b) Services provided to related parties (continued)

	Period from 11 May to 30 June 2018 Unaudited RMB'000
Rental income and revenue from providing property management services to	
— JD Subsidiaries	**27,790**

(c) 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	
	2018 Unaudited RMB'000	2017 Unaudited RMB'000
Salaries and allowance	**5,254**	4,862
Employee share option expenses	**2,439**	5,037
Other social security cost, housing benefits and other employee benefits	**365**	288
	8,058	10,187

24 Related party transactions (continued)

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

	As at 30 June 2018 Unaudited RMB'000	As at 31 December 2017 Audited RMB'000
Prepayment to		
— Shanghai Hongyu	483	—
— JD Subsidiaries	155	—
	638	—
Trade receivables from (Note 10(a))		
— Yupei Supply Chain	—	281
— Yupei Express Logistics	—	201
— JD Subsidiaries	1,588	—
	1,588	482
Other receivable from (Note 10(a))		
— Shanghai Hongyu	—	5,000
Long-term rental deposits payable to		
— Yupei Supply Chain	1,000	1,000
— Yupei Express Logistics	329	329
— JD Subsidiaries	28,913	—
	30,242	1,329
Prepaid rents from (Note 17)		
— Yupei Express Logistics	131	—
— Yupei Supply Chain	—	255
— JD Subsidiaries	17,905	—
	18,036	255

24 Related party transactions (continued)

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

	As at 30 June 2018 Unaudited RMB'000	As at 31 December 2017 Audited RMB'000
Rental deposits and rental fees payable to (Note 17)		
— Shanghai Hongyu	**4,073**	14,163
— Yupei Express Logistics	**2,252**	2,252
— JD Subsidiaries	**10,376**	—
	16,701	16,415

The receivables from and payables to related parties as at 30 June 2018 and 31 December 2017 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.

25 Events occurring after the balance sheet date

(a) Strategic cooperation with LaSalle Investment Management

On August 22, 2018, the Company and LaSalle Investment Management Asia Pte. Ltd. ("LaSalle") entered into a cooperation framework agreement, pursuant to which the Company and a fund managed by LaSalle agreed in principle to establish a joint investment program, subject to, the parties respective board and investment committee approvals, whereby the Company and the LaSalle managed fund will invest up to US$300 million in and operate a portfolio of logistics warehousing projects located in the PRC. Under the cooperation framework agreement, the Company committed to invest up to US$90 million subject to the conditions described in the cooperation framework agreement and granted certain pre-emptive rights to LaSalle in relation to certain of its logistics assets and developments located in the PRC. The Company's onshore affiliates will also be engaged to provide project management services or property management services to the logistics warehousing projects invested by the joint venture vehicles formed by the Company and the LaSalle managed fund and will be entitled to receive management service fees.

Save as disclosed in Note 14 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 2018.

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