

# **YIDA** 亿达

**億達中國控股有限公司**  
**YIDA CHINA HOLDINGS LIMITED**

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : 3639.HK

# 2017

INTERIM  
REPORT  
中期報告







# CONTENTS

- 02 Corporate Overview
- 03 Corporate Information
- 04 Chairman's Statement
- 08 Major Events
- 10 Management Discussion and Analysis
- 31 Disclosure of Interests
- 35 Corporate Governance and Other Information
- 37 Report on Review of Interim Financial Information
- 39 Condensed Consolidated Statement of Profit or Loss
- 40 Condensed Consolidated Statement of Comprehensive Income
- 41 Condensed Consolidated Statement of Financial Position
- 43 Condensed Consolidated Statement of Changes in Equity
- 44 Condensed Consolidated Statement of Cash Flows
- 46 Notes to Interim Financial Information

# CORPORATE OVERVIEW

**Yida China Holdings Limited (“the Company” or the “Company”), together with its affiliates (collectively referred to as “the Group”), founded in 1988, headquartered in Dalian, is China’s largest business park developer and leading business park operator. The main business involves business park operation, residential properties within and outside business parks and office properties sales, business park entrusted operation and management, construction, decoration and landscaping services and property management service. On 27 June 2014, the Company was successfully listed (the “Listing”) on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).**

During the early stage of corporate development, the Group established its foothold in Dalian and relied on its local knowledge advantages. Meanwhile, it catered to the international development trends and enjoyed the advantages of its unique business mode. Since 1998, the Group had firmly been seizing the international industrial relocation opportunities of service outsourcing industry and IT outsourcing industry, implementing “Private Investment + Government Support”, Internationalization and “Industry-Universities” integration strategies, creating the business model of City-Industry Integration, and constructing and operating Dalian Software Park at a high standard. The Group had become a pioneer in the field of China’s service outsourcing business park development and operation and had determined its future development direction.

During the period of business expansion stage, the Group improved its capacities in all fields, raised abruptly based on its accumulated strength and established its own core competitiveness. The Group, by relying on its successful experiences in operation of Dalian Software Park and the government’s economic development and industrial upgrading strategies, fully integrated internal and external resources, further developed and operated Dalian Ascendas IT Park, Tianjin Seafront Service Outsourcing Industrial Part, Suzhou High-tech Software Park, Wuhan Guanggu Software Park, Dalian Tiandi, Dalian BEST City, Wuhan Software New Town, Yida Information Software Park and many other software parks and technology parks. It helped the Group achieve its preliminary strategic goals of “National Expansion, Business Model Exploration and Diversified Cooperation”. For 20 years, the Group had provided its services to nearly 50 Fortune Global 500 Companies. The Group had accumulated rich client base and operation experiences, forming a blue ocean for business development featuring high entry threshold, high customer loyalty, whole production chain coverage and immunity to cyclicity risk.

After the Listing, the Group clearly put forward to be “China’s Leading business park operator”. It pursued its national expansion goal through the strategy of “leading the development of asset-light business to actuate asset-heavy business, and developing asset-light and asset-heavy businesses simultaneously”. Thus, the Group, by virtue of using the development mode of “City-Industry Integration”, had been consolidating its business in Dalian, greatly expanding its business in Wuhan, and fully exploring its business in major first-tier and second-tier cities and economically vital regions. The Group had seized the development opportunity during new period in the higher platform by obtaining the strategic investment from CMIG Jiaye, the current controlling shareholder.

In the “second half” of the real estate industry, the Group will cater to the trends and, by virtue of its strong internal and external resources, enhance its core competitiveness as to its business park development and operation to finally achieve scale development and performance improvement.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhang Zhichao (*Chairman*)  
Mr. Jiang Xiuwen (*Chief Executive Officer*)  
Mr. Gao Wei  
Mr. Chen Donghui  
Ms. Ma Lan

### Non-executive Directors

Mr. Sun Yansheng  
Mr. Zhao Xiaodong  
Mr. Chen Chao

### Independent Non-executive Directors

Mr. Yip Wai Ming  
Mr. Guo Shaomu  
Mr. Wang Yinping  
Mr. Han Gensheng

## JOINT COMPANY SECRETARY

Ms. Wang Huiting  
Ms. Kwong Yin Ping Yvonne

## AUTHORIZED REPRESENTATIVES

Ms. Ma Lan  
Ms. Wang Huiting

## BOARD COMMITTEES

### Audit Committee

Mr. Yip Wai Ming (*Chairman*)  
Mr. Guo Shaomu  
Mr. Wang Yinping  
Mr. Han Gensheng

### Remuneration Committee

Mr. Wang Yinping (*Chairman*)  
Mr. Jiang Xiuwen  
Mr. Guo Shaomu  
Mr. Han Gensheng

### Nomination Committee

Mr. Zhang Zhichao (*Chairman*)  
Mr. Jiang Xiuwen  
Mr. Yip Wai Ming  
Mr. Wang Yinping  
Mr. Han Gensheng

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Block 4, Yida Plaza  
93 Northeast Road  
Shahekou District  
Dalian, Liaoning Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1215, 12th Floor  
Building 2, Pacific Place  
88 Queensway  
Admiralty  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## AUDITORS

Ernst & Young  
Certified Public Accountants

## LEGAL ADVISORS

*As to Hong Kong Law*  
Sidley Austin

*As to PRC Law*  
Commerce & Finance Law Offices

*As to Cayman Islands Law*  
Conyers Dill & Pearman (Cayman) Limited

## PRINCIPAL BANKERS

The Export-Import Bank of China  
Agricultural Bank of China Dalian Branch  
China Minsheng Bank Dalian Branch  
China CITIC Bank Dalian Branch  
China Construction Bank Dalian Branch  
Bank of China Dalian Branch

## STOCK CODE

3639

## COMPANY'S WEBSITE

[www.yidachina.com](http://www.yidachina.com)

Dalian BEST City

# CHAIRMAN'S STATEMENT



*Dear all shareholders:*

I am very pleased to present the Group's interim results for the six months ended 30 June 2017 (the "Period").



*Chairman*  
**Zhang Zhichao**

# CHAIRMAN'S STATEMENT (CONTINUED)

## RESULTS

During the Period, the Group recorded revenue of RMB3,044.37 million, representing a year-on-year increase of 7.5%, of which residential properties within and outside business parks and office properties sales income increased by 15.8% to RMB2,527.95 million from the corresponding period of last year; rental income decreased by 1.6% to RMB186.67 million from the corresponding period of last year; business park operation and management income increased by 29.5% to RMB35.74 million from the corresponding period of last year; construction, decoration and landscaping income decreased by 58.2% to RMB122.26 million from the corresponding period of last year; and property management income increased by 22.4% to RMB171.75 million from the corresponding period of last year; a gross profit of RMB864.59 million; a gross profit margin of 28.4%; a net profit attributable to shareholders of the Company of RMB203.16 million.

## REVIEW OF THE FIRST HALF OF 2017

In the first half of 2017, in order to respond to the overheating housing market in the three megaregions and the major second-tier cities, hot cities had taken regulation and control measures — limitations on purchase, loan, price and sale, supplemented by deleveraging of the financial system, leading to stabilization of real estate market. With the further increase in industry concentration, real estate companies were facing fierce competition in acquiring land resources. Real estate companies with specialised operation and service abilities were more likely to get the favor of the governments and the markets and to attract the interest of large real estate companies in cooperation to achieve complementation, thus, would have a great potential for development in the medium-and-long term.

During the same period, all major cities, megaregions and inter-regions of China saw a more obvious trend of industrial upgrading. Electronics & IT, health, intelligent manufacturing and other industries became the hot economic growth points. Especially, the second-tier cities had more strong demands for development of industries, and all cities to continue to increase investment in the research and development of science and technology, finance industry and talent development. This will vigorously increase the needs of various sectors for business park office spaces. In addition, China had formally proposed the concepts of “high-tech zones” and “characteristic town” and their guidelines. All places across China had been positively responding to it and vigorously promoting it. So, the real estate market will be further advanced in the direction towards holding the properties, operating the properties, and finally realizing the appreciation of regional value.

Dalian Software Park



## CHAIRMAN'S STATEMENT (CONTINUED)

Based on the favorable economic policies and real estate industry development momentum, the Group continued its positioning of "business park operation specialist", further enhanced its core business park operation competitiveness, constantly adhered to its strategy of development across China featuring "leading the development of asset-light business to actuate asset-heavy business, developing asset-light and asset-heavy businesses simultaneously, and feeding asset-light business by developing more asset-heavy business", and developed asset-light and asset-heavy businesses in cities in which it entered through asset-light business development before.

During the Period, the Group had made many substantial progresses in respect of realization of its strategic goals. As to the business park operation and management business, we saw a continued increase in operating area and national expansion target had been achieved. The Group entered into strategic cooperation or investment cooperation agreements with the governments of Changsha, Hefei and many other cities, laying a good foundation for the Group to potentially acquire lands or projects within this year. The Group further consolidated its core competitiveness in respect of business park operation and management, serving six additional Fortune Global 500 companies and China top 100 companies in their corresponding industries as business park tenants. The Group provided entrusted business park operation and management services for six new properties, adding 511,000 sq.m. during the Period. By virtue of service quality improvement, property management value-added service expansion and human resources value-added services implementation, the Group provided the tenants in the parks with a 360° of services, which it had obtained favorable feedbacks from the companies in the parks.

In April 2017, the Company successfully issued US\$300 million 3-year senior notes for the first time, bear a nominal interest rate of 6.95%, and was subscribed at 7.88 times. It reflected the capital market's optimistic outlook for the Company's credit level and future development, opening an important capital channel for the Company's future development.





# CHAIRMAN'S STATEMENT (CONTINUED)

## OUTLOOK OF THE SECOND HALF OF 2017

In the second half of 2017, the Group will leverage on its core competitiveness and controlling shareholder's resources to improve its operational capabilities, expand its land reserves, and open more financing channels. The Group will, at the project level, cooperate with resource-based companies to get complementary advantages and expand the market. Overall, the Group will be well prepared for the coming business expansion period and transfer smoothly from its current transition period.

All shareholders, the Group will unswervingly adhere to its development vision of "being China's leading business park operator" and its development strategies of "developing asset-light and asset-heavy businesses simultaneously" and of "national expansion" to gradually realize neck-and-neck development of park development, park operation, park construction and property management. Meanwhile, the Group will also follow the rising trends brought by economic transformation to improve its performance by leaps and bounds to create more social value for shareholders and the public.

I, on behalf of the Board of Directors, express our heartfelt thanks to all shareholders, investors, partners and customers for their support for the Group and to the management and employees for their unremitting efforts and contributions.

**Yida China Holdings Limited**

**Zhang Zhichao**

*Chairman*

Hong Kong, 16 August 2017



Dalian BEST City

# MAJOR EVENTS

## JANUARY



The Group signed an agreement with Chengdu Tianfu New Zone West Sub-zone Industrial Park Investment Co., Ltd to cooperate in Chengdu Tianfu New Zone West Sub-zone Industrial Park Project.



The Group was awarded "The Best City-Industry Integration Contribution Award" in Global Chinese Real Estate Summit 2017.



The Group corporated with Beijing Zhongyang Shengfeng Investment Management Co., Ltd. and provided it with business park entrusted operation and management services.

## FEBRUARY



The Group signed a cooperation agreement with Shanxi Kangqiao Industrial Development Co., Ltd as to this Project to carry out comprehensive cooperation with Xi'an Jiaotong University.

## MARCH



The Group signed a cooperation agreement with Chengdu Wuhou New Town Construction Management Committee. This indicates the Company has achieved bigger breakthroughs in its business expansion in China's Southwest Region.



The Group was included in "2017 China's Top 100 Real Estate Development Companies" and "2017 China's Top 10 Real Estate Development Companies in Operation Performance".



The Group was included in "2017 China's Real Estate Companies with Excellent Commercial Mode" hosted by Guandian Real Estate New Media.

## MAJOR EVENTS

### APRIL



The Group, Hunan Xiangjiang New District Management Committee and Meixihu Investment (Changsha) Limited signed cooperation agreements to jointly develop Changsha Health Science and Technology City project.



The Group successfully issued US\$300 million 3-year senior notes for the first time, bear a nominal interest rate of 6.95% and was subscribed at 7.88 times.

### MAY



The Group signed a contract with national level Wangcheng Economic and Technological Development Zone to jointly develop Changsha Intelligence Manufacturing Village with partners.



The Group was included into "2017 China's Top 100 Listed Real Estate Companies in Comprehensive Strength" and "2017 China's Top 5 Listed Companies in Innovation Capability" jointly launched by China's Real Estate Industry Association and China's Real Estate Assessment Center.

### JUNE



The Group was awarded "China's Excellent Industrial Park Operator" by the second session of China's Industrial Park Innovation and Development Summit, jointly organized by www.CNPARK.net, China Net and China's Development Zone.



The Group was awarded "Excellent Business Park Operator" by the Economic Observer newspaper.



The Group and Hefei Municipal People's Government signed a strategic cooperation framework agreement to strive to create high-end science and technology industrial park within Hefei Shushan Economic Development Zone and Yaohai zone, New Center, Eastern Hefei City.



The fifteenth session of the China's International Software & Information Service Fair (referred to as "Software Fair" in short) with the theme of "New IT, New Environment and New Energy" was held in Dalian World Expo Plaza. The Group attended the Software Fair for the fifteen consecutive years.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Operation of Business Parks Owned by the Group

During the Period, the Group's wholly owned business parks included Dalian Software Park, Dalian BEST City ("Dalian BEST City") and Yida Information Software Park; the Group's partially owned business parks included Wuhan First City (50% stake), Dalian Ascendas IT Park (50% stake) and Dalian Tiandi (30% stake). The total completed area of office space in above parks was approximately 1,373 thousand square meters, and an area available for leasing of approximately 1,335 thousand square meters. During the Period, the Group recorded a rental income of approximately RMB186.67 million, which was comparable to that of the corresponding period of 2016.

The following table shows the business parks owned by the Group (1,000 sq.m.):

Business Parks	Rights and Interests of the Group	Total Completed Floor Area	Leasable Area				Occupancy Rate at the End of the Period
			Office Buildings	Apartments	Shops	Parking Spaces	
Dalian Software Park	100%	615	391	176	1	27	92%
Dalian BEST City	100%	133	99	—	—	31	100%
Yida Information Software Park	100%	87	66	—	—	18	67%
Dalian Ascendas IT Park <sup>1</sup>	50%	204	178	—	—	25	85%
Dalian Tiandi <sup>1</sup>	30%	334	207	37	41	38	83%
Total		1,373		1,335			

Note:

- The financial statements of companies subordinated by Dalian Ascendas IT Park and Dalian Tiandi are not consolidated, therefore the rental income of the Group excludes the rental income from such two parks.



Dalian Software Park

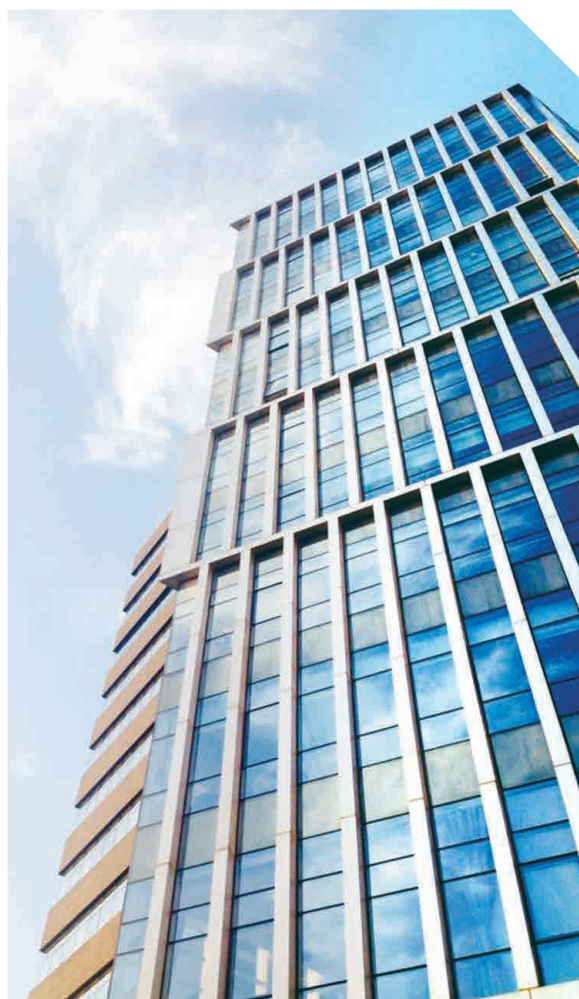


Dalian BEST City

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the Period, the new tenants in the parks were mainly engaged in the business of “Internet+” industry and big data analysis industry. The sharing service center business mode was becoming more and more popular. In terms of existing tenants in the parks, there was a significant industrial transformation trend. Driven by 2020 Tokyo Olympics, the main business’s demands for some of the Japanese-funded companies in the parks increased significantly, promoting demand for lease space and human resources. The native Chinese-funded companies in the parks had developed rapidly, especially for those in education and training, human resources, intellectual property right-related and other service industries that were based on IT platforms.

During the Period, the Group mined in depth the service potential of the parks, so as to meet the development needs of the tenants in all aspects in the new era. Meanwhile, the Group also did practical things and was resourceful, so as to improve the satisfaction and loyalty of the tenants in the parks; provided a full range of value-added services as to human resources (including establishing tenant’s job database and talent information collection platform, helping the companies in the parks establish cooperation relationships with the colleges and universities, organizing the companies in the parks to participate in job fairs, launching big data platform for human resources data analysis and etc.) ; and fully upgraded the service quality in the parks (including implementing refine office space management, launching customized bus services in the parks, improving five major qualities of management service staff, opening 4008 service hotline for one-to-one communications with the companies in the parks, and introducing intelligent parking management system).



Dalian Ascendas IT Park



Yida Information Software Park



Dalian Tiandi

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Sales of Properties

During the Period, the Group achieved contracted sales of RMB3,663 million, representing a slight decline of approximately 4.86% over the corresponding period last year, mainly due to the changed selling strategy by the Group according to the market conditions during the Period. The contracted sales average price was RMB11,500 per square meter, representing an increase of 25% from the corresponding period last year. The main sales projects were mainly located in Dalian (90.5% of total contracted sales), Wuhan (6.5% of total contracted sales) and some other cities, with residential property sales as its main format, which accounted for 90% of the total contracted sales.

During the Period, the Group recorded revenue of RMB2,527.95 million, representing an increase of 15.8% from the corresponding period last year. The average sales price was RMB11,300 per square meter, representing a year-on-year decrease of 9.4%, mainly due to different structure of products recognised, and revenue-recognised projects during the Period mainly included low to mid-end residential properties. Revenue-recognised projects were mainly located in Dalian (73.9% of revenue), Wuhan (23.6% of revenue) and some other cities.

### Dalian

During the Period, Dalian was not affected by any real estate restriction. Instead, it attracted some customers the first-tier cities lost after regulation, and showed an overall stable growth. Sizable real estate developers continued to expand their market shares in Dalian, acquiring lands at high premium. Dalian's residential property stock level was at a five-year low. Improvement demand gradually replaced the rigid demand, becoming the main factor driving the market.

It is expected that in the second half of 2017, Dalian market will not introduce restrictions. So there will be an ideal situation of an increase in both the volume and the price through the whole year.

### Wuhan

The decrease in residential sales in Wuhan was mainly caused by the governmental strict restrictions on purchase, price limitation policy and insufficient supply. However, some newly developed areas were not affected by such policies, and there was a spillover effect of demand within the main downtown areas, so trading volume increased significantly therein. Market for office properties showed a rising trend, indicating the advantages of Wuhan in terms of policies, industrial clustering effect, economic fundamentals and talent reserves.

During the Period, the Company mainly sold office properties in Wuhan, and slowed down the sales of residential properties. The market in Wuhan will continue to be diversified on different locations.



Dalian "Provence" project

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Contracted Sales Details

	<b>Contracted Sales Floor Area</b> (sq.m.)	<b>Contracted Sales Amount</b> (RMB'000)	<b>Average Sales Price</b> (RMB/sq.m.)	<b>Percentage of the Contracted Sales Amount</b>
Dalian	267,780	3,317,700	12,390	90.5%
Wuhan	39,523	238,240	6,028	6.5%
Chengdu	4,141	53,230	12,854	1.5%
Shenyang	7,573	54,310	7,172	1.5%
<b>Total</b>	<b>319,017</b>	<b>3,663,480</b>	<b>11,484</b>	<b>100.0%</b>
Dalian Software Park	4,124	55,290	13,407	1.5%
Dalian BEST City	76,056	1,145,110	15,056	31.3%
Yida Information Software Park	109,329	1,163,800	10,645	31.8%
Wuhan First City	39,523	238,240	6,028	6.5%
Dalian Tiandi	44,834	539,550	12,034	14.7%
Residential Properties outside business parks	45,151	521,490	11,550	14.2%
<b>Total</b>	<b>319,017</b>	<b>3,663,480</b>	<b>11,484</b>	<b>100.0%</b>
Residential Properties	267,861	3,298,260	12,313	90.0%
Office Properties	51,156	365,220	7,139	10.0%
<b>Total</b>	<b>319,017</b>	<b>3,663,480</b>	<b>11,484</b>	<b>100.0%</b>



Dalian BEST City residential properties



Dalian "Blue Bay" project

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Business Park Entrusted Operation and Management Services

During the Period, the Group had 24 entrusted operation and management projects in total, with a total area of approximately 2.866 million sq.m. Revenue was RMB35.74 million, representing an increase of 29.5% from the corresponding period of last year, mainly due to the increase of business management area of asset-light business nationwide.

The Group, based on its owned business parks, continued to provide entrusted operation and management services with brand spillover effect, so as to achieve the national expansion of its asset-light business by leveraging on its leading operation experiences and advantageous resources. The Group provided a whole chain of asset-light operation and management services, including project addressing, product positioning, planning and design, entrusted construction management services, tenant recruitment, property management, value-added services, and etc.

In the second half of 2017, the Company will continue to firmly implement its development strategy featuring “leading the development of asset-light business to actuate asset-heavy business, developing asset-light and asset-heavy businesses simultaneously, and feeding asset-light business by developing more asset-heavy business”, and, by its asset-light business, be familiar with the market, set up its brand, make its teams stronger, in a move to obtain the resources necessary for the development of the asset-heavy business. The Group will acquire more asset-heavy projects, feeding asset-light business development. Finally, ideal development efficiency and performance as to these two businesses will be achieved.



Tianjin Tonight Media Building



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table illustrates the Group's entrusted operation and management projects:

Serial No.	Status	Project Name	Operation Area Unit: 1,000 sq.m.
1		Wuhan First City	168
2		Yida North Hongqiao Entrepreneur Park	48
3		Yida Waigaoqiao Business Park	14
4		China (Hangzhou) Intelligent Information Industrial Park	150
5		Yangchenghu Digital Cultural and Creative Industry Park	52
6		Suzhou Gaotie Tiancheng Building	16
7		Yida Shangjinwan Headquarters	103
8		Kunshan Huaqiao Wealth & Intelligence Technology Park	41
9	2017 stock	Haikexing Sinovac Strategic Emerging Industrial Park	71
10		Changsha Technology New Park	540
11		Meixihu Innovation Center	52
12		Chongqing Liangjiang Science and Technology City	195
13		Chengdu Gong Tou Guo Bin Headquarters Base Project	82
14		Beijing Mobile Silicon Valley Innovation Center	41
15		Tianjing Tonight Media Building	5
16		Xi'an Collaborative Innovation Port of Feng Dong New Town	120
17	Hefei Yaohai City Science and Technology Park	425	
18	Mianyang Science and Technology Town Software Park	61	
19	2017 new projects	Chongqing Liangjiang Science and Technology City (Phase II)	210
20		Changsha Meixihu Jinmao North Tower	99
21		Chengdu Creative and Intelligent Metropolis Industrial Park	76
22		Beijing Yida Lize Center	41
23		Xi'an Jiaotong University Nanyang Times	214
24		Zhengzhou Tonghang Entrepreneurship Park	42
Total			2,866



Chengdu Creative and Intelligent Metropolis Industrial Park



Chongqing Liangjiang Science and Technology City

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Construction, Decoration and Landscaping

During the Period, the construction, decoration and landscaping businesses recorded revenue of RMB122.26 million, representing a decrease of 58.2% from the corresponding period of last year, mainly due to increase in business serving internal projects and decrease in business serving external projects.

The Group continued to strengthen its construction, decoration and landscaping business capabilities to support the development of internal projects of the Group and to achieve sustained and stable recurring cash flow by undertaking external projects.

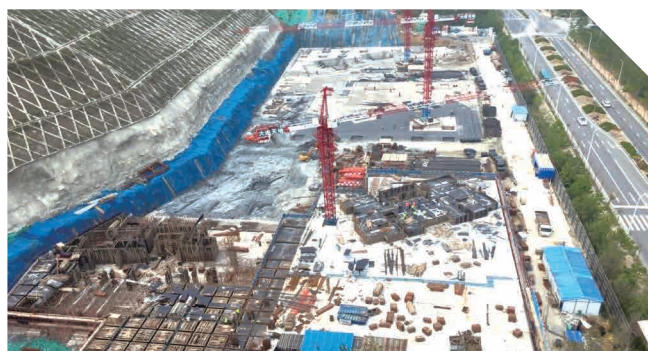
### Construction

The Group mainly undertook external projects including Glory of the City, Dalian Tiandi Yue Long Ju, Ascendas IT Park, Eton International School and many other well-known projects.

The Group continued to sort out and enhance all internal control management measures, and gradually improved the processes and systems that meet the characteristics of this industry and the Group's management needs. In the second half of this year, the Group will continue to explore the external market, and actively contact the existing high loyalty customers, to further undertake the projects invested by governments, universities, large real estate developing agents, to achieve national expansion goals.



Construction of Eton International School



Construction of Dalian Tiandi Yue Long Ju

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Decoration

The marketing theme: “For 15 years of craftsmanship services, Panasonic & Yida Decoration won the trust of the market by its quality and its good faith” was published by decoration team in the media and used for brand promotion, to enhance brand recognition and obtain business contracts. One-to-one customer gathering activities were held. As to real-life model rooms, one-to-one decoration advisory services were provided to customers. The Group received favorable comments from customers for its quality and efficiency. The Group provided butler services for customers living in high-end residential properties that were completed more than 5 years ago.



Decoration design cases under Yida

### Landscaping

Landscaping business is an important guarantee for the Group's project quality. Excellent landscape is always an important selling point in the Group's residential and office properties. After many years of experiences, the Group has had the ability to undertake external projects and carry out expansion across China.

The Group adhered to the “customer-centric and market-oriented” principle to maintain high quality standards and constantly enrich the product management models, in a move to further enhance the landscaping functionality and ornamentality. The Group's more than two million sq.m. of nursery bases are respectively located in Shandong Province and Liaoning Province, so the landscaping needs of our projects can be met.



Landscaping scene under Yida

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Property Management

During the Period, this business recorded revenue of RMB171.75 million, representing a growth of 22.4% from the corresponding period of last year, mainly due to increase in projects under management and increase in the income from providing services.

### Residential Property Management

During the Period, the Group managed 70 projects with a total of 8.35 million square meters. Yida Property Management Company Limited was included in the list of China's 2017 Top 100 Property Management Companies. The Group was closely centered on the development ideas of "improving service level, increasing performance, and expanding the business" to further enhance the Group's abilities in providing services for general households, making profits and managing communities, and to improve the overall efficiency.

Our team deeply mined services and the community's potential, improved KPI evaluation system and working standards and strengthened service standards and service quality. The Group adhered to safety limit, vigorously promoted vehicle license plate recognition system, anti tailing door system, increased the fire control system, entrance guard maintenance efforts. The Group launched Household APP and formed analysis of big data of households. There were 6,193,043 pieces of case data in total collected from 30,000 households, which will form a monitor of property management effectiveness and provide data support for future property management innovations.



Residential properties under management

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



Household APP

### Office Property Management

In the Company's 20-year business park operation and management experience, the property management team always served the Fortune Global 500 companies, to understand and meet their increasingly sophisticated, personalised and modernised property management needs, helping us form a complete set of standardised business park property management systems, which had become a solid platform for the Group's business park operation, "tenant recruitment and tenant settlement".

During the Period, there were two new office property management projects, with an increase of management area of approximately 440 thousand sq.m; and the total area of projects under management was approximately 3.4 million sq.m. The Group's office property management team, with their excellent management ability and national famous brand effect, continued to undertake external projects across China, and achieved good results.



Office properties under management

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### LAND RESERVES

As of 30 June 2017, the Group's total floor area of land reserves was approximately 8.87 million square meters and the floor area of land reserves attributable to the Group was approximately 5.64 million square meters. The land reserves were mainly concentrated in Dalian, accounting for a proportion of 85.4%.

The Group's core business is city-industry comprehensive development, emphasising simultaneous development of office properties and residential properties. In the future, in its city-industry development and operation projects, the Group will integrate resources, carry out multi-channel cooperation and coordination, and further optimize and improve the business mode of city-industry integration development. In addition, the Group will mainly utilize its capital advantages, speed up to obtain influential integrated city-industry development projects from the provinces and major cities that cooperate with the Group strategically, and implement land development PPP mode in appropriate regions, so as to, through large scale and regional land and house linkage development, obtain "capital income + land premium income + project development and operation income".

The Group will also seize the M&A opportunities brought by the overall trend of real estate market, opt to obtain asset-heavy projects at a proper time, with types including but not limited to business parks, independent office property, independent residential property and urban complex projects.



Residential project Qingwan in Dalian

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets out a breakdown of the Group's land reserves as at 30 June 2017:

<b>By City</b>	<b>Total GFA of land bank (sq.m.)</b>	<b>Proportion</b>	<b>Attributable GFA of land bank (sq.m.)</b>	<b>Proportion</b>
Dalian	7,571,991	85.4%	4,942,956	87.6%
Wuhan	1,196,981	13.5%	598,490	10.6%
Chengdu	54,131	0.6%	53,384	1.0%
Shenyang	45,763	0.5%	45,763	0.8%
<b>Total</b>	<b>8,868,866</b>	<b>100.0%</b>	<b>5,640,593</b>	<b>100.0%</b>

<b>By Location</b>	<b>Total GFA of land bank (sq.m.)</b>	<b>Proportion</b>	<b>Attributable GFA of land bank (sq.m.)</b>	<b>Proportion</b>
Within business parks	6,951,963	78.4%	4,276,546	75.8%
Outside business parks	1,916,903	21.6%	1,364,047	24.2%
<b>Total</b>	<b>8,868,866</b>	<b>100.0%</b>	<b>5,640,593</b>	<b>100.0%</b>

Dalian Glory of the City project



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Projects within/outside Business Parks	Equity Held by the Group	GFA Completed Remaining Saleable/ Leasable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
<b>Projects within Business Parks</b>				
<b>Dalian Software Park</b>				
Office	100%	594,938	—	—
Residential	100%	97,102	—	—
Subtotal	100%	692,040	—	—
<b>Dalian BEST City</b>				
Office	100%	130,070	214,642	491,888
Residential	100%	316,801	88,950	27,334
Subtotal	100%	446,871	303,592	519,222
<b>Wuhan First City</b>				
Office	50%	146,681	303,746	508,501
Residential	50%	104,954	—	133,100
Subtotal	50%	251,635	303,746	641,601
<b>Yida Information Software Park</b>				
Office	100%	84,608	64,406	118,798
Residential	100%	235,497	238,782	—
Subtotal	100%	320,105	303,188	118,798
<b>Dalian Ascendas IT Park</b>				
Office	50%	202,530	—	91,918
Subtotal	50%	202,530	—	91,918
<b>Dalian Tiandi</b>				
Office	30%	323,000	299,655	1,267,065
Residential	30%	105,221	132,927	628,850
Subtotal	30%	428,221	432,582	1,895,915
<b>Projects within Business Parks Subtotal</b>		2,341,402	1,343,108	3,267,454
<b>Projects outside Business Parks</b>				
Dalian	25%-100%	415,420	736,042	665,547
Chengdu	80%-100%	50,395	—	3,737
Shenyang	100%	24,820	20,943	—
<b>Projects outside Business Parks Subtotal</b>		490,635	756,985	669,284
<b>Total</b>		2,832,037	2,100,093	3,936,738



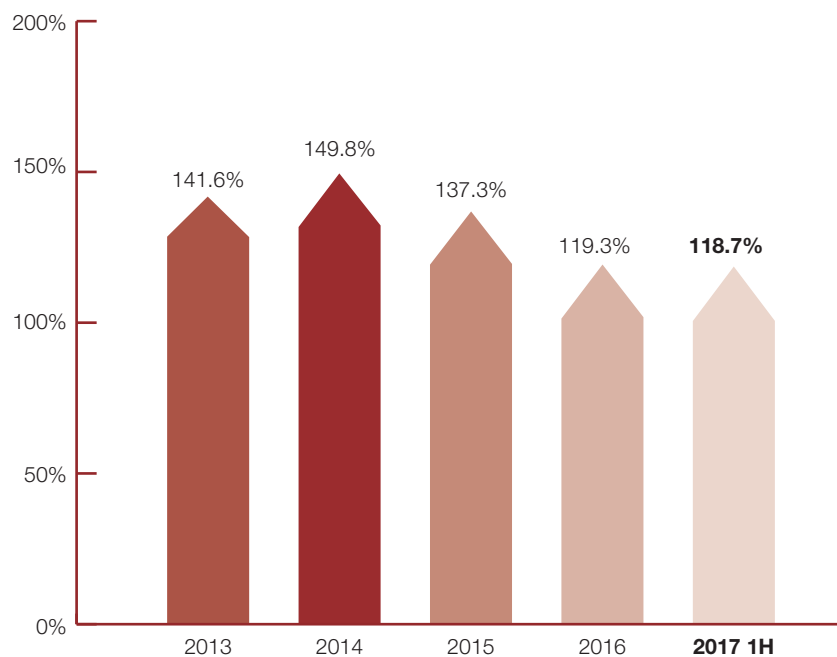
## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Issuance of Senior Notes

In April 2017, the Company successfully issued senior notes with principal amount of US\$300 million with 3-year term, bear a nominal interest rate of 6.95%, and was subscribed at 7.88 times. The net issue proceeds reached US\$290 million, which would be used to fund new property projects and for working capital purposes.

The Group attaches great importance to expansion of financing channels, and believes that main business development by virtue of domestic and foreign capital market resources will ensure it can more efficiently, sustainably, and firmly capture the strategic opportunities in a timely manner. This is of great significance to the Group's development in current stage.

### Reducing Net Gearing



The Group had been focusing on capital structure optimization to reduce its net gearing. As of 30 June 2017, the Group's net gearing ratio was 118.7%, a slight decrease from 31 December 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW

### Revenue

The sources of revenue of the Group primarily include (1) income from sales of properties; (2) rental income; (3) income from providing business park operation and management services; (4) income from providing construction, decoration and landscaping services; (5) income from property management services.

During the Period, the revenue of the Group was RMB3,044.37 million, representing an increase of 7.5% from the corresponding period of last year.

The following table sets forth a breakdown of the revenue for the Periods indicated:

	For the six months ended 30 June			
	2017		2016	
	Amount RMB'000	% of total amount	Amount RMB'000	% of total amount
Sales of properties	2,527,951	83.0%	2,182,869	77.1%
Rental Income	186,672	6.1%	189,633	6.7%
Business park operation and management services income	35,741	1.2%	27,595	1.0%
Construction, decoration and landscaping income	122,259	4.0%	292,211	10.3%
Property management income	171,751	5.7%	140,330	4.9%
Total	3,044,374	100.0%	2,832,638	100.0%

**(1) Sales of properties**

The Group's income arising from sales of residential properties within and outside business parks and office properties for the Period was RMB2,527.95 million, representing an increase of 15.8% from the corresponding period of last year, which was mainly attributable to the increase of the area of properties sold for which income was recognised during the Period.

**(2) Rental income**

The Group's rental income derived from operation of business parks owned by the Group for the Period amounted to RMB186.67 million, which was comparable to that of the corresponding period of last year.

**(3) Business park operation and management services income**

During the Period, the income arising from business park operation and management services provided by the Group amounted to RMB35.74 million, representing an increase of 29.5% from the corresponding period of last year, which was mainly attributable to the increase in entrusted operation projects during the Period.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (4) Construction, decoration and landscaping income

During the Period, the income from construction, decoration and landscaping services provided by the Group amounted to RMB122.26 million, representing a decrease of 58.2% from the corresponding period of last year, which was mainly attributable to the decrease in external construction projects during the Period.

### (5) Property management income

During the Period, the income from property management service provided by the Group amounted to RMB171.75 million, representing an increase of 22.4% from the corresponding period of last year, which was mainly attributable to the increase in property management projects and supporting service income.

## Cost of Sales

The cost of sales of the Group during the Period amounted to RMB2,179.78 million, representing an increase of 11.8% from the corresponding period of last year, which was mainly attributable to the increase of the area of hand-over for which income was recognised during the Period.

## Gross Profit and Gross Profit Margin

The gross profit provided by the Group during the Period amounted to RMB864.59 million, representing a decrease of 2.1% from the corresponding period of last year; The gross profit margin decreased from 31.2% for the corresponding period of 2016 to 28.4% during the Period, which was mainly attributable to the different hand-over projects structure during the period.

## Other Income and Gains

Other income and gains of the Group include interest income, dividend income, government subsidy and other income. During the Period, other income and gains of the Group were RMB32.06 million, representing a decrease of approximately RMB17.90 million as compared to the corresponding period of 2016, which was mainly attributable to gain on re-measurement of existing investment interest in the joint venture to the date of obtaining control fair value in the corresponding period of 2016 and no such business during the Period.

## Sales and Marketing Expenses

The sales and marketing expenses of the Group increased by 37.5% to RMB100.45 million for the Period from RMB73.08 million in the corresponding period of 2016, which was mainly due to the increase in advertising and marketing expenses during the Period.

## Administrative Expenses

The administrative expenses of the Group decreased by 7.6% to RMB162.45 million for the Period from RMB175.78 million in the corresponding period of 2016, which was mainly attributable to the decrease in office expenses.

## Other Expenses

Other expenses of the group include fair value loss of derivative financial instruments, penalty paid to joint venture partners, exchange loss and others. During the Period, other expenses of the Group were RMB97.68 million, representing an increase of RMB15.68 million as compared to the corresponding period of 2016, which was mainly due to exchange loss due to the appreciation of Renminbi ("RMB") against United States dollars ("USD") during the period.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Increase in Fair Value on Investment Properties

The fair value gains on investment properties of the Group increased by 27.6% to RMB59.69 million during the Period from RMB46.78 million in the corresponding period of 2016, which was mainly due to fair value gains generated by completed office building of Yida Information Software Park during the Period.

## Finance Costs

The finance costs of the Group increased by 48.1% to RMB174.12 million during the Period from RMB117.55 million in the corresponding period of 2016, which was primarily attributable to the decrease in capitalised finance costs during the Period.

## Share of Profits and Losses of Joint Ventures

During the Period, the Group's share of profits of joint ventures was RMB21.74 million, decreased by approximately RMB5.36 million as compared to the corresponding period of 2016, which was mainly attributable to the decrease in net profits in Dalian Software Park Ascendas Development Company Limited during the Period.

## Share of Profits and Losses Of Associates

The Group's share of profits and losses of associates was primarily contributed by Richcoast Group, Hunan Jinke Yida Development Limited and Chongqing Jinke Kejian Development Limited. During the Period, the Group's share of losses of associates was RMB17.27 million, representing a decrease in losses of approximately RMB20.37 million from the corresponding period of 2016, which was mainly attributable to the decrease of losses of Richcoast Group Limited during the Period.

## Income Tax Expenses

The income tax expenses of the Group includes corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group decreased by 30.3% to RMB174.02 million during the Period from RMB249.59 million in the corresponding period of 2016, which was mainly attributable to the completion of LAT clearance from local tax authority and reversal of overprovision of LAT for Land No. 1, District 5 in the Dalian Yida Meijia Property Development Company Limited.

## Profit for the Period

As a result of the foregoing, the pre-tax profit of the Group decreased by 18.2% to RMB426.1 million during the Period from RMB520.94 million in the corresponding period of 2016.

The net profit of the Group decreased by 7.1% to RMB252.08 million during the Period from RMB271.35 million in the corresponding period of 2016.

The net profit attributable to equity owners decreased by 25.8% to RMB203.16 million during the Period from RMB273.87 million in the corresponding period of 2016.

The core net profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) decreased to RMB158.39 million during the Period from core net profit of RMB238.78 million in the corresponding period of 2016.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Cash Position

As at 30 June 2017, the Group had cash and bank balances (including restricted cash of approximately RMB1,280.81 million) of approximately RMB4,768.08 million (31 December 2016: cash and bank balances of approximately RMB2,903.15 million, including restricted cash of approximately RMB1,047.11 million).

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Debts

As at 30 June 2017, the Group had bank and other borrowings of approximately RMB17,039.03 million (31 December 2016: approximately RMB15,010.78 million), of which:

#### (1) By Loan Type

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Secured bank loans	<b>7,328,364</b>	7,124,488
Secured other borrowings	<b>4,654,170</b>	4,797,200
Unsecured other borrowings	<b>5,056,496</b>	3,089,087
	<b>17,039,030</b>	15,010,775

#### (2) By Maturity Date

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year or on demand	<b>4,943,663</b>	4,072,068
In the second year	<b>2,668,133</b>	3,660,410
In the third to fifth year	<b>8,233,530</b>	5,926,343
Beyond five years	<b>1,193,704</b>	1,351,954
	<b>17,039,030</b>	15,010,775

### Debt Ratio

The net gearing (net debt, including interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash divided by the total equity) of the Group was approximately 118.7% as at 30 June 2017, which decreased by 0.6% as compared to 119.3% as at 31 December 2016.

### Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 30 June 2017, the Group had cash and bank balances (including restricted cash) of approximately RMB0.65 million and approximately RMB1,525.45 million denominated in Hong Kong dollars and USD, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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### Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (I) registration of mortgage interest to the bank, or (II) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 30 June 2017, the Group provided a guarantee of approximately RMB503.16 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (As compared to 31 December 2016: approximately RMB516.05 million).

In addition to guarantees we provided in respect of the mortgage facilities to its customers, as at 30 June 2017, we provided a guarantee in the amount of not exceeding RMB24 million (31 December 2016: RMB24 million) to the shareholders of Richcoast Group. This guarantee was provided in respect of the payment obligations of Richcoast Group to a joint venture and the joint venture partner in accordance with our shareholding percentage.

As at 30 June 2017, we also provided guarantees to the extent of RMB546 million (31 December 2016: RMB569.22 million) in respect of bank and other borrowings granted to the associates of the Group.

As at 30 June 2017, we also provided guarantees to the extent of RMB367.40 million (31 December 2016: RMB468.50 million) in respect of bank and other borrowings granted to the joint ventures of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 1,873 full-time employees. The Group distributes remunerations to the staff based on the performances, working experiences of the employees and the current market salary level.

The Group regularly reviews the remuneration policy and plan and will make necessary adjustments to make it in line with the industry salary standards.



2017 Annual Meeting



The fifteenth session of Software Fair

### SOCIAL RESPONSIBILITY

On 16 June 2017, the fifteenth session of China's International Software & Information Service Fair (hereinafter referred to as "Software Fair") with the theme of "New IT, New Ecology and New Energy" was grandly opened in Dalian. The Group assisted to organize and undertook several forums and activities of this Software Fair. This was also the Company's fifteenth consecutive appearance in the exhibition site. The exhibition area fully presented comprehensively Yida's business park development zones' characteristics, operation mode and future vision, and vividly interpreted the intelligent down towns featuring "City-Industry Integration and Harmonious Development" and how to make it become an important engine of regional development. More importantly, as Dalian's local well-known Company, Yida worked with the local governments to guide the overall innovation of science and technology, investment invitation and industrial implantation within the cities, to actively promote regional economic development and assume the social responsibility of China's leading enterprise in business park.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## HONORS AND AWARDS

- In January 2017, the Group was awarded “The Best City-Industry Integration Contribution Award” in Global Chinese Real Estate Summit 2017.
- On 22 March 2017, the Group was awarded “2017 China’s Top 100 Real Estate Development Companies” and “2017 China’s Top 10 Real Estate Development Companies in Operation Performance” by 2017 China’s Top 500 Real Estate Companies Evaluation Result Release Conference & Top 500 Companies Summit.
- On 22 March 2017, the Group was awarded “2017 China’s Real Estate Companies with Excellent Commercial Mode” by 2017 China’s Top 100 Excellent Real Estate Companies List Release Ceremony hosted by Guandian Real Estate New Media.
- On 25 May 2017, the Group was awarded “2017 China’s Top 100 Listed Real Estate Companies in Comprehensive Strength and 2017 China’s Top 5 Listed Real Estate Companies in Innovation Capability” by 2017 China’s Listed Real Estate Companies Evaluation Results Release Conference & Listed Real Estate Companies Summit jointly launched by China’s Real Estate Industry Association and China’s Real Estate Assessment Center.
- On 13 June 2017, the Group was awarded “Excellent Business Park Operator” by the Fourteenth Session of China’s (2017) Blue Chip Real Estate Annual Meeting hosted by the Economic Observer newspaper.
- On 16 June 2017, the Group was awarded “China’s Excellent Industrial Park Operator” by the second session of China’s Industrial Park Innovation and Development Summit jointly organized by China’s New Park Net, China Net and China’s Development Zone.



Dalian BEST City



# DISCLOSURE OF INTERESTS

## DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of each of the Directors and the chief executives of the Company in the shares (the "Shares") and underlying Shares and 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 otherwise 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 contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (I) Interest in the Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest of interest	Number of shares held <sup>(1)</sup>	Approximate percentage in the Company's issued share capital
Mr. Sun Yansheng	Interest of a controlled corporation	78,800,000(L) <sup>(2)</sup>	3.05%
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L) <sup>(3)</sup>	2.65%
Mr. Gao Wei	Interest of a controlled corporation	78,800,000(L) <sup>(4)</sup>	3.05%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) Mr. Sun Yansheng beneficially owns the entire issued share capital of Everest Talent Limited, which in turn owns 37.50% of the issued share capital of Keen Sky Grace Limited. Keen Sky Grace Limited owns 3.05% of the issued share capital of the Company. By virtue of the SFO, Mr. Sun Yansheng is deemed to be interested in the Shares held by Keen Sky Grace Limited.
- (3) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, Wonderful High Limited and Everest Everlasting Limited, which in total own 74.21% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source Limited.
- (4) Mr. Gao Wei beneficially owns the entire issued share capital of Everest Excellence Limited, which in turn owns 25% of the issued share capital of Keen Sky Grace Limited. Keen Sky Grace Limited owns 3.05% of the issued share capital of the Company. By virtue of the SFO, Mr. Gao Wei is deemed to be interested in the Shares held by Keen Sky Grace Limited.

## DISCLOSURE OF INTERESTS (CONTINUED)

### (II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of Shares <sup>(1)</sup>	Percentage of the issued share capital of that associated corporation held
Mr. Sun Yansheng	Keen Sky Grace Limited	Interest of a controlled corporation	3,000(L) <sup>(2)</sup>	37.50%
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	5,180(L) <sup>(3)</sup>	74.21%
Mr. Gao Wei	Keen Sky Grace Limited	Interest of a controlled corporation	2,000(L) <sup>(4)</sup>	25.00%

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) These shares are held by Everest Talent Limited which is wholly owned by Mr. Sun Yansheng.
- (3) These shares are held by Grace Excellence Limited with 3,000 shares, Everest Everlasting Limited with 180 shares, and Wonderful High Limited with 2,000 shares, which are wholly owned by Mr. Jiang Xiuwen.
- (4) These shares are held by Everest Excellence Limited which is wholly owned by Mr. Gao Wei.

### (iii) Interest in debentures of the Company

US\$300 million 6.95% senior notes due 2020 ("2020 USD Notes")

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 30 June 2017
Ma Lan	Beneficial owner	USD500,000	0.17% <sup>(1)</sup>

Note:

- (1) The percentage of interest is based on the aggregate principal amount of the 2020 USD Notes.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company and/or their respective associated persons had any personal, family, corporate or other interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO).

## DISCLOSURE OF INTERESTS (CONTINUED)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held <sup>(1)</sup>	Approximate percentage in the Company's issued share capital
Jiayou (International) Investment Limited <sup>(2)</sup>	Beneficial owner	1,578,751,750(L)	61.11%
Jiahuang (Holdings) Investment Limited <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
Jiaxin Investment (Shanghai) Co., Ltd. <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
China Minsheng Jiaye Investment Co., Ltd. <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
China Minsheng Investment Corp., Ltd. <sup>(2)</sup>	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
Right Won Management Limited <sup>(3)</sup>	Beneficial owner	241,400,000(L)	9.34%
Sun Yinhuan <sup>(3)</sup>	Interest of corporation controlled by the substantial shareholder	241,400,000(L)	9.34%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) China Minsheng Investment Corp., Ltd owns 69.4% share equity of China Minsheng Jiaye Investment Co., Ltd.. Jiaxin Investment (Shanghai) Co., Ltd. is beneficially owned by China Minsheng Jiaye Investment Co., Ltd.. Jiahuang (Holdings) Investment Limited is beneficially wholly-owned by Jiaxin Investment (Shanghai) Co., Ltd.. Jiayou (International) Investment Limited is beneficially wholly-owned by Jiahuang (Holdings) Investment Limited. By virtue of the SFO, China Minsheng Investment Corp., Ltd., China Minsheng Jiaye Investment Co., Ltd., Jiaxin Investment (Shanghai) Co., Ltd. and Jiahuang (Holdings) Investment Limited are deemed to be interested in 1,578,751,750 shares held by Jiayou (International) Investment Limited.

(3) Right Won Management Limited is beneficially owned by Mr. Sun Yinhuan. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won Management Limited.

Save as disclosed above, as at 30 June 2017, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## DISCLOSURE OF INTERESTS (CONTINUED)

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### **ADEQUACY OF PUBLIC FLOAT**

Immediately after the close of the Offer on 30 December 2016, the Company could not satisfy the minimum public float requirement of 25% as set out under Rules 8.08(1)(a) and 13.32 of the Listing Rules. On 16 January 2017, the Stock Exchange granted a temporary waiver to the Company from strict compliance with Rules 8.08(1)(a) and 13.32 of the Listing Rules for a period commencing from 30 December 2016 to 30 March 2017 .

On 30 March 2017, the Company restored public float as some directors of subsidiaries of the Company resigned and ceased to be core connected persons under the Listing Rules. Members of the public held 857,818,250 shares, representing approximately 33.19% of total number of issued shares of the Company.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## INTERIM DIVIDEND

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

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). During the Period, the Company has complied with all the code provisions set out in the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set forth in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. The Company has made specific enquiry with each of the Directors and all Directors have confirmed that they complied with the Model Code throughout the period.

## PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Period, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies.

## SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2014. During the Period, no share options have been granted under the share option scheme.

## AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) on 1 June 2014 with written terms of reference, which was amended on 10 December 2015, in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board. The Audit Committee consists of four independent non-executive Directors, namely Mr. Yip Wai Ming, Mr. Guo Shaomu, Mr. Wang Jinping and Mr. Han Gensheng, with Mr. Yip Wai Ming acting as the chairman of the Audit Committee. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee has appropriate professional qualifications.

## CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

### USE OF PROCEEDS FROM GLOBAL OFFERING

On 27 June 2014, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the above global offering were approximately HK\$1,328.0 million (after deducting relevant listing expenses). From the listing date up to 30 June 2017, the Company has been utilizing the net proceeds on a pro-rata basis in accordance with the terms as set out in the section headed “Future Plans and Use of Proceeds — Use of Proceeds” in the prospectus dated 17 June 2014.

### REVIEW OF THE INTERIM RESULTS

The unaudited interim financial information of the Group for the six months ended 30 June 2017 has been reviewed by the auditors of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 — “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The interim report of the Group for the six months ended 30 June 2017 has also been reviewed and passed by the Audit Committee.



Dalian Yida “Liuzhuang”(留莊) project

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



To the board of directors of Yida China Holdings Limited

## INTRODUCTION

We have reviewed the interim financial information set out on pages 39 to 72 which comprises the condensed consolidated statement of financial position of Yida China Holdings Limited (the “**Company**”) and its subsidiaries as of 30 June 2017 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. 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 Hong Kong 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.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (CONTINUED)

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## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **Ernst & Young**

*Certified Public Accountants*

22/F CITIC Tower

1 Tim Mei Avenue

Central

Hong Kong

16 August 2017



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>3,044,374</b>	2,832,638
Cost of sales		<b>(2,179,782)</b>	(1,949,480)
Gross profit		<b>864,592</b>	883,158
Other income and gains	4	<b>32,060</b>	49,957
Selling and marketing expenses		<b>(100,454)</b>	(73,084)
Administrative expenses		<b>(162,450)</b>	(175,778)
Other expenses		<b>(97,681)</b>	(82,006)
Fair value gains on investment properties	11	<b>59,691</b>	46,784
Finance costs	6	<b>(174,122)</b>	(117,553)
Share of profits and losses of:			
Joint ventures		<b>21,735</b>	27,099
Associates		<b>(17,269)</b>	(37,642)
<b>PROFIT BEFORE TAX</b>	5	<b>426,102</b>	520,935
Income tax expenses	7	<b>(174,024)</b>	(249,589)
<b>PROFIT FOR THE PERIOD</b>		<b>252,078</b>	271,346
Attributable to:			
Owners of the parent		<b>203,163</b>	273,870
Non-controlling interests		<b>48,915</b>	(2,524)
		<b>252,078</b>	271,346
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB per share)	9	<b>7.86 cents</b>	10.60 cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>252,078</b>	271,346
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>32,614</b>	(13,412)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>284,692</b>	257,934
Attributable to:		
Owners of the parent	<b>235,777</b>	260,458
Non-controlling interests	<b>48,915</b>	(2,524)
	<b>284,692</b>	257,934

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	82,496	89,594
Investment properties	11	11,921,079	11,795,033
Investments in joint ventures		1,692,559	1,669,217
Investments in associates		468,866	479,425
Prepayments for acquisition of land		2,193,842	2,107,462
Land held for development for sale	12	529,677	730,421
Other receivables		442,817	614,895
Intangible assets		16,283	17,177
Available-for-sale investments		24,540	24,540
Deferred tax assets		119,456	141,330
Total non-current assets		17,491,615	17,669,094
<b>CURRENT ASSETS</b>			
Inventories		12,744	8,172
Land held for development for sale	12	607,203	607,203
Properties under development		4,636,975	6,919,490
Completed properties held for sale		5,034,776	3,784,559
Prepayments for acquisition of land		249,655	249,655
Gross amounts due from contract customers		142,095	132,940
Trade receivables	13	602,519	814,411
Prepayments, deposits and other receivables		3,193,488	2,679,039
Prepaid corporate income tax		54,551	30,613
Prepaid land appreciation tax		169,519	161,174
Restricted cash		1,280,810	1,047,113
Cash and cash equivalents		3,487,268	1,856,039
Total current assets		19,471,603	18,290,408
<b>CURRENT LIABILITIES</b>			
Gross amounts due to contract customers		512,986	518,183
Receipts in advance		2,319,721	2,787,291
Trade payables	14	2,285,973	2,633,113
Other payables and accruals		1,393,535	1,500,759
Derivative financial instruments	16	546,190	491,403
Interest-bearing bank and other borrowings	15	4,943,663	4,072,068
Tax payables		377,466	600,580
Provision for land appreciation tax		335,106	399,063
Total current liabilities		12,714,640	13,002,460

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>NET CURRENT ASSETS</b>		<b>6,756,963</b>	5,287,948
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>24,248,578</b>	22,957,042
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	15	<b>12,095,367</b>	10,938,707
Other payables		—	73,370
Deferred tax liabilities		<b>1,813,697</b>	1,798,436
Total non-current liabilities		<b>13,909,064</b>	12,810,513
Net assets		<b>10,339,514</b>	10,146,529
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	17	<b>159,418</b>	159,418
Reserves		<b>9,859,414</b>	9,712,922
<b>Non-controlling interests</b>		<b>10,018,832</b>	9,872,340
		<b>320,682</b>	274,189
Total equity		<b>10,339,514</b>	10,146,529

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the parent																				
	Issued capital	Share premium account	Statutory surplus reserve	Merger reserve	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity										
												RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)																					
At 1 January 2017	159,418	1,578,139	483,368	352,979	—	81,000	8,151	7,209,285	9,872,340	274,189	10,146,529										
Profit for the period	—	—	—	—	—	—	—	203,163	203,163	48,915	252,078										
Other comprehensive income for the period:																					
Exchange differences on translation of foreign operations	—	—	—	—	—	—	32,614	—	32,614	—	32,614										
Total comprehensive income for the period	—	—	—	—	—	—	32,614	203,163	235,777	48,915	284,692										
Acquisition of non-controlling interests	—	—	—	—	(6,598)	—	—	—	(6,598)	(3,402)	(10,000)										
Capital contribution from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	980	980										
Transfer from retained profits	—	—	902	—	—	—	—	(902)	—	—	—										
Final 2016 dividend declared	—	(82,687)	—	—	—	—	—	—	(82,687)	—	(82,687)										
At 30 June 2017	159,418	1,495,452*	484,270*	352,979*	(6,598)*	81,000*	40,765*	7,411,546*	10,018,832	320,682	10,339,514										

	Attributable to owners of the parent																				
	Note	Issued capital	Share premium account	Statutory surplus reserve	Merger reserve	Share-based payment reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity										
												RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)																					
At 1 January 2016		159,418	1,710,650	450,102	352,979	81,000	(36,319)	6,678,551	9,396,381	12,105	9,408,486										
Profit for the period		—	—	—	—	—	—	273,870	273,870	(2,524)	271,346										
Other comprehensive income for the period:																					
Exchange differences on translation of foreign operations		—	—	—	—	—	(13,412)	—	(13,412)	—	(13,412)										
Total comprehensive income for the period		—	—	—	—	—	(13,412)	273,870	260,458	(2,524)	257,934										
Obtaining control of a subsidiary	18	—	—	—	—	—	—	—	—	229,865	229,865										
Transfer from retained profits		—	—	8,276	—	—	—	(8,276)	—	—	—										
Final 2015 dividend declared		—	(132,511)	—	—	—	—	—	(132,511)	—	(132,511)										
At 30 June 2016		159,418	1,578,139	458,378	352,979	81,000	(49,731)	6,944,145	9,524,328	239,446	9,763,774										

\* These reserve accounts comprise the consolidated reserves of RMB9,859,414,000 (31 December 2016: RMB9,712,922,000) in the consolidated statement of financial position as at 30 June 2017.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>426,102</b>	520,935
Adjustments for:			
Depreciation	5	<b>6,978</b>	7,480
Amortisation of intangible assets	5	<b>2,516</b>	1,137
Loss on disposal of items of property, plant and equipment		<b>1,517</b>	1,889
Fair value gains on investment properties	11	<b>(59,691)</b>	(46,784)
Fair value losses on derivative financial instruments	5	<b>54,787</b>	77,390
Share of profits and losses of joint ventures		<b>(21,735)</b>	(27,099)
Share of profits and losses of associates		<b>17,269</b>	37,642
Gain on re-measurement of existing interest in the joint venture to date of obtaining control fair value	4	<b>—</b>	(24,354)
Finance costs	6	<b>174,122</b>	117,553
Interest income	4	<b>(27,988)</b>	(20,893)
Dividend income	4	<b>(1,254)</b>	(1,171)
		<b>572,623</b>	643,725
Increase in inventories		<b>(4,572)</b>	(3,315)
Increase in properties under development		<b>(402,436)</b>	(324,409)
Decrease in completed properties held for sale		<b>1,853,401</b>	1,558,823
Increase in prepayments for acquisition of land		<b>(86,380)</b>	(76,591)
Increase in the gross amounts due from contract customers		<b>(9,155)</b>	(33,873)
Decrease/(increase) in trade receivables		<b>211,892</b>	(5,856)
Increase in prepayments, deposits and other receivables		<b>(93,356)</b>	(159,992)
Decrease in trade payables		<b>(347,140)</b>	(192,957)
Decrease in other payables and accruals		<b>(140,696)</b>	(606,204)
Decrease in receipts in advance		<b>(467,570)</b>	(1,109,627)
Decrease in the gross amounts due to contract customers		<b>(5,197)</b>	(16,579)
(Decrease)/increase in deferred income		<b>(1,368)</b>	181
Cash generated from/(used in) operations		<b>1,080,046</b>	(326,674)
Interest received		<b>27,988</b>	20,893
PRC corporate income tax paid		<b>(386,856)</b>	(56,847)
PRC land appreciation tax paid		<b>(69,387)</b>	(140,119)
Net cash from/(used in) operating activities		<b>651,791</b>	(502,747)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advance to joint ventures		—	(3,514)
Investment in a joint venture		(1,040)	(2,500)
(Increase)/decrease in amounts due from joint ventures and associates		(129,680)	90,882
Purchases of items of property, plant and equipment		(1,397)	(842)
Purchases of intangible assets		(1,622)	(1,499)
Additions to investment properties	11	(66,355)	(54,674)
(Increase)/decrease in restricted cash		(233,697)	1,104,577
Obtaining control of a subsidiary	18	—	996,206
Dividends received		1,254	1,171
Net cash (used in)/from investing activities		(432,537)	2,129,807
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital contribution from a non-controlling shareholder		980	—
Acquisition of non-controlling interests		(10,000)	—
Interest paid		(562,863)	(612,784)
Dividend paid		(98,351)	—
New bank and other borrowings		5,607,001	5,730,185
Repayment of bank and other borrowings		(3,524,792)	(5,907,326)
Net cash from/(used in) financing activities		1,411,975	(789,925)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		1,631,229	837,135
		1,856,039	1,058,565
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
		3,487,268	1,895,700
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		3,487,268	1,895,700

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

## 1. CORPORATE AND GROUP INFORMATION

Yida China Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered office of the Company’s located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Tianjin, Zhengzhou, Hefei, Xi’an, Suzhou, Hangzhou, Shenzhen, Changsha and Chengdu, the People’s Republic of China (the “**PRC**” or “**Mainland China**”).

In the opinion of the directors of the Company (the “**Directors**”), the holding company of the Company is Jiayou (International) Investment Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is China Minsheng Investment Corp., Ltd..

## 2.1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants.

## 2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information are consistent with those of the Group as set out in the Group’s annual financial statements for the year ended 31 December 2016, except for the following revised Hong Kong Financial Reporting Standards (the “HKFRSs”) that have been adopted by the Group for the first time in 2017 for the current period’s interim financial information.

Amendments to HKAS 7

Amendments to HKAS 12

Annual improvements 2014–2016 cycle

*Disclosure Initiative*

*Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to a number of HKFRSs

The above revised standards have had no significant financial effect on the unaudited condensed consolidated interim financial information.



**2.3. IMPACT OF ISSUED BUT NOT EFFECTIVE HKFRSs**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the unaudited condensed consolidated interim financial information.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions<sup>1</sup></i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>1</sup></i>
HKFRS 9	<i>Financial Instruments<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>1</sup></i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>1</sup></i>
HKFRS 16	<i>Leases<sup>2</sup></i>
Amendments to HKAS 40	<i>Transfer of Investment Property<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date yet determined but available for early adoption

The Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's unaudited condensed consolidated interim financial information.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income and/or for capital appreciation potential;
- (c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other real estate developers;
- (d) the construction, decoration and landscaping segment engages in project construction, the provision of interior decoration work to property buyers and landscaping services to property projects;
- (e) the property management segment engages in the provision of management services to properties; and
- (f) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, dividend income and unallocated gains, corporate and other unallocated expenses and finance costs are excluded from such measurement.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 3. OPERATING SEGMENT INFORMATION (Continued)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

During the six months ended 30 June 2017 and 2016, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

### For the six months ended 30 June 2017

(Unaudited)	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>							
Sales to external customers	2,527,951	186,672	35,741	122,259	171,751	—	3,044,374
<b>Segment results</b>	433,558	197,356	9,622	4,432	15,270	(34,469)	625,769
<i>Reconciliation:</i>							
Interest income							27,988
Dividend income and unallocated gains							1,254
Corporate and other unallocated expenses							(54,787)
Finance costs							(174,122)
Profit before tax							426,102
Income tax expenses							(174,024)
Profit for the period							252,078

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 3. OPERATING SEGMENT INFORMATION (Continued)

For the six months period ended 30 June 2016

(Unaudited)	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>							
Sales to external customers	2,182,869	189,633	27,595	292,211	140,330	—	2,832,638
<b>Segment results</b>	427,817	240,000	(7,615)	22,061	24,150	(12,599)	693,814
<i>Reconciliation:</i>							
Interest income							20,893
Dividend income and unallocated gains							1,171
Corporate and other unallocated expenses							(77,390)
Finance costs							(117,553)
Profit before tax							520,935
Income tax expenses							(249,589)
Profit for the period							271,346

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross proceeds from the sale of properties, rental income received and receivable from investment properties, property management income received and receivable, an appropriate proportion of contract revenue from construction, decoration and landscaping, and business park operation and management service income received and receivable from the provision of operation and management services to the business park projects, all net of business tax, value-added tax and surcharges, during the period.

An analysis of the Group's revenue, other income and gains is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Sale of properties	<b>2,527,951</b>	2,182,869
Rental income	<b>186,672</b>	189,633
Business park operation and management service income	<b>35,741</b>	27,595
Construction, decoration and landscaping income	<b>122,259</b>	292,211
Property management income	<b>171,751</b>	140,330
	<b>3,044,374</b>	2,832,638
<b>Other income and gains</b>		
Interest income	<b>27,988</b>	20,893
Dividend income	<b>1,254</b>	1,171
Government subsidies	<b>1,430</b>	1,697
Gain on re-measurement of existing interest in a joint venture to date of obtaining control fair value	—	24,354
Others	<b>1,388</b>	1,842
	<b>32,060</b>	49,957

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cost of properties sold	1,853,401	1,527,389
Cost of services provided	251,762	364,704
Depreciation	6,978	7,480
Amortisation of intangible assets	2,516	1,137
Fair value losses of derivative financial instruments	54,787	77,390
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	74,619	57,387

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interest on bank and other loans	551,472	612,784
Less: Interest capitalised	(377,350)	(495,231)
	174,122	117,553

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 7. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2017 and 2016. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the six months ended 30 June 2017 and 2016.

An analysis of the income tax charges for the period is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current:		
PRC corporate income tax	<b>139,804</b>	152,856
PRC land appreciation tax ("LAT")	<b>88,425</b>	98,329
Overprovision of PRC LAT in prior years*	<b>(91,340)</b>	(39,631)
	<b>136,889</b>	211,554
Deferred:		
Current period	<b>14,300</b>	28,127
Reversal of deferred tax assets on PRC LAT overprovided in prior years	<b>22,835</b>	9,908
	<b>37,135</b>	38,035
<b>Total tax charge for the period</b>	<b>174,024</b>	249,589

\* During the six months ended 30 June 2017, the Group filed and agreed with the local tax bureau in the PRC the computation for the LAT of certain property development projects that had been completed and sold in previous years. As a result of the local tax bureau's assessments, the Group has reversed and recognised an overprovision of LAT on the relevant property development projects of RMB91,340,000 (six months ended 30 June 2016: RMB39,631,000) in the consolidated statement of profit or loss.

## 8. INTERIM DIVIDEND

The Company resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share amounts for the period is based on the profit for the period attributable to the ordinary equity holders of the parent of RMB203,163,000 (six months ended 30 June 2016: RMB273,870,000), and the weighted average number of ordinary shares of 2,583,970,000 (six months ended 30 June 2016: 2,583,970,000) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2017 and 2016 as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of RMB1,397,000 (six months ended 30 June 2016: RMB3,910,000).

## 11. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)			
At 1 January 2017	9,936,350	1,858,683	11,795,033
Additions	31,599	34,756	66,355
Transfers from investment properties under construction to completed investment properties	480,000	(480,000)	—
Net gains/(losses) from fair value adjustments	70,701	(11,010)	59,691
At 30 June 2017	10,518,650	1,402,429	11,921,079
	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)			
At 1 January 2016	8,965,700	2,520,600	11,486,300
Additions	6,752	47,922	54,674
Net gains from fair value adjustments	9,198	37,586	46,784
At 30 June 2016	8,981,650	2,606,108	11,587,758

At 30 June 2017, certain of the Group's investment properties of RMB11,258,819,000 (31 December 2016: RMB11,156,972,000) were pledged to banks to secure the loans granted to the Group (note 15).



**11. INVESTMENT PROPERTIES** (Continued)

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 21(a) to the interim financial information.

The Group's completed investment properties and investment properties under construction, which were stated at fair value, were revalued on 30 June 2017 by DTZ Cushman & Wakefield Limited, independent professionally qualified valuers.

For completed investment properties, valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

For investment properties under construction which were stated at fair value at 30 June 2017, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

Investment properties which have been measured at cost included in the consolidated statement of financial position as at 30 June 2017 were RMB565,659,000 (31 December 2016: RMB560,266,000).

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. Included in the Group's investment properties are certain completed investment properties (31 December 2016: certain completed investment properties and investment properties under construction) measured at fair value in the aggregate carrying amount of RMB1,495,000,000 (31 December 2016: RMB1,384,000,000) as at 30 June 2017, which are subject to restrictions on sale and transfer, but may be leased to tenants that are engaged in software research and development and outsourcing services.

Unrealised fair value gains included in the consolidated statement of profit or loss for completed investment properties for the six months ended 30 June 2017 amounted to RMB70,701,000 (six months ended 30 June 2016: RMB9,198,000).

Unrealised fair value losses included in the consolidated statement of profit or loss for investment properties under construction for the six months ended 30 June 2017 amounted to RMB11,010,000 (six months ended 30 June 2016: unrealised gains of RMB37,586,000).

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 11. INVESTMENT PROPERTIES (Continued)

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			30 June 2017	31 December 2016
Completed	Income approach (refer above)			
Retail		Estimated yearly rental value per square metre (RMB)	<b>499–2,056</b>	513–2,056
Office		Estimated yearly rental value per square metre (RMB)	<b>564–887</b>	564–879
Car park		Estimated yearly rental value per lot (RMB)	<b>3,564–5,036</b>	3,564–5,012
Retail		Capitalisation rate	<b>5%–6%</b>	5%–6%
Office		Capitalisation rate	<b>4.5%–5%</b>	4.5%–5%
Car park		Capitalisation rate	<b>3.5%–4%</b>	3.5%–4%
Under construction	Residual approach (refer above)			
Office		Estimated yearly rental value per square metre (RMB)	<b>727–729</b>	699–727
Car park		Estimated yearly rental value per lot (RMB)	<b>4,946</b>	4,198–4,288
Retail		Capitalisation rate	<b>5%</b>	5%
Office		Capitalisation rate	<b>5%</b>	5%
Car park		Capitalisation rate	<b>3.5%</b>	3.5%
Retail, office and car park		Development profit	<b>4.5%–7%</b>	2%–7%

A significant increase/(decrease) in estimated yearly rental value per square metre or per lot in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated yearly rental value per square metre or per lot is accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 12. LAND HELD FOR DEVELOPMENT FOR SALE

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Carrying amount	<b>1,136,880</b>	1,337,624
Current portion	<b>(607,203)</b>	(607,203)
Non-current portion	<b>529,677</b>	730,421

As at 30 June 2017, certain of the Group's land held for development for sale of approximately RMB940,465,000 (31 December 2016: RMB840,726,000), were pledged to banks to secure the bank and other loans granted to the Group (note 15).

## 13. TRADE RECEIVABLES

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade receivables	<b>621,789</b>	833,681
Impairment	<b>(19,270)</b>	(19,270)
	<b>602,519</b>	814,411

Trade receivables mainly represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Neither past due nor impaired		
Within 1 year	<b>450,650</b>	630,848
1 to 2 years	<b>97,663</b>	82,278
Over 2 years	<b>21,666</b>	67,028
Past due but not impaired		
1 to 2 years	<b>32,540</b>	34,257
	<b>602,519</b>	814,411

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 13. TRADE RECEIVABLES (Continued)

The movements in provision for impairment of trade receivables are as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>
At beginning of period	<b>19,270</b>
Impairment losses recognised	<b>—</b>
At end of period	<b>19,270</b>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB19,270,000 with a carrying amount before provision of RMB19,270,000.

The individually impaired trade receivables relate to a customer that was in financial difficulties and the receivables was expected not to be recovered.

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at 31 December 2016, included in the Group's trade receivables are amounts due from related companies controlled by Yida Group Co., Ltd. (a company controlled by Right Won Management Limited ("**Right Won**"), the former ultimate holding company of the Company) of RMB24,386,000, which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2017, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB151,837,000 (31 December 2016: RMB126,214,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2017, included in the Group's trade receivables are amounts due from the Group's associates of RMB73,234,000 (31 December 2016: RMB95,375,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Due within 1 year or on demand	<b>1,701,082</b>	1,922,538
Due within 1 to 2 years	<b>584,891</b>	710,575
	<b>2,285,973</b>	2,633,113

The trade payables are non-interest-bearing and unsecured.

As at 30 June 2017, included in the Group's trade payables are amounts due to the Group's joint venture of RMB62,729,000 (31 December 2016: RMB72,755,000), which are unsecured, interest-free and repayable within one to two years.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<b>30 June 2017 (Unaudited)</b>			31 December 2016 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans — secured	<b>2.07–7.35</b>	<b>2017–2018</b>	<b>2,681,213</b>	4.09–8.71	2017	2,549,688
Other loans — secured	<b>1.20–12.00</b>	<b>2017–2018</b>	<b>2,227,970</b>	1.20–12.00	2017	1,487,900
Other loans — unsecured	<b>3.00–4.75</b>	<b>2018</b>	<b>34,480</b>	3.00–4.75	2017	34,480
			<b>4,943,663</b>			4,072,068
<b>Non-current</b>						
Bank loans — secured	<b>3.58–7.35</b>	<b>2018–2024</b>	<b>4,647,151</b>	3.58–8.71	2018–2024	4,574,800
Other loans — secured	<b>1.20–10.60</b>	<b>2018–2025</b>	<b>2,426,200</b>	1.20–12.00	2018–2025	3,309,300
Other loans — unsecured	<b>6.76–8.25</b>	<b>2020–2021</b>	<b>5,022,016</b>	6.76–7.10	2020–2021	3,054,607
			<b>12,095,367</b>			10,938,707
			<b>17,039,030</b>			15,010,775

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<b>2,681,213</b>	2,549,688
In the second year	<b>621,433</b>	730,610
In the third to fifth years, inclusive	<b>2,849,514</b>	2,509,736
Beyond five years	<b>1,176,204</b>	1,334,454
	<b>7,328,364</b>	7,124,488
Other loans repayable:		
Within one year or on demand	<b>2,262,450</b>	1,522,380
In the second year	<b>2,046,700</b>	2,929,800
In the third to fifth years, inclusive	<b>5,384,016</b>	3,416,607
Beyond five years	<b>17,500</b>	17,500
	<b>9,710,666</b>	7,886,287
	<b>17,039,030</b>	15,010,775

- (a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB3,000,000,000 (31 December 2016: RMB3,000,000,000), of which RMB1,000,000,000 is due in 2020 and the remaining RMB2,000,000,000 is due in 2021, issued by a subsidiary of the Group in September 2015 and March 2016 (the "Corporate Bonds"), respectively. The Corporate Bonds are unsecured, have a term of five years and bear interest at rates of 6.0% per annum and 6.5% per annum, respectively.
- (b) Included in other loans of the Group are senior notes in a principal amount of USD300,000,000 (approximately RMB2,069,096,000) (31 December 2016: Nil) issued by the Company in April 2017 (the "Senior Notes"). The net proceeds after deducting the issuance costs, amounted to approximately USD289,819,000 (approximately RMB1,998,876,000). The Senior Notes are unsecured, have a term of three years and bear interest at a rate of 6.95% per annum. The Senior Notes will mature on 19 April 2020.

The Company, at its option, can redeem all or up to 35% of the aggregate principal outstanding amount of the Senior Notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued interest and unpaid interest up to the redemption date, as set forth in the written agreement between the Company and the trustees of the Senior Notes.

The Senior Notes of the Company are denominated in United States dollars ("USD") and are guaranteed by certain subsidiaries of the Group.

**15. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)**

- (c) Certain of the Group's bank and other loans are secured or guaranteed by:
- (i) mortgages over the Group's properties under development with an aggregate carrying value at 30 June 2017 of approximately RMB3,559,704,000 (31 December 2016: RMB4,452,927,000);
  - (ii) pledges of the Group's investment properties with an aggregate carrying value at 30 June 2017 of approximately RMB11,258,819,000 (31 December 2016: RMB11,156,972,000);
  - (iii) pledges of the Group's land held for development for sale with an aggregate carrying value at 30 June 2017 of approximately RMB940,465,000 (31 December 2016: RMB840,726,000);
  - (iv) pledges of the Group's completed properties held for sale with an aggregate carrying value at 30 June 2017 of approximately RMB1,307,570,000 (31 December 2016: RMB1,590,526,000);
  - (v) pledges of a building of the Group with a carrying value at 30 June 2017 of approximately RMB53,427,000 (31 December 2016: RMB56,134,000);
  - (vi) pledges of the Group's prepayment for acquisition of land with a carrying value at 30 June 2017 of approximately RMB249,655,000 (31 December 2016: RMB249,655,000);
  - (vii) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB9,974,984,000 as at 30 June 2017 (31 December 2016: RMB8,952,188,000);
  - (viii) pledge of certain equity interests of the subsidiaries of the Company as at the end of the reporting period;
  - (ix) pledges of certain of the Group's time deposits with an aggregate carrying value of approximately RMB912,545,000 as at 30 June 2017 (31 December 2016: RMB255,000,000); and
  - (x) the assignment of rental income from certain properties.
- (d) Other than certain bank and other borrowings with a carrying amount of RMB2,687,637,000 (31 December 2016: RMB513,338,000) denominated in USD as at 30 June 2017, all bank and other borrowings of the Group are denominated in RMB as at 30 June 2017 and 31 December 2016.
- (e) As at 30 June 2017, included in other loans of the Group are loans from a joint venture with principal amount of RMB21,000,000 (31 December 2016: RMB21,000,000), which is unsecured, bears interest at 4.75% per annum and repayable on demand, and RMB13,480,000 (31 December 2016: RMB13,480,000), which is unsecured, bears interest at 3% per annum and repayable on demand.
- (f) As at 30 June 2017, included in bank loans of the Group is an amount of RMB700,000,000 (31 December 2016: Nil) containing an on-demand clause, which has been classified as current liabilities. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
<b>Liabilities</b>		
Current		
Call and put options, net	<b>546,190</b>	491,403

In April 2010 and November 2011, the Group granted a total of four put options to certain joint venture partners to sell their interests in certain joint ventures to the Group, which can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier, at the option price determined based on the adjusted net asset value of the joint ventures.

In December 2013, a supplemental agreement was signed between certain subsidiaries of the Group and the joint venture partners and two of the put options were modified. Besides, a new put option was granted by the Group to the joint venture partners and, after an agreed amount has been paid by the Group, a new call option will be granted by the joint venture partners to the Group which can be exercised at any time within the first 54 months after the date of initial investments.

The new call option and put options are correlated and offset against each other and the net balance is recorded as derivative liabilities in the condensed consolidated statement of financial position and carried at fair value with reference to a valuation performed by an independent professional valuer using the Binomial Model.

Description of valuation techniques used and key inputs to valuation on put options:

Valuation technique	Significant unobservable inputs	Range/weighted average	
		<b>30 June 2017 (Unaudited)</b>	31 December 2016 (Audited)
Binomial model	Dividend yield	<b>0%</b>	0%
	Net asset value volatility	<b>18.20%</b>	14.26%–15.39%
	Option life (Year(s))	<b>0.5</b>	0.26–0.50
	Risk-free interest rate	<b>3.47%</b>	2.44%–3.05%
	Stock volatility of comparable companies	<b>29.56%</b>	23.07%–25.34%

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk free-interest rate and an opposite change in the dividend yield, the option life and stock volatility.



# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 16. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The following table demonstrates the sensitivity of the Group's profit before tax at the end of the six months ended 30 June 2017 and 2016 to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "Combined factors").

	Increase/ (decrease) in basis points	Combined net effect on profit before tax RMB'000
<b>30 June 2017 (Unaudited)</b>		
Combined factors	<b>100</b>	<b>(3,433)</b>
Combined factors	<b>(100)</b>	<b>3,688</b>
<b>30 June 2016 (Unaudited)</b>		
Combined factors	100	(3,608)
Combined factors	(100)	3,876

In November 2014 and June 2015, the Group received notices served by certain joint venture partners during the option exercise period in respect of the exercise of certain put options. The acquisition of the equity interests in the joint ventures being subject to the put options exercised has been completed in December 2016.

In June 2016, the Group received notices served by certain joint venture partners during the option exercise period in respect of the exercise of certain put options. As at the date of approval of the interim financial information, the acquisition of the equity interests in the joint ventures being subject to the put options exercised has not been completed as the relevant joint venture partners and the Group are still in the process of finalising the arrangement and certain terms of the transactions.

## 17. ISSUED CAPITAL

	<b>30 June 2017 (Unaudited) RMB'000</b>	31 December 2016 (Audited) RMB'000
Authorised: 50,000,000,000 shares of US\$0.01 each	<b>3,124,300</b>	3,124,300
Issued and fully paid: 2,583,970,000 ordinary shares of US\$0.01 each	<b>159,418</b>	159,418

There were no transactions involving the Company's issued ordinary share capital during the current period.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 18. BUSINESS COMBINATION

In June 2016, the joint venture partner of Wuhan New Software Park Development Company Limited (“Wuhan NSP”), in which the Group held 42% equity interest, confirmed that it will follow the Group on any decision regarding operational and financial activities of Wuhan NSP. As such, management considers that the Group is in a position to exercise control over the relevant activities of Wuhan NSP and therefore, Wuhan NSP was thereafter accounted for as a subsidiary of the Group. Wuhan NSP is principally engaged in property development in Wuhan, the PRC.

The fair values of the identifiable assets and liabilities of Wuhan NSP as at the date of obtaining control were as follows:

	<b>Fair value recognised on obtaining control</b>
	RMB'000
Property, plant and equipment	3,068
Intangible assets	55
Properties under development	2,140,000
Land for development for sale	549,918
Trade receivables	5,232
Prepayments, deposit and other receivables	27,991
Prepaid corporate income tax	2,585
Prepaid land appreciation tax	4,796
Cash and bank balances	996,206
Trade payables	(225,101)
Other payables and accruals	(719,172)
Receipts in advance	(537,474)
Deferred tax liabilities	(22,820)
Interest-bearing bank borrowings	(1,765,554)
Total identifiable net assets at fair value	459,730
Non-controlling interests	(229,865)
Gain on re-measurement of pre-existing interest in the joint venture	(24,354)
	205,511
Satisfied by:	
Reclassification from a pre-existing interest in joint venture to investment in subsidiary	205,511

The gain on re-measurement of pre-existing interest in the joint venture to the date of obtaining control fair value of RMB24,354,000 upon obtaining control of Wuhan NSP included in “other income and gains” in the consolidated statement of profit or loss was determined on a provisional basis.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 18. BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of obtaining control of Wuhan NSP is as follows:

	RMB'000
Cash and cash equivalents obtained control and acquired and net inflow of cash and cash equivalents included in cash flows from investing activities	996,206

Since obtaining control of Wuhan NSP, Wuhan NSP had no contribution to Group's revenue and consolidated profit for the six months ended 30 June 2016. Had the combination taken place at the beginning of the prior period, the revenue and profit of the Group for the six months ended 30 June 2016 would have been RMB2,838,421,000 and RMB314,313,000, respectively.

## 19. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

- (a) As at 30 June 2017, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB503,156,000 (31 December 2016: RMB516,050,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

- (b) As at 30 June 2017, the Group provided a guarantee for an amount not exceeding RMB24,000,000 (31 December 2016: RMB24,000,000) in respect of the payment obligations of a subsidiary of Richcoast Group Limited ("**Richcoast Group**") to a joint venture (formed between Richcoast Group and an independent third party) and the joint venture partner.
- (c) The Group provided guarantees to the extent of RMB546,000,000 (31 December 2016: RMB569,222,000) as at 30 June 2017 in respect of the bank and other loans granted to the associates.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 19. FINANCIAL GUARANTEES (Continued)

- (d) The Group provided guarantees to the extent of RMB367,400,000 (31 December 2016: RMB468,502,000) as at 30 June 2017 in respect of bank and other loans granted to the joint ventures.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the unaudited condensed consolidated interim financial information.

## 20. PLEDGE OF ASSETS

Details of the Group's bank and other loans which are secured by the assets of the Group, are included in note 15 to the interim financial information.

## 21. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

The Group leases its investment properties (note 11) under operating lease arrangements, with leases negotiated for terms ranging from one to sixteen years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year	<b>278,233</b>	266,422
In the second to fifth years, inclusive	<b>524,251</b>	499,407
After five years	<b>46,584</b>	43,720
	<b>849,068</b>	809,549

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 21. OPERATING LEASE ARRANGEMENTS (Continued)

### (b) As lessee

The Group leases certain of the office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year	<b>14,323</b>	13,469
In the second to fifth years, inclusive	<b>3,679</b>	4,523
	<b>18,002</b>	17,992

## 22. COMMITMENTS

In addition to the operating lease commitments detailed in note 21(b) above, the Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	<b>2,373,590</b>	4,470,935
Capital contribution to an associate	<b>234,300</b>	234,300
	<b>2,607,890</b>	4,705,235

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	<b>175,611</b>	124,655

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 23. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the interim financial information, the Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Service fees from joint ventures	(i)	59,847	87,266
Service fees from associates	(i)	18,771	88,689
Service fees from companies controlled by Right Won	(i)	—	3,254
Service fees to a joint venture	(i)	5,592	26,022
Rental income from joint ventures	(ii)	2,160	2,058
Rental income from companies controlled by Right Won	(ii)	—	1,422
Rental expense to a company controlled by Right Won	(ii)	—	720
Interest income from associates	(iii)	12,162	4,800
Interest expense to a joint venture	(iii)	705	504

Notes:

- (i) The service fees were related to the construction services, landscaping services and property management services provided by the Group and related to decoration provided to the Group by a joint venture at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.
- (ii) The rentals were determined at rates mutually agreed by the related parties.
- (iii) The interest income was related to advances made by the Group to associates. The interest expense was related to a loan from a joint venture to the Group. The interest rates were mutually agreed with the related parties.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 23. RELATED PARTY TRANSACTIONS (Continued)

- (b) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors represent the key management personnel of the Group. Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Short term employee benefits	3,252	3,559
Post-employment benefits	56	83
	<b>3,308</b>	3,642

- (c) As at 30 June 2017, included in the Group's other receivables are amounts due from joint ventures of RMB11,992,000 (31 December 2016: RMB47,074,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2016, included in the Group's other receivables was an amount due from a joint venture of RMB38,000,000, which was unsecured, bore interest at 4.75% per annum, was repayable in 2017.

As at 30 June 2017, included in the Group's other receivables are amounts due from associates of RMB545,487,000 (31 December 2016: RMB329,489,000), which are unsecured, bear interest at rates ranging from 4.8% to 5.2% per annum and are repayable in 2018.

- (d) As at 30 June 2017, included in the Group's other payables are amounts due to joint ventures of RMB147,939,000 (31 December 2016: RMB161,175,000), which are unsecured, interest-free and repayable on demand.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

At 30 June 2017 (Unaudited)

	Carrying amounts RMB'000	Fair values RMB'000
<b>Financial asset</b>		
Loans to associates	27,135	27,135
<b>Financial liabilities</b>		
Derivative financial instruments (note 16)	546,190	546,190
Interest-bearing bank and other borrowings (note 15)	17,039,030	17,039,030
	<b>17,585,220</b>	<b>17,585,220</b>

At 31 December 2016 (Audited)

	Carrying amounts RMB'000	Fair values RMB'000
<b>Financial asset</b>		
Loans to associates	27,135	27,135
<b>Financial liabilities</b>		
Derivative financial instruments (note 16)	491,403	491,403
Interest-bearing bank and other borrowings (note 15)	15,010,775	15,010,775
	<b>15,502,178</b>	<b>15,502,178</b>



# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### Fair value hierarchy as at 30 June 2017 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Asset measured at fair value:</b>				
Investment properties	—	—	11,355,420	11,355,420
<b>Asset measured at amortised cost:</b>				
Loans to associates	—	—	27,135	27,135
<b>Liability measured at fair value:</b>				
Derivative financial instruments (note 16)	—	—	546,190	546,190
<b>Liability measured at amortised cost:</b>				
Interest-bearing bank and other borrowings (note 15)	—	—	17,039,030	17,039,030

### Fair value hierarchy as at 31 December 2016 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Asset measured at fair value:</b>				
Investment properties	—	—	11,234,767	11,234,767
<b>Asset measured at amortised cost:</b>				
Loans to associates	—	—	27,135	27,135
<b>Liability measured at fair value:</b>				
Derivative financial instruments (note 16)	—	—	491,403	491,403
<b>Liability measured at amortised cost:</b>				
Interest-bearing bank and other borrowings (note 15)	—	—	15,010,775	15,010,775

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, trade payables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of loans to associates and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Group assessed the credit risks as at the end of the reporting period of loans to associates to be insignificant. The Group's own non-performance risk for interest bearing bank and other borrowings as at the end of each of the reporting period was assessed to be insignificant.

# NOTES TO INTERIM FINANCIAL INFORMATION (CONTINUED)

30 June 2017

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## **24. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)**

The details of valuation technique and the inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 11 and note 16 to the interim financial information, respectively.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

## **25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION**

This interim financial information was approved and authorised for issue by the board of directors on 16 August 2017.



商務園運營專家  
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