SHANGHAI ZENDAI
上海証大房地產有限公司

SHANGHAI ZENDAI PROPERTY LIMITED

(incorporated in Bermuda with limited liability)
Stock Code : 00755

INTERIM REPORT

17

CONTENTS

BOARD AND COMMITTEES

Board

Executive Directors

Mr. Qiu Haibin *(Chairman)*
Mr. Wang Quan
Mr. Zhang Huagang

Non-executive Directors

Mr. Gong Ping
Ms. Jiang Zhengyan

Independent non-executive Directors

Mr. Chow Alexander Yue Nong
Dr. Xu Changsheng
Mr. Ng Man Kung
Mr. How Sze Ming
Dr. Di Ruipeng

Committees

Audit Committee

Mr. How Sze Ming *(Chairman)*
Mr. Chow Alexander Yue Nong
Mr. Ng Man Kung
Dr. Di Ruipeng

Remuneration Committee

Mr. Chow Alexander Yue Nong *(Chairman)*
Mr. Qiu Haibin
Mr. Ng Man Kung
Mr. How Sze Ming
Dr. Di Ruipeng

Nomination Committee

Mr. Qiu Haibin *(Chairman)*
Mr. Chow Alexander Yue Nong
Mr. Ng Man Kung
Dr. Di Ruipeng

pwc 羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF SHANGHAI ZENDAI PROPERTY LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 4 to 27, which comprises the interim condensed consolidated balance sheet of Shanghai Zendai Property Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with 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. 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.

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 Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2017

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	2017 HK$'000	2016 HK$'000
		Unaudited	
		Six months ended 30 June	
Revenue	6	743,600	563,049
Cost of sales		(673,347)	(428,005)
Gross profit		70,253	135,044
Other income and gains	7	18,545	34,595
Selling and marketing expenses		(52,270)	(98,629)
Administrative expenses		(181,848)	(261,237)
Change in fair value of investment properties		11,079	(62,235)
Share of results of associates		(1,793)	(53,720)
Share of results of joint ventures		174,290	(39,013)
Finance costs		(238,778)	(200,304)
Loss before income tax		(200,522)	(545,499)
Income tax (expense)/credit	8	(17,705)	7,294
Loss for the period		(218,227)	(538,205)
Loss for the period attributable to:			
– Owners of the Company		(209,612)	(492,011)
– Non-controlling interests		(8,615)	(46,194)
		(218,227)	(538,205)
Loss per share			
– Basic	10	HK$(1.41) cents	HK$(3.31) cents
– Diluted	10	HK$(1.41) cents	HK$(3.31) cents

The notes on pages 11 to 27 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Loss for the period	(218,227)	(538,205)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	140,307	(34,199)
Release of exchange differences on disposal of subsidiaries	–	(27,513)
Other comprehensive income/(loss) for the period, net of tax	140,307	(61,712)
Total comprehensive loss for the period	(77,920)	(599,917)
Total comprehensive loss for the period attributable to:		
– Owners of the Company	(71,798)	(549,018)
– Non-controlling interests	(6,122)	(50,899)
Total comprehensive loss for the period	(77,920)	(599,917)

The notes on pages 11 to 27 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2017 *HK$'000*	Audited 31 December 2016 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		670,638	667,845
Investment properties		3,012,784	2,918,991
Land use rights		506,917	501,459
Investment in associates		55,506	55,549
Investment in a joint venture		1,263,883	1,058,657
Deferred income tax assets		31,133	31,078
Available-for-sale financial assets	*11*	61,442	59,529
Total non-current assets		5,602,303	5,293,108
Current assets			
Properties under development and completed properties held-for-sale	*12*	10,005,119	9,464,908
Inventories		2,301	3,314
Trade and other receivables	*13*	1,145,214	769,719
Deposits for properties under development		62,959	46,419
Amounts due from associates		1,006,170	975,241
Amounts due from a joint venture		2,544	291,795
Restricted cash	*14*	1,428,044	1,429,233
Tax prepayments		206,733	171,584
Cash and cash equivalents		1,026,879	709,864
		14,885,963	13,862,077
Assets of disposal group classified as held-for-sale	*18*	2,080,857	2,080,568
Total current assets		16,966,820	15,942,645
Total assets		22,569,123	21,235,753

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET – CONTINUED

	Note	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		297,587	297,587
Reserves		2,692,642	2,550,947
Retained earnings		185,953	395,565
		3,176,182	3,244,099
Non-controlling interests		21,167	27,289
Total equity		3,197,349	3,271,388
LIABILITIES			
Non-current liabilities			
Borrowings and loans	*16*	4,777,151	1,656,661
Deferred income tax liabilities		411,629	394,674
Other payables		155,929	159,023
Total non-current liabilities		5,344,709	2,210,358
Current liabilities			
Trade, notes and other payables	*15*	2,151,568	1,744,789
Receipts in advance from customers		5,202,897	3,915,663
Amounts due to a joint venture		1,230,151	997,074
Amounts due to minority owners of subsidiaries	*17*	685,140	659,403
Tax payables		528,882	622,681
Borrowings and loans	*16*	3,860,153	7,431,994
		13,658,791	15,371,604
Liabilities of disposal group classified as held-for-sale	*18*	368,274	382,403
Total current liabilities		14,027,065	15,754,007
Total liabilities		19,371,774	17,964,365
Total equity and liabilities		22,569,123	21,235,753

The notes on pages 11 to 27 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited													
	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Special capital reserve HK$'000	Statutory surplus reserve HK$'000	Share option reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2017	297,587	2,164,682	1,074	157,315	68,541	353,746	54,338	278,464	395,565	(527,213)	–	3,244,099	27,289	3,271,388
Loss for the period	–	–	–	–	–	–	–	–	(209,612)	–	–	(209,612)	(8,615)	(218,227)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	137,814	–	137,814	2,493	140,307
Total comprehensive loss for the period	–	–	–	–	–	–	–	–	(209,612)	137,814	–	(71,798)	(6,122)	(77,920)
Employees share option scheme – value of employee services	–	–	–	–	–	–	3,881	–	–	–	–	3,881	–	3,881
Total transactions with owners	–	–	–	–	–	–	3,881	–	–	–	–	3,881	–	3,881
Balance at 30 June 2017	297,587	2,164,682	1,074	157,315	68,541	353,746	58,219	278,464	185,953	(389,399)	–	3,176,182	21,167	3,197,349

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

	Unaudited													
	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Special capital reserve HK$'000	Statutory surplus reserve HK$'000	Share option reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2016	297,587	2,164,682	1,074	157,315	68,541	353,746	34,931	273,089	1,396,288	(348,346)	33,980	4,432,887	216,182	4,649,069
Loss for the period	–	–	–	–	–	–	–	–	(492,011)	–	–	(492,011)	(46,194)	(538,205)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	(29,494)	–	(29,494)	(4,705)	(34,199)
Release of exchange differences on disposal of foreign operations	–	–	–	–	–	–	–	–	–	(27,513)	–	(27,513)	–	(27,513)
Total comprehensive loss for the period	–	–	–	–	–	–	–	–	(492,011)	(57,007)	–	(549,018)	(50,899)	(599,917)
Disposal of interest in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(90,669)	(90,669)
Acquisition of additional interests in a subsidiary from non-controlling interests	–	–	–	–	–	–	–	5,375	–	–	–	5,375	(1,865)	3,510
Employees share option scheme – value of employee services	–	–	–	–	–	–	11,644	–	–	–	–	11,644	–	11,644
Total transactions with owners	–	–	–	–	–	–	11,644	5,375	–	–	–	17,019	(92,534)	(75,515)
Balance at 30 June 2016	297,587	2,164,682	1,074	157,315	68,541	353,746	46,575	278,464	904,277	405,353	33,980	3,900,888	72,749	3,973,637

The notes on pages 11 to 27 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	
		Six months ended 30 June	
	Note	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Net cash inflow from operations		67,063	310,239
Income tax paid		(164,285)	(58,255)
Cash flow (used in)/generated from operating activities – net		(97,222)	251,984
Cash flows from investing activities			
Decrease in amounts due from associates		587	650
Decrease/(increase) in amounts due from a joint venture		301,171	(130,473)
Net proceeds on disposal of subsidiaries		–	149,734
Decrease/(increase) in restricted cash – net		53,097	(342,237)
Purchase of property, plant and equipment		(3,555)	(35,676)
Prepaid proceeds from disposal of subsidiaries	18	529,592	–
Other investing cash flows – net		(7,187)	3,554
Cash flows generated from/(used in) investing activities – net		873,705	(354,448)
Cash flows from financing activities			
Increase/(decrease) in amounts due to a joint venture		204,932	(272,461)
Increase/(decrease) in amounts due to minority owners of subsidiaries		4,549	(233,689)
Increase in borrowings		5,232,897	1,898,331
Repayment of borrowings		(5,959,760)	(2,290,981)
Cash flows used in financing activities-net		(517,382)	(898,800)
Net increase/(decrease) in cash and cash equivalents		259,101	(1,001,264)
Cash and cash equivalents at the beginning of the period		709,864	1,629,164
Effect of foreign exchange rate changes		57,914	(25,071)
Cash and cash equivalents at the end of the period		1,026,879	602,829

The notes on pages 11 to 27 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shanghai Zendai Property Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is at 59/F, Bank of China Tower, 1 Garden Road, Hong Kong.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in property development, property investment and provision of property management and hotel operation. The Company and all its subsidiaries are referred as the Group. The Group has operations mainly in the People's Republic of China (the "PRC").

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 24 August 2017 by the Board of Directors ("the Board").

Key event

During the period, Smart Success Capital Ltd. has completed the sale of approximately 29.99% issued shares of the Company. As at 30 June 2017, Hong Kong Riswein Development Co., Limited, an indirect wholly owned subsidiary of Riswein Real Estate Development Co., Ltd., held approximately 29.99% issued shares of the Company.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its operation sales and bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information. Further information on the Group's borrowings is given in Note 16.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the adoption of amendments to HKFRS effective for the financial year ending 31 December 2017.

(a) Amendments and interpretations to existing standards that are effective for the financial year beginning on 1 January 2017 do not have a material impact on or are not relevant to the Group.

(b) Impact of standards issued but not yet applied by the Group

- HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

  The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

  - A fair value through other comprehensive income (FVOCI) election is available for the equity instruments which are currently classified as available-for-sale;

  - Equity investments currently measured at fair value through profit or loss will likely continue to be measured on the same basis under HKFRS 9.

  There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

  The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The adoption of HKFRS 9 is expected to have no material impact to the Group.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

3 **ACCOUNTING POLICIES – CONTINUED**

(b) Impact of standards issued but not yet applied by the Group – CONTINUED

- HKFRS 15 Revenue from contracts with customers has been issued by the Hong Kong Institute of Certified Public Accountants as a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

  The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

  The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

  - Bundle sales – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue;

  - Accounting for costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15; and

  - Rights of return – HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

  At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact at the end of this year.

3 **ACCOUNTING POLICIES – CONTINUED**

(b) Impact of standards issued but not yet applied by the entity – CONTINUED

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

- HKFRS 16 Leases was issued in January 2016. It will results in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

  The accounting for lessors will not significantly change.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$186,290,000, see note 22. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

  The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 **ESTIMATES**

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

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

5.2 Liquidity risk

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

5.3 Fair value of financial assets and liabilities measured at amortised cost

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

- Trade and other receivables
- Restricted cash
- Cash and cash equivalents
- Borrowings and loans
- Trade and other payables
- The following assets and liabilities within the held-for-sale disposal group:
  - Cash and banks
  - Trade and other receivables/payables
  - Borrowings

6 SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Board considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently mainly organized into three operating segments which comprise (i) sales of properties; (ii) properties rental, management and agency services; and (iii) hotel operations.

The Board assesses the performance of the operating segments based on a measure of adjusted profit or loss before income tax. Certain income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the Board for assessment of segment performance.

Total segment assets mainly exclude restricted cash and head office and corporate assets, all of which are managed on a centralised basis.

Total segment liabilities mainly exclude unallocated borrowings and loans and unallocated head office and corporate liabilities, all of which are managed on a centralised basis.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated income statement.

The following table presents financial information regarding the Group's operating segments for the six months ended 30 June 2017 and 2016 respectively.

6 **SEGMENT INFORMATION – CONTINUED**

(a) **Information about reportable segment revenue, profit or loss before income tax and other information**

	Unaudited			
	Sales of properties *HK$'000*	Properties rental, management and agency services *HK$'000*	Hotel operations *HK$'000*	Total *HK$'000*
Six months ended 30 June 2017				
Total segment revenue	484,835	189,649	79,807	754,291
Inter-segment revenue	–	(10,691)	–	(10,691)
Revenue from external customers	484,835	178,958	79,807	743,600
Profit/(loss) before income tax	27,530	48,239	(3,967)	71,802
Six months ended 30 June 2016				
Total segment revenue	289,649	181,571	95,204	566,424
Inter-segment revenue	–	(3,375)	–	(3,375)
Revenue from external customers	289,649	178,196	95,204	563,049
(Loss)/profit before income tax	(284,969)	15,811	(45,014)	(314,172)

6 SEGMENT INFORMATION – CONTINUED

(a) Information about reportable segment revenue, profit or loss before income tax and other information – CONTINUED

	Sales of properties *HK$'000*	Properties rental, management and agency services *HK$'000*	Hotel operations *HK$'000*	Total *HK$'000*
As at 30 June 2017 (Unaudited)				
Total segment assets	**16,220,361**	**3,640,919**	**1,040,577**	**20,901,857**
Total segment assets include:				
Additions to non-current assets (i)	**-**	**3,555**	**-**	**3,555**
Investment in associates	**55,506**	**-**	**-**	**55,506**
Investment in a joint venture	**1,263,883**	**-**	**-**	**1,263,883**
Total segment liabilities	**14,683,161**	**846,295**	**64,259**	**15,593,715**
As at 31 December 2016 (Audited)				
Total segment assets	15,762,819	3,105,449	818,855	19,687,123
Total segment assets include:				
Additions to non-current assets (i)	12,689	463,968	132,646	609,303
Investment in associates	55,549	-	-	55,549
Investment in a joint venture	1,058,657	-	-	1,058,657
Total segment liabilities	13,684,178	297,751	79,824	14,061,753

(i) Amounts comprise additions to investment properties, property, plant and equipment and land use rights.

6 SEGMENT INFORMATION – CONTINUED

(b) Reconciliation of reportable segments profit/(loss) before income tax

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Profit/(loss) before income tax for reportable segments	71,802	(314,172)
Unallocated bank interest income	133	12
Dividend income from available-for-sale financial assets	–	4,455
Finance costs	(238,778)	(200,304)
Unallocated head office and corporate expenses	(29,798)	(23,846)
Share-based-payments	(3,881)	(11,644)
Loss before income tax	(200,522)	(545,499)

(c) Reconciliation of reportable segments' assets and liabilities

	Unaudited As at 30 June 2017	Audited As at 31 December 2016
	HK$'000	*HK$'000*
Total reportable segments' assets		
Reportable segment assets	20,901,857	19,687,123
Restricted cash	1,428,044	1,429,233
Head office and corporate assets	239,222	119,397
Total assets	22,569,123	21,235,753
Total reportable segments' liabilities		
Reportable segment liabilities	15,593,715	14,061,753
Unallocated borrowings and loans	3,715,453	3,856,762
Unallocated head office and corporate liabilities	62,606	45,850
Total liabilities	19,371,774	17,964,365

7 **OTHER INCOME AND GAINS**

	Unaudited	
	Six months ended 30 June	
	2017 *HK$'000*	2016 *HK$'000*
Bank interest income	14,124	11,698
Gain on disposal of subsidiaries	–	8,879
Dividend income from available-for-sale financial assets	–	4,455
Rental income (a)	1,856	3,098
Government grant	–	1,537
Other gains	2,565	4,928
	18,545	34,595

(a) Rental income was derived from leases of certain office units included in properties for sales, which the Group intends to sell.

8 **INCOME TAX EXPENSE/(CREDIT)**

Majority of the Group entities are subjected to the PRC enterprise income tax, which has been provided for based on the statutory income tax rate of 25% of the assessable income of each of these Group entities for the six months ended 30 June 2017 and 2016. Other companies are subjected to rates of taxation prevailing in the countries in which the Group operates respectively.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%.

	Unaudited	
	Six months ended 30 June	
	2017 *HK$'000*	2016 *HK$'000*
Current income tax:		
– PRC enterprise income tax expense	840	4,249
– PRC land appreciation tax	10,670	18,606
Deferred income tax	6,195	(30,149)
	17,705	(7,294)

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2017 and 2016.

9 **DIVIDEND**

The Board does not recommend the payment of an interim dividend for the period (six months ended 30 June 2016: Nil).

10 LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the Group's loss for the period attributable to owners of the Company of HK$209,612,000 (loss for the six months ended 30 June 2016: HK$492,011,000) and weighted average number of 14,879,352,000 (six months ended 30 June 2016: 14,879,352,000) ordinary shares in issue during the period.

Assumed exercise of share options have not been included in the computation of diluted loss per share as they are anti-dilutive for the six months ended 30 June 2017 and 2016.

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2017 *HK$'000* (Unaudited)	As at 31 December 2016 *HK$'000* (Audited)
Equity interests, at cost	61,442	59,529

(a) The balance represents investments cost of HK$61,442,000 (31 December 2016: HK$59,529,000) in two (31 December 2016: two) entities established in the PRC and are classified under non-current assets. They are measured at cost less any impairment at the end of each reporting period because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

12 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD-FOR-SALE

	As at 30 June 2017 *HK$'000* (Unaudited)	As at 31 December 2016 *HK$'000* (Audited)
Properties under development	8,744,464	8,139,995
Completed properties held-for-sale	1,260,655	1,324,913
	10,005,119	9,464,908

During the six months ended 30 June 2017, the impairment provision of HK$103,142,000 (For the six months ended 30 June 2016: HK$7,425,000) has been recognised mainly attributable to the decrease in estimated net realisable value of certain properties under development (For the six months ended 30 June 2016: properties under development and completed properties held-for-sale) located in the PRC due to current market condition.

13 TRADE AND OTHER RECEIVABLES

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis.

Included in trade and other receivables of the Group are trade receivables of HK$49,950,000 (31 December 2016: HK$84,108,000). The aging analysis of trade receivables based on the date of services provided at the end of reporting period is as follows:

	As at 30 June 2017 ***HK$'000*** **(Unaudited)**	As at 31 December 2016 *HK$'000* (Audited)
Less than 1 month	37,341	75,385
1 to 3 months	2,246	2,090
More than 3 months but less than 12 months	3,577	2,550
More than 12 months	6,786	4,083
	49,950	84,108

14 RESTRICTED CASH

The Group's restricted cash mainly represent deposits pledged to banks to secure certain borrowings and loans granted to the Group. The pledged bank deposits carry interest ranging from 1.75% to 2.00% per annum (31 December 2016: ranging from 1.35% to 1.95% per annum).

15 TRADE, NOTES AND OTHER PAYABLES

Included in trade, notes and other payables of the Group are trade payables of HK$781,317,000 (31 December 2016: HK$675,270,000). The aging analysis of trade payables based on date of services/goods received at the end of reporting period is as follows:

	As at 30 June 2017 ***HK$'000*** **(Unaudited)**	As at 31 December 2016 *HK$'000* (Audited)
Current or less than 1 month	422,855	316,356
1 to 3 months	22,655	5,466
More than 3 months but less than 12 months	128,628	162,143
More than 12 months	171,321	157,368
	745,459	641,333
Retention money	35,858	33,937
	781,317	675,270

The trade payables mainly represented accrued construction costs payable to contractors and the amounts will be paid upon the completion of cost verification process between the Group and the contractors.

16 BORROWINGS AND LOANS

	As at 30 June 2017 *HK$'000* (Unaudited)	As at 31 December 2016 *HK$'000* (Audited)
Secured	7,839,193	6,954,087
Unsecured	798,111	2,134,568
	8,637,304	9,088,655
Current	3,860,153	7,431,994
Non-current	4,777,151	1,656,661
	8,637,304	9,088,655

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 30 June 2017 *HK$'000*	2016 *HK$'000*
At the beginning of the period	9,088,655	11,251,491
Proceeds of new borrowings	5,232,897	1,898,331
Repayments of borrowings	(5,959,760)	(2,290,981)
Exchange differences	275,512	(244,689)
At the end of the period	8,637,304	10,614,152

(a) Included in current borrowings and loans, an entrusted loan amounting to HK$798,111,000, provided by Shenzhen Qianhai Orient Venture Financial Holdings Co., Ltd.（深圳前海東方創業金融控股有限公司）, a subsidiary of China Orient Asset Management (International) Holding Limited ("COAMI"), matured on 27 June 2017 according to the loan contract. As at the report issuance date, the loan has not been repaid and the Group is in the process of negotiating with the lender for a renewal of the loan.

(b) As at 30 June 2017, the Group's borrowings and loans bear an average interest rate of 8.35% per annum (As at 30 June 2016: 8.70% per annum).

17 AMOUNTS DUE TO MINORITY OWNERS OF SUBSIDIARIES

Included in amounts due to minority owners of subsidiaries, HK$580,856,000 (31 December 2016: HK$562,773,000) borne interest at 12% per annum (31 December 2016: 12% per annum) and pledged with several Group subsidiaries' shares.

18 DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

As at 30 June 2017 and 31 December 2016, the assets and liabilities related to several 100% owned subsidiaries of the Group, namely Zendai Development (South Africa) Proprietary Limited, Zendai Investment Management (South Africa) Proprietary Limited, Zendai Capital Proprietary Limited and Zendai Residential Proprietary Limited, (Collectively "South Africa Subsidiaries"), have been presented as held-for-sale following the Group's decision to dispose these subsidiaries.

For the six months ended 30 June 2017, partial consideration of ZAR885,000,000 (equivalent to approximately HK$529,592,000) in relation to the disposal of South Africa Subsidiaries has been received and included in trade, notes and other payable. The total consideration of ZAR1,750,000,000 (equivalent to approximately HK$1,045,756,000) has been received and the disposal was completed in July 2017.

19 SHARE OPTION SCHEME

The Company adopted a share option scheme on 26 June 2012 (the "2012 Share Option Scheme"), for primary purpose of providing incentives to eligible participants. The 2012 Share Option Scheme will expire in July 2022.

On 26 October 2015, options for 1,242,000,000 shares have been granted under the 2012 Share Option Scheme.

As at 30 June 2017, options for 1,242,000,000 shares were outstanding (31 December 2016: 1,242,000,000), among which 931,500,000 shares were vested and exercisable (31 December 2016: 931,500,000). The remaining options for 310,500,000 shares will become exercisable in October 2017.

No option was granted during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

No option has lapsed (six months ended 30 June 2016: Nil) during the six months ended 30 June 2017.

20 FINANCIAL GUARANTEES

The Group had the following financial guarantees as at 30 June 2017 and 31 December 2016:

	As at 30 June 2017 *HK$'000* **(Unaudited)**	As at 31 December 2016 *HK$'000* (Audited)
Guarantees in respect of mortgage facilities for certain purchasers	**110,339**	83,348

As at 30 June 2017 and 31 December 2016, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties, net of mortgages received and included in receipts in advance from customers. Pursuant to the terms of the guarantees, upon default in mortgage payments by the respective purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then to be pledged with the banks.

21 COMMITMENTS

	As at 30 June 2017 *HK$'000* **(Unaudited)**	As at 31 December 2016 *HK$'000* (Audited)
Commitments in respect of properties under development and investment properties – contracted for but not provided	**6,432,942**	7,689,278
Commitments for acquisition of subsidiaries – contracted for but not provided (i)	**2,709,718**	2,625,361

(i) In August 2015, the Group entered into equity transfer agreements ("Agreements") with a third party to acquire the entire equity interests of six real estate project companies at a total consideration of RMB4,513,609,000 (equivalent to HK$5,198,214,000). The major assets of the acquiree comprise the land parcels located in Nanjing, the PRC. As at 30 June 2017, the Group has paid and accrued amounting to RMB2,160,760,000 (equivalent to HK$2,488,496,000, the remaining balance of RMB2,352,849,000 (equivalent to HK$2,709,718,000) is required to be paid upon the completion of transfer of equity interests in the real estate project companies. During the six months ended 30 June 2017, no transfer of equity interests was completed.

22 LEASES

As at 30 June 2017 and 31 December 2016, the Group had future aggregate minimum rental receivables and payables under non-cancellable operating leases as follows:

	As at 30 June 2017 HK$'000 (Unaudited)	As at 31 December 2016 HK$'000 (Audited)
As leasor:		
Rental receivables in respect of investment properties		
Not later than one year	175,420	118,019
Later than one year and not later than five years	590,052	369,087
Later than five years	339,967	218,700
	1,105,439	705,806
As leasee:		
Rental payables in respect of buildings		
Not later than one year	36,007	35,958
Later than one year and not later than five years	118,018	114,768
Later than five years	32,265	86,617
	186,290	237,343

23 RELATED-PARTY TRANSACTIONS

In addition to the related party information and transactions disclosed elsewhere in the interim condensed consolidated financial information, the following is a summary of significant related party balances and transactions entered into the ordinary course of business between the Group and its related parties.

(a) Key management compensation

	Unaudited	
	Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Short-term benefits	8,877	6,870
Post-employment benefits	157	88
Share-based-payment expenses	853	2,560
	9,887	9,518

23 **RELATED-PARTY TRANSACTIONS – CONTINUED**

(b) As at 30 June 2017, COAMI provided guarantees on certain borrowings of the Group amounting to HK$1,706,783,000 (31 December 2016：HK$1,653,649,000). During the period, the service fee relating to the guarantees amounting to HK$65,645,000 (Six months ended 30 June 2016: HK$70,672,000) was accrued by the Group.

(c) As at 30 June 2017, Shenzhen Qianhai Orient Venture Financial Holdings Co., Ltd.（深圳前海東方創業金融控股有限公司）, a subsidiary of COAMI, provided entrusted loans to the Group amounting to HK$798,111,000 (31 December 2016: HK$2,000,669,000) with an interest rate 12% per annum (31 December 2016: 12% per annum).

(d) As at 30 June 2017, the Group provided guarantees on certain borrowings of its joint venture amounting to HK$1,382,010,000 (31 December 2016: HK$1,227,405,000). No service fee is charged for the guarantee provided.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company" or "Shanghai Zendai") hereby announces the interim results of the Company and its subsidiaries (collectively the "Group") for the six-month period ended 30 June 2017(the "period" or "period under review").

During the period under review, the Group recorded a turnover of approximately HK$743,600,000, representing an increase of 32% as compared with approximately HK$563,049,000 for the same period in 2016. The turnover of the Group for the period was mainly attributed to:

- Delivery of the residential properties and relevant decoration works of Imperial Lake International project in Xuanwu District, Nanjing

- Income from delivery of residential properties in Haimen, Nantong and Xizhen

- Hotel operation, rental and property management income

Loss attributable to shareholders of the Company (the "Shareholders") was approximately HK$209,612,000, representing a decrease of 57% as compared with the same period of last year (loss for the same period of last year: approximately HK$492,011,000). Basic loss per share of the Company (the "Share") was HK$1.41 cents (basic loss per share for the same period in 2016: HK$3.31 cents). The gross profit of the Group for the period decreased due to the increase in provision for diminution in value of properties under development of approximately HK$95,585,000 as compared with the same period of last year. Nevertheless, the loss for the period decreased as there was a share of the profit from a joint venture of approximately HK$174,290,000 for the period instead of a loss of HK$39,013,000 for the same period of last year.

Business Review

In recent years, the Group has been persistently executing the development strategy of"extensively developing in areas of the first and second tier cities, while gradually stripping off its business from the third and fourth tier cities". During the period under review, Shanghai Zendai continued to focus on, among others, Nanjing and Shanghai as key development areas. In addition to the in-depth development of commercial and residential properties, the Group has also continued to explore and practice the development of high-end large urban complex projects.

During the period, with respect to the Group's performance in the first and second tier cities, the "Nanjing Himalayas Center" project, "Riverside Thumb Plaza" project in Nanjing and the residential units of Imperial Lake International project in Xuanwu District, Nanjing remained to constitute the major sales, and thus the important drivers for the Group's future turnover growth, while the projects operated for years in Shanghai experienced stable development.

For the business in the third and fourth tier cities, the Group has successively disposed of relevant business in recent years, actively seeking for any opportunity that can enable it to strip off its projects from these cities. Through operation under asset-light strategy, the Group is capable of concentrating resources and efforts in exploring the development potential in Nanjing, Shanghai and other major cities.

For overseas assets, the Group entered into a purchase and sale agreement with the purchaser in December 2016 to dispose of its property development project in Johannesburg, South Africa. Transactions under this agreement have been completed in July 2017, which represented the essential step of the Group in implementing the strategic planning to achieve assets reorganisation, optimised resources allocation and respond to the development needs of the Group.

Commercial Property Projects in China

Shanghai

Shanghai Zendai Thumb Plaza

Shanghai Zendai Thumb Plaza (the "Plaza") is an integrated commercial complex in a prime location adjacent to Shanghai's Century Park and the Lujiazui financial district. As at 30 June 2017, the Group still owns 40,333 square metres of commercial space and 430 underground carparking spaces in the Plaza. As at 30 June 2017, more than 98% of the commercial space in the Plaza has been leased. Rental received during the period was approximately RMB30,856,000 (equivalent to approximately HK$34,881,000).

Grand Mercure Shanghai Century Park

The Group's five-star Grand Mercure Shanghai Century Park is located in the Plaza. The 18-storey hotel boasts a gross floor area of 31,530 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. Beginning on 1 January 2017, it is managed under the "Grand Mercure" brand by HUAZHU Hotel Group. During the period under review, the average occupancy rate of the hotel was 67%, and total income of the hotel amounted to approximately RMB45,082,000 (equivalent to approximately HK$50,963,000).

Shanghai Himalayas Center

The Group's 45%-owned Shanghai Himalayas Center is located in the heart of Pudong, Shanghai. Designed by Arata Isozaki, an internationally acclaimed architect, it is a landmark within the Pudong New District. The Shanghai Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, shopping mall and other auxiliary facilities (comprising the DaGuan Theatre and the Himalayas Art Museum). The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 162,207 square metres (including underground carparking space of 26,287 square metres).

The Jumeirah Himalayas Hotel Shanghai, a luxury five-star hotel managed by the Jumeirah Hotel Group from Dubai, is the Jumeirah Hotel Group's first hotel in Asia Pacific. The hotel boasts a gross floor area of 60,452 square metres, providing 393 guest rooms. Enjoying a favourable location, the hotel is adjacent to the Shanghai New International Expo Center which connects with Metro Line 7 and is within walking distance to the maglev station. The average occupancy rate of the hotel during the period under review was 72%, with a total income of approximately RMB103,329,000 (equivalent to approximately HK$116,809,000). The high quality environment and service of the Jumeirah Himalayas Hotel Shanghai won acclaims across the industry. In recent years, the hotel was successively awarded the "Best Art Lifestyle Hotel in Shanghai" by Hurun Report, the Best Travel Destination and the Best Wedding Venue by "Weekend on the Go" of City Traveler, and the Best Business Hotel by Shanghai Daily. Shang-High Cuisine Restaurant was awarded as one star restaurant by The Michelin Guide Shanghai 2017, the 2017 Best Restaurant Choice for Global Travel by Ctrip, the Best Design Hotel by Fashion Travel and the 2017 Outstanding Prize by Tripadvisor.

During the period under review, an average of approximately 82% of the commercial space of the shopping centre in Himalayas Center with a leasable area of 23,362 square metres was leased, with a rental income of approximately RMB31,976,000 (equivalent to approximately HK$36,147,000).

Nanjing

Nanjing Himalayas Center

The joint venture of the Group is developing the G15 land parcel in a prime location around Nanjing South Train Station into Himalayas Center with a site area of approximately 93,526 square metres and an expected total gross floor area of approximately 635,927 square metres. The project is being developed in three phases.

The first phase of the project has a gross floor area of approximately 186,737 square metres, including 56,772 square metres of service apartments, 4,801 square metres of commercial space, 37,117 square metres of office building, 19,776 square metres of hotel and 68,271 square metres of underground car-parking space. The first phase, with a total saleable area of 93,462 square metres, including 20,055 square metres of service apartments, 3,189 square metres of commercial space and 70,218 square metres of office building, commenced pre-sale in April 2015. During the period under review, total contracted areas of service apartments and office building of 293 square metres and 3,749 square metres were sold, respectively, generating a total contract value of RMB992,000 (equivalent to approximately HK$1,121,000) and RMB77,030,000 (equivalent to approximately HK$87,079,000), respectively. During the period under review, the delivered areas of service apartments, commercial space and office building were 15,619 square metres, 3,069 square metres and 47,419 square metres respectively, and a total contract value of RMB265,135,000 (equivalent to approximately HK$299,723,000), RMB119,376,000 (equivalent to approximately HK$134,949,000) and RMB824,321,000 (equivalent to approximately HK$931,857,000) was recognised as turnover. As at 30 June 2017, cumulative areas of 18,694 square metres, 3,189 square metres and 61,095 square metres of service apartments, commercial space and office building had been sold respectively, generating a total contract value of RMB318,926,000 (equivalent to approximately HK$360,531,000), RMB124,302,000 (equivalent to approximately HK$140,518,000) and RMB1,088,500,000 (equivalent to approximately HK$1,230,500,000) respectively. At present, the hotel is in the process of decoration and is expected to commence business in the second half of 2018.

The second phase of the project, covering a gross floor area of approximately 214,569 square metres, is planned to be developed into service apartments, a commercial complex, commercial streets and office buildings, including 52,545 square metres of service apartments, 22,472 square metres of commercial space, 50,135 square metres of office building and 89,417 square metres of underground car-parking space. The second phase of the project started pre-sale in July 2016, with a total saleable area of 119,844 square metres, including 52,710 square metres of service apartments, 16,873 square metres of commercial space and 50,261 square metres of office building. During the period under review, total contracted areas of service apartments, commercial space and office building of 10,696 square metres, 3,169 square metres and 11,027 square metres were sold respectively, generating a total contract value of RMB198,743,000 (equivalent to approximately HK$224,670,000), RMB110,967,000 (equivalent to approximately HK$125,443,000) and RMB196,216,000 (equivalent to approximately HK$221,813,000) respectively. As at 30 June 2017, the cumulative areas of 15,453 square metres, 14,562 square metres and 12,188 square metres of service apartments, commercial space and office building had been sold respectively, generating a total contract value of RMB282,382,000 (equivalent to approximately HK$319,220,000), RMB541,148,000 (equivalent to approximately HK$611,743,000) and RMB217,995,000 (equivalent to approximately HK$246,433,000) respectively.

The third phase of the project, covering a gross floor area of approximately 234,621 square metres, is intended to be developed into service apartments, a commercial complex and office buildings, including 14,640 square metres of service apartments, 83,686 square metres of commercial space, 55,973 square metres of office building and 80,322 square metres of underground car-parking space. Construction of the third phase commenced in the third quarter of 2015 and it is expected to start pre-sale in the fourth quarter of 2017.

The First Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns a parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 13,220 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 84,770 square metres, including 78,548 square metres of apartments and 6,222 square metres of commercial space. Construction of the project commenced in June 2014 and pre-sale started in December 2015, with a total saleable area of 81,219 square metres, comprising 77,433 square metres of apartments and 3,786 square metres of commercial space. During the period under review, the total contracted areas of apartments and commercial space of 120 square metres and 662 square metres were sold respectively, generating a total contract value of RMB3,055,000 (equivalent to approximately HK$3,453,000) and RMB22,379,000 (equivalent to approximately HK$25,298,000). As at 30 June 2017, cumulative areas of 77,311 square metres and 2,473 square metres of apartments and commercial space had been sold respectively, generating a total contract value of RMB1,925,400,000 (equivalent to approximately HK$2,176,577,000) and RMB111,564,000 (equivalent to approximately HK$126,118,000) respectively.

The Second Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 26,318 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 165,585 square metres, including 154,448 square metres of apartments and 11,137 square metres of commercial space. Construction of the project commenced in March 2015 and the pre-sale started in September 2016, with total saleable areas of 163,190 square metres, including 153,812 square metres of apartments and 9,378 square metres of commercial space. During the period under review, the total contracted areas of apartments and commercial space of 27,331 square metres and 792 square metres were sold respectively, generating a total contract value of RMB786,800,000 (equivalent to approximately HK$889,442,000) and RMB52,407,000 (equivalent to approximately HK$59,244,000). As at 30 June 2017, cumulative areas of 68,478 square metres and 1,792 square metres of apartments and commercial space had been sold respectively, generating a total contract value of RMB1,972,195,000 (equivalent to approximately HK$2,229,477,000) and RMB111,027,000 (equivalent to approximately HK$125,511,000) respectively.

The Third Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 15,234 square metres is planned to be developed into an integrated complex comprising office building and commercial space with a gross floor area of approximately 89,031 square metres, including 78,063 square metres of office building and 10,968 square metres of commercial space. The project is still under planning stage.

Other Cities

Qingdao Zendai Thumb Plaza

Qingdao Zendai Thumb Plaza is located in the central area of business district on Haier Road in Qingdao City, Shandong Province, the PRC. The project has a site area of approximately 38,092 square metres with a total gross floor area occupying approximately 213,059 square metres. It includes retail shops (68,129 square metres), a hotel (29,593 square metres), service apartments (70,066 square metres) and car-parking space (45,271 square metres).

During the period under review, a total contracted area of service apartments of 975 square metres was sold, generating a total contract value of RMB12,609,000 (equivalent to approximately HK$14,254,000). During the period, an area of 1,419 square metres was delivered and a total contract value of RMB19,525,000 (equivalent to approximately HK$22,072,000) was recognised as turnover. As at 30 June 2017, a cumulative area of 56,536 square metres had been sold, generating a contract value of RMB831,147,000 (equivalent to approximately HK$939,574,000).

As at 30 June 2017, around 88% of the commercial space (with a leasable area of 50,233 square metres) was leased, with a rental income of RMB15,833,000 (equivalent to approximately HK$17,898,000) during the period.

Himalayas Qingdao Hotel, located in the Qingdao Zendai Thumb Plaza, is managed by the Group's own hotel management company under the Group's "Himalayas" brand. The average occupancy rate of the hotel during the period was 67%, with a total income of RMB24,100,000 (equivalent to approximately HK$27,244,000), representing an increase of 18% as compared with the same period of last year.

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza has a total site area of 281,912 square metres. Due to its prime location, the project has been included in the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 279,076 square metres (including car-parking space and ancillary facilities of 77,143 square metres).

Construction of the project is divided into three phases. The first phase named Phase 1 of Old Town, with a commercial area of approximately 38,737 square metres, of which 54% has been leased as at 30 June 2017. The second phase is an ancillary residential project with a total gross floor area of approximately 73,944 square metres. As at 30 June 2017, a total cumulative contracted area of 70,732 square metres (including 40,821 square metres of multi-storey apartments, 27,674 square metres of townhouses and 2,237 square metres of detached villas) was sold, generating a total contract value of RMB812,489,000 (equivalent to approximately HK$918,482,000). During the period, areas of 1,182 square metres and 1,284 square metres of multi-storey apartments and townhouses were sold respectively, generating a total contract value of RMB9,160,000 (equivalent to approximately HK$10,355,000) and RMB18,393,000 (equivalent to approximately HK$20,792,000). During the period under review, an area of 2,917 squares metres of residential properties (including 1,403 square metres of multi-storey apartments and 1,514 square metres of townhouses) was delivered and a total contract value of RMB37,053,000 (equivalent to approximately HK$41,887,000) was recognised as turnover. The third phase occupies a total area of approximately 142,909 square metres (with an underground area of 53,150 square metres), comprising Phase 2 of Old Town, with commercial area of 60,979 square metres (with an underground area of 21,000 square metres) and Old Town, New Port, with a commercial area of 14,967 square metres and a residential area of approximately 66,963 square metres (with an underground area of 32,150 square metres). The Old Town, New Port commenced construction in May 2014 and started pre-sale in September 2016, with a total saleable area of 33,624 square metres. A total contracted area of residential properties of 11,577 square metres was sold during the period under review, generating a total contract value of RMB215,503,000 (equivalent to approximately HK$243,616,000). As at 30 June 2017, a cumulative area of residential properties of 30,115 square metres was sold, generating a total contract value of RMB496,211,000 (equivalent to approximately HK$560,944,000). The construction of Phase 2 of Old Town has not commenced yet.

Yangzhou Commercial Project

The Group has an integrated project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, the construction of which has been completed, including 12 blocks and 243 units with a gross floor area of approximately 20,089 square metres. As at 30 June 2017, the remaining area of 17,881 square metres was used for rental purposes.

Project in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan Province with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities.

Residential Projects in China

Shanghai

Zendai Xizhen Thumb Plaza

The Group owns a parcel of land with an area of approximately 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end residential properties, retail shops, resort villas and resort hotel in two phases, with a total gross floor area of approximately 169,004 square metres.

Phase I of the project has a gross floor area of approximately 98,479 square metres, which consists of residential properties (40,945 square metres) and commercial space (57,534 square metres). The Group intends to bring in tenants for the commercial areas, including large international cinemas, mid-range to high-end restaurants and supermarkets. Residential properties with areas of 165 square metres were delivered respectively during the period and a total contract value of RMB2,677,000 (equivalent to approximately HK$3,026,000) was recognised as turnover. As at 30 June 2017, the total cumulative residential and commercial areas of 19,700 square metres and 12,211 square metres had been sold respectively, generating a total contract value of RMB356,904,000 (equivalent to approximately HK$403,464,000) and RMB311,655,000 (equivalent to approximately HK$352,312,000) respectively.

Construction of Phase II with a gross floor area of approximately 70,525 square metres commenced in the fourth quarter of 2013, with resort villas (occupying 46,155 square metres) and a resort hotel (occupying 24,370 square metres) to be erected. The construction of the resort hotel has been temporarily suspended due to change of planning. Resort villas started pre-sale in November 2014 and was completed in April 2016. A total contracted area of 180 square metres had been sold during the period under review, generating a total contract value of RMB2,421,000 (equivalent to approximately HK$2,737,000). An area of 3,019 square metres of resort villas was delivered during the period and a total contract value of RMB32,024,000 (equivalent to approximately HK$36,202,000) was recognised as turnover. As at 30 June 2017, a cumulative area of resort villas of 28,253 square metres had been sold, generating a total contract value of RMB443,478,000 (equivalent to approximately HK$501,332,000).

Nanjing

Imperial Lake International Project in Xuanwu District

On 17 November 2015, a wholly-owned subsidiary of the Group participated in an auction organised by a court for asset disposal and won the bid, pursuant to which the Group acquired 465 residential units located in Xuanwu District, Nanjing, Jiangsu Province, the PRC at a total consideration of RMB343,580,000 (equivalent to approximately HK$410,245,000). The transaction was completed in the first half of 2016. The project consists of completed units with a total saleable area of 26,306 square metres. As at 30 June 2017, a total contracted area of 24,866 square metres was sold cumulatively, generating a cumulative total contract value of RMB682,455,000 (equivalent to approximately HK$771,484,000), of which, a total contracted area of 192 square metres was sold during the period, generating a total contract value of RMB5,714,000 (equivalent to approximately HK$6,459,000). During the period, the residential properties with an area of 864 square metres were delivered, and a total contract value of RMB24,896,000 (equivalent to approximately HK$28,144,000) and income of RMB160,269,000 (equivalent to approximately HK$181,177,000) from relevant decoration works were recognised as turnover.

Other Cities

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,389,021 square metres. The first parcel of land is to be developed in two parts.

"Dong Zhou Mansion", the first part of the first parcel, is being developed in two phases with Phase I offering 52 detached villas which were all sold out. Phase II of the "Dong Zhou Mansion" is to be developed into 94 detached villas with a total gross floor area of approximately 82,202 square metres, the construction of which already commenced in February 2014. However, the construction of the project has been suspended due to changes in market conditions.

"Multiflora Garden", the second part of the first parcel of land, is being developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer a total of 212 units with a saleable area of approximately 57,232 square metres which were all sold out. As at 30 June 2017, an area of 3,636 square metres remained undelivered. Phase III has a saleable area of approximately 91,817 square metres. As at 30 June 2017, a total cumulative area of 78,226 square metres had been sold, generating a total contract value of RMB464,498,000 (equivalent to approximately HK$525,094,000). During the period, a total area of approximately 1,129 square metres was sold, generating a total contract value of RMB6,360,000 (equivalent to approximately HK$7,190,000). During the period, an area of 6,006 square metres was delivered and a total contract value of RMB32,026,000 (equivalent to approximately HK$36,204,000) was recognised as turnover.

The second parcel of land is being developed into residential properties and ancillary commercial space in phases.

The Phase I, Qinghua Garden Ecological Houses, occupies a site area of approximately 42,070 square metres with a saleable area of approximately 56,169 square metres. As at 30 June 2017, a cumulative area of 51,268 square metres was sold, generating a total cumulative contract value of RMB230,446,000 (equivalent to approximately HK$260,509,000).

The Phase II, Shui Qing Mu Hua Garden, with a site area of 157,717 square metres, is being developed into small high-rise residential properties with ancillary commercial space in two phases with a saleable area of approximately 194,088 square metres. The first phase offers a saleable area of 81,394 square metres. As at 30 June 2017, an area of 79,970 square metres was sold, generating a total contract value of RMB359,535,000 (equivalent to approximately HK$406,438,000). An area of 5,653 square metres involving a contract value of RMB23,487,000 (equivalent to approximately HK$26,551,000) was delivered and recognised as turnover during the period. The second phase offers a saleable area of approximately 112,694 square metres, which will be developed by stages.

The Phase III, named as Spanish Exotic Street, with a site area of 760 square metres, has been developed into a commercial plaza with a saleable area of 1,164 square metres.

The Phase IV, named as "Thumb Plaza" with a site area of 18,919 square metres, has been developed into a commercial plaza with a total gross floor area of 45,514 square metres, the construction of which commenced in April 2012 and was completed in the second half of 2015.

A parcel of Land in Yantai Development Zone

The Group and 煙台開發區宏遠物業有限公司 (Yantai Hong Yuan Property Company Limited*) entered into a cooperation agreement to develop "Yantai Thumb Project" located at E-9 District, Yantai Development Zone, Yantai, Shandong Province, pursuant to which Shanghai Zendai holds 70% equity interests in the "Yantai Thumb Project". The project occupies an area of 26,476 square metres and is still under planning stage.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres. The two land parcels are intended to be developed into villas in phases with a planned saleable area of 122,890 square metres. The project was suspended due to changes in market conditions.

Overseas Projects

Modderfontein New City Smart City Project in Johannesburg, South Africa

The Group has a real estate development project located in Johannesburg, South Africa. The project is located in Modderfontein, which is situated between Sandton and OR Tambo International Airport in Johannesburg, comprising certain land parcels and buildings with an area of approximately 1,600 hectares. Taking into account the market value, overall prospects and capital requirements of the project, the Group entered into an agreement with a purchaser in December 2016 to dispose of the entire project at a consideration of ZAR1,750,000,000 (equivalent to approximately HK$1,045,756,000). The transaction was completed in July 2017.

Change of controlling interest

As disclosed in the announcements of the Company dated 20 June 2017, Smart Success Capital Ltd. completed its sale of 4,462,317,519 Shares, representing approximately 29.99% issued share capital of the Company.

Upon completion of the sale and as at 20 June 2017, Hong Kong Riswein Development Co., Limited ("Hong Kong Riswein"), an indirect wholly owned subsidiary of Riswein Real Estate Development Co., Ltd. ("Riswein Real Estate"), held 4,462,317,519 Shares (representing approximately 29.99% of the issued share capital of the Company), while Smart Success Capital Ltd. held 2,703,248,481 Shares (representing approximately 18.17% of the issued share capital of the Company).

PROSPECTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

Shanghai Zendai keeps itself concentrated in delivery of quality brands based on market demands. Under the development strategy of "extensively developing in areas of the first and second tier cities, while gradually stripping off its business from the third and fourth tier cities", the Group is enabled to keep operation costs in control and enhance assets structure in both product quality and commercial operation. Supported by its increasing sales and rising rental, Shanghai Zendai presents a vitality of growth. The Group will consider the appropriate source of funding if and when opportunities for material investment arise.

In 2017, the municipal government of Nanjing will continue to adopt the policy of "implement the measures to stabilise housing prices, expand the scale of land supply, strengthen the market supervision, stabilise the market expectations and maintain the steady and healthy development of the real estate market". After implementation of a series of national adjustment policies promulgated in the first half year of 2017, the real estate market in Nanjing has tend to be steady. By capitalizing the steady growing market, Shanghai Zendai will continue to carry out in-depth development for the parcel(s) of land located in Nanjing, and actively promote "Nanjing Himalayas Center" project and "Riverside Thumb Plaza" project in Nanjing. Leveraging on the geographical and planning advantages of the two major projects, the Group is able to continue to enhance the brand influence of the projects, which are expected to be the main sources of income of the Group in the future.

Quality services and products, together with the in-depth knowledge and vision of teams, constitute the important factors for property enterprises to win customers's recognition. Our management remains prudent and optimistic about the prospects of this industry in a long run, and has always taken creating value for the society and providing return for shareholders as their own duty. With accelerated urbanisation progress, Shanghai Zendai will adjust its own business structure constantly to adapt to the latest urban development trends. Besides, it will also seek for cooperation opportunity while exploring the brand value of the existing projects to the largest extent. Through actively capturing the latest market situation, the Group targets to probe into such markets as featured with potential of sustainable development by combining its own advantages.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 30 June 2017, the Group had a healthy financial position with net assets value of HK$3,197 million (31 December 2016: approximately HK$3,271 million). Net current assets amounted to approximately HK$2,940 million (31 December 2016: approximately HK$189 million) with current ratio increased from 1.01 times at 31 December 2016 to approximately 1.21 times at 30 June 2017. The capital structure of the Group consists of borrowings (including current and non-current borrowings as shown in the interim condensed consolidated balance sheet), net of cash and cash equivalents, and equity attributable to owners of the Company. The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 30 June 2017, the Group had consolidated borrowings and loans of approximately HK$8,637 million in which HK$3,860 million was repayable within one year and HK$4,777 million was repayable more than one year. As at 30 June 2017, borrowings of the amount of HK$5,724 million (31 December 2016: HK$4,695 million) bear interest at fixed interest rates ranging from 3.30% to 12.00% per annum (31 December 2016: 3.30% to 12.00% per annum). As at 30 June 2017, the Group's bank balances and cash including restricted cash were approximately HK$2,455 million (31 December 2016: HK$2,139 million). The gearing ratio of the Group increased from 2.92 times at 31 December 2016 to 3.01 times at 30 June 2017 (basis: net debts, which is defined as total amounts of borrowings and loans, amounts due to minority owners of subsidiaries and a joint venture less total amounts due from associates and a joint venture, divided by shareholders' funds).

Segment Information

Sales of properties

The turnover of this segment for the period was approximately HK$484,835,000 (2016: HK$289,649,000). The increase was due to the delivery of the residential units of and the relevant decoration works for Imperial Lake International project in Nanjing.

Property rental, management and agency services

The turnover of this segment for the period was approximately HK$178,958,000 (2016: HK$178,196,000) which remain stable overall.

Hotel Operations

The turnover of this segment for the period was HK$79,807,000 (2016: HK$95,204,000). The decrease was due to the drop of room-rate of Grand Mercure Shanghai Century Park as a marketing strategy after the change of the brand in 2017 January.

Foreign Currency and Interest Rates Exposures and Hedging

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Group as at 30 June 2017 were mainly denominated in RMB, USD, ZAR and HK$. Bank borrowings of the Group as at 30 June 2017 are mainly denominated in USD and RMB. The Group currently does not use any financial instruments to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and pledged bank deposits. The Group currently does not utilize any financial instruments to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Employees

As at 30 June 2017, the Group employed approximately 1,610 employees (2016:1,591 employees) in Hong Kong, South Africa and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance and share option scheme.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed below, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the period under review:

(a) On 12 August and 24 August 2015, the Group entered into an equity transfer agreement and a supplementary agreement respectively (collectively, the "Agreements") to acquire the equity interest of 6 companies (the "Target Companies") which holds 6 parcels of land in Gulou District, Nanjing (the "Acquisitions"). The aggregate site area of the land parcels was approximately 110,489 square metres and the total consideration for the Acquisitions was RMB4,513,609,000 (equivalent to approximately HK$5,389,384,000). Details of the Acquisitions were disclosed in the Company's announcement dated 25 August 2015.

Pursuant to the Agreements, in the event that the delivery confirmations and land title certificates of the land parcels cannot be obtained by the Target Companies within one year after 12 August 2015 (or such other date as the parties may agree in writing), the Agreements shall terminate. As at the date of this report, the delivery confirmations and land title certificates have not been fully obtained and the Acquisitions by the Group have not been completed, the Group is still negotiating with the vendor the time schedule for the delivery of land title certificates.

(b) In December 2016, the Group entered into an agreement with a purchaser to dispose of its real estate development project located in Johannesburg, South Africa. The transaction was completed in July 2017. Please refer to note 18 of the condensed consolidated interim financial information of this report for further details.

CONTINGENT LIABILITIES

Please refer to note 20 of the condensed consolidated interim financial information of this report in relation to the details of Financial Guarantees. In the opinion of the Board, the fair value of guarantee contracts is insignificant at initial recognition.

PLEDGE OF ASSETS

As at 30 June 2017, the carrying amounts of following assets of the Group were pledged to secure the credit facilities granted to the Group, the carrying amount of the assets were analysed below:

	HK$'000
Property, plant and equipment	563,198
Land use rights	506,917
Investment properties	1,160,696
Properties under development and completed properties held-for-sale	2,664,529
Pledged bank deposits	1,394,679
	6,290,019

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OR DEBENTURES

As at 30 June 2017, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 Companies, are set out below:

Name of chief executive	Name of Company	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital as at 30 June 2017
Mr. Tang Jian	The Company	10,000,000(L)	Beneficial owner	0.07%
Mr. Tang Jian *(Note)*	The Company	124,000,000(L)	Beneficial owner	0.83%

(L) denotes long position

Note:

These shares represent the shares to be allotted and issued upon the exercise of share options granted.

Save as disclosed above, none of the directors or chief executive of the Company had any interest or short position 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) 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 Companies as at 30 June 2017.

PERSONS HAVING 5% OR MORE INTERESTS

As at 30 June 2017, the interests or short positions of the persons, other than a director or chief executive of the Company, 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 were as follows:

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Hong Kong Riswein *(Note 1)*	The Company	Beneficial owner	11,962,317,519 (L) *(Note 1(b),(c))*	80.39%
Riswein Development Co. Ltd. *(Note 1)*	The Company	Interest in controlled corporation	11,962,317,519 (L) *(Note 1(b),(c))*	80.39%
Riswein Real Estate *(Note 1)*	The Company	Interest in controlled corporation	11,962,317,519 (L) *(Note 1(b),(c))*	80.39%
Guo Changwei *(Note 1)*	The Company	Interest in controlled corporation	11,962,317,519 (L) *(Note 1(b),(c))*	80.39%
Hammer Capital Asia Limited *(Note 2)*	The Company	Security interest	4,462,317,519 (L)	29.99%
Cheung Siu Fai *(Note 2)*	The Company	Interest in controlled corporation	4,462,317,519 (L)	29.99%
Tsang Ling Kay Rodney *(Note 2)*	The Company	Interest in controlled corporation	4,462,317,519 (L)	29.99%
Smart Success Capital Ltd. *(Note 3)*	The Company	Beneficial owner	2,703,248,481 (L)	18.17%
Cheer Link Global Ltd. *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%
COS Greater China Special Situations Fund, L.P. *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%
China Orient Summit Capital SSF GP Co. Ltd. *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
China Orient Summit Capital International Co. Ltd. *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%
China Orient Asset Management (International) Holding Limited ("COAMI") *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%
Wise Leader Assets Ltd. *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%
Dong Yin Development (Holdings) Limited *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%
China Orient Asset Management Co., Ltd. ("COAMC") *(Note 3)*	The Company	Interest in controlled corporation	2,703,248,481 (L)	18.17%
China Alliance Properties Limited *(Note 4)*	The Company	Beneficial owner	2,255,335,000 (L)	15.16%
Shanghai Forte Land Co., Ltd *(Note 4)*	The Company	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Shanghai Fosun High Technology (Group) Company Limited *(Note 4)*	The Company	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Fosun International Limited *(Note 4)*	The Company	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Fosun Holdings Limited *(Note 4)*	The Company	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Fosun International Holdings Ltd. *(Note 4)*	The Company	Interest in controlled corporation	2,255,335,000 (L)	15.16%
Guo Guangchang *(Note 4)*	The Company	Interest in controlled corporation	2,255,335,000 (L)	15.16%

(L) denotes long position

Notes:

1. (a) Mr. Guo Changwei has 90% control of Riswein Real Estate, which in turn has 100% control of Riswein Development Co., Ltd., which in turn has 100% control of Hong Kong Riswein.

   (b) As at 30 June 2017, Hong Kong Riswein held 4,462,317,519 Shares (representing approximately 29.99% of the issued share capital of the Company).

   (c) On 24 February 2017, the Company and Hong Kong Riswein entered into a convertible bond subscription agreement pursuant to which the Company had conditionally agreed to issue, and Hong Kong Riswein had conditionally agreed to subscribe for the convertible bonds in an aggregate principal amount of HK$1,650,000,000. Based on the initial conversion price of HK$0.22 per conversion share (subject to customary adjustments), a total of 7,500,000,000 conversion shares would have been allotted and issued by the Company upon exercise in full of the conversion rights attaching to the convertible bonds. On 24 July 2017, as certain conditions precedent to the convertible bond subscription agreement had not been fulfiled or waived on or before the long stop date of the convertible bond subscription agreement, the convertible bond subscription agreement had lapsed.

2. Each of Tsang Ling Kay Rodney and Cheung Siu Fai is a director and has 50% control of Hammer Capital Asia Limited. Hammer Capital Asia Limited has a security interest in 4,462,317,519 Shares.

3. COAMC has 100% control of Dong Yin Development (Holdings) Limited, which in turn has 100% control of Wise Leader Assets Ltd.; Wise Leader Assets Ltd. and Dong Yin Development (Holdings) Limited each has 50% control of COAMI; COAMI has 40% control of China Orient Summit Capital International Co. Ltd., which in turn has 100% control of China Orient Summit Capital SSF GP Co. Ltd.. China Orient Summit Capital SSF GP Co. Ltd. is the only general partner of COS Greater China Special Situations Fund, L.P.. COS Greater China Special Situations Fund L.P. has 100% control of Cheer Link Global Ltd. which in turn has 100% control of the Smart Success Capital Ltd.

4. Mr. Guo Guangchang has 64.45% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 71.65% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Co., Ltd., which has approximately 100% control of Shanghai Forte Land Co., Ltd., which has 100% control of China Alliance Properties Limited.

Save as disclosed above, as at 30 June 2017, no persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTIONS

The Company adopted a share option scheme on 26 June 2012 and is valid for a period of 10 years from July 2012 (the "Scheme"), for the primary purpose of providing incentives to directors and eligible persons. Under the Scheme, the Company may grant options to eligible persons, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

On 26 October 2015, options for 1,242,000,000 shares of the Company ("Shares") have been granted under the Scheme. The exercise price of such options and the closing price of the Shares immediately before the date of grant were HK$0.207 and HK$0.205 respectively.

Save as disclosed above, no options were granted, lapsed or cancelled under the Scheme. No options were exercised during the period under review. Movements of share options during the period are as follows:

	Number of Options			
	Outstanding at beginning of period	Granted during the period	Outstanding at end of period	Exercisable period
Chief executive	62,000,000	–	62,000,000	26 October 2015 – 25 October 2018
	31,000,000	–	31,000,000	26 October 2016 – 25 October 2018
	31,000,000	–	31,000,000	26 October 2017 – 25 October 2018
Total	124,000,000	–	124,000,000	
Employees other than chief executive	435,000,000	–	435,000,000	26 October 2015 – 25 October 2018
	217,500,000	–	217,500,000	26 October 2016 – 25 October 2018
	217,500,000	–	217,500,000	26 October 2017 – 25 October 2018
Total	870,000,000	–	870,000,000	
Service suppliers	124,000,000	–	124,000,000	26 October 2015 – 25 October 2018
	62,000,000	–	62,000,000	26 October 2016 – 25 October 2018
	62,000,000	–	62,000,000	26 October 2017 – 25 October 2018
Total	248,000,000	–	248,000,000	
Total	1,242,000,000	–	1,242,000,000	

REVIEW OF INTERIM FINANCIAL STATEMENTS

The interim results for the six months ended 30 June 2017 are unaudited, but have been reviewed 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, by the Company's auditor, whose independent review report is included in this interim report. The Company's interim results for the six-month period ended 30 June 2017 has also been reviewed by the audit committee of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. The Company confirms that, having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code for the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "CG Code") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Board is of the opinion that the Company has met the code provisions in the CG Code during the the six-month period ended 30 June 2017 except the deviations as stipulated below.

Under the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings of the Company. Due to personal commitments, the following Directors did not attend the following meetings:

Mr. Gong Ping, Mr. Pan Wen (who was non-executive Director until 13 April 2017) and Dr. Xu Changsheng did not attend the special general meeting of the Company held on 9 February 2017.

Mr. Gong Ping, Mr. Pan Wen (who was non-executive Director until 13 April 2017) and Dr. Xu Changsheng did not attend the special general meeting of the Company held on 14 March 2017

Mr. Gong Ping, Dr. Xu Changsheng and Dr. Di Ruipeng did not attend the annual general meeting of the Company held on 29 June 2017.

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

There was no change to any information required to be disclosed in relation to any Director pursuant to rule 13.51B(1) of the Listing Rules since the date of the 2016 Annual Report of the Company except as stipulated below:

The term of appointment of Mr. Chow, Alexander Yue Nong and Dr. Xu Changsheng as independent non-executive directors has been renewed for 2 years commencing from 30 June 2017, subject to rotation and re-election in accordance with the bye-laws of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM REPORT

This interim report is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.zendaiproperty.com).

* *For identification purpose only*