



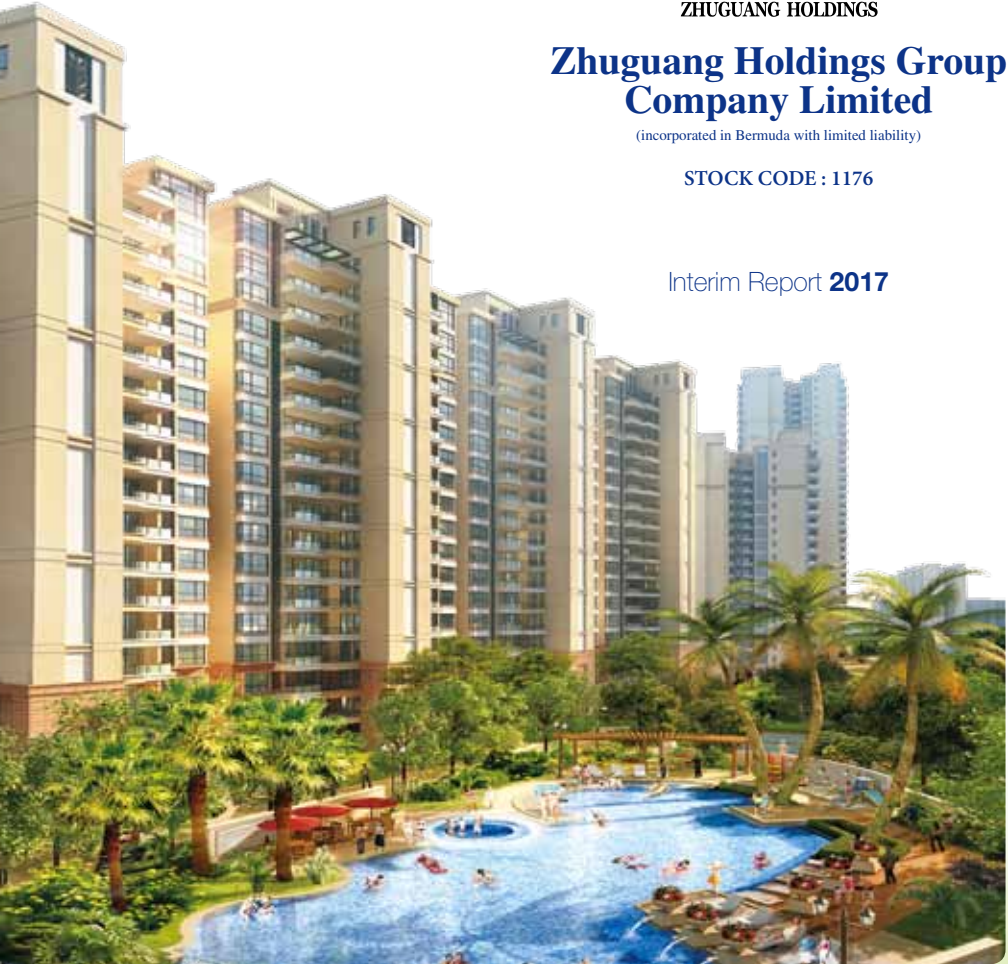
珠光控股
ZHUGUANG HOLDINGS

**Zhuguang Holdings Group
Company Limited**

(incorporated in Bermuda with limited liability)

STOCK CODE : 1176

Interim Report **2017**



** For identification purposes only*

CONTENTS

	<i>Pages</i>
Corporate Information	2
Financial Highlights	4
Management Discussion and Analysis	5
Condensed Consolidated Statement of Profit or Loss	27
Condensed Consolidated Statement of Comprehensive Income	28
Condensed Consolidated Statement of Financial Position	29
Condensed Consolidated Statement of Changes in Equity	32
Condensed Consolidated Interim Statement of Cash Flows	33
Notes to the Condensed Consolidated Interim Financial Information	35
Other Information	99



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chu Hing Tsung
(alias Mr. Zhu Qing Yi) (*Chairman*)
Mr. Liu Jie (*Chief Executive Officer*)
Mr. Liao Tengjia (*Deputy Chairman*)
Mr. Huang Jiajue (*Deputy Chairman*)
Mr. Chu Muk Chi (alias Mr. Zhu La Yi)
Ms. Ye Lixia

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wo Ping *JP*
Mr. Wong Chi Keung
Dr. Feng Ke

AUDIT COMMITTEE

Mr. Leung Wo Ping *JP*
(*Committee Chairman*)
Mr. Wong Chi Keung
Dr. Feng Ke

REMUNERATION COMMITTEE

Mr. Wong Chi Keung
(*Committee Chairman*)
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue

NOMINATION COMMITTEE

Mr. Wong Chi Keung
(*Committee Chairman*)
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 5702-5703, 57th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

COMPANY SECRETARY

Mr. Ng Hoi Leung Leo

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

LEGAL ADVISORS ON HONG KONG LAW

Leung & Lau, Solicitors
Units 7208-10, 72nd Floor
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99 Queen's Road Central
Central
Hong Kong

LEGAL ADVISORS ON BERMUDA LAW

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place Central
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of
China (Asia) Limited
Agricultural Bank of China
Hong Kong Branch
China Construction Bank (Asia)
Corporation Limited
The Hongkong and Shanghai
Banking Corporation Limited
Bank of China Limited

WEBSITE

www.zhuguang.com.hk

STOCK CODE

1176

The board (“Board”) of directors (“Directors”) of Zhuguang Holdings Group Company Limited (“Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (“Group”) for the six months ended 30 June 2017 together with the comparative figures as follows:

FINANCIAL HIGHLIGHTS

RESULTS	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue — sales of properties	1,100,079	273,603
— rental income	67,420	45,409
— decoration and project management income	258,470	115,350
Fair value gains on investment properties, net	37,786	230,520
Profit/(loss) for the period	103,923	(149,835)
	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Total assets	22,324,936	18,746,947
Total liabilities	17,284,486	13,940,856
Total equity	5,040,450	4,806,091

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2017, a series of control policies were rolled out intensively in the first-tier and second-tier cities in the People's Republic of China (the "PRC") to cool down the overheated real estate market, including policies on tightening home purchase eligibility, tightening home mortgages, stricter property pre-sales, tightening bank credit quotas, and raising mortgage interest rates. These control policies were effective in most of the first-tier and core second-tier cities. The real estate market has gradually returned to a rational state with growth being kept in a steady pace.

The Group has actively expanded its land bank through different channels, including participations in public auctions, urban development projects, primary development, and cooperation with and acquisition of project companies. During the period under review, the Group has acquired a new project in Guangzhou, Conghua, the PRC, with gross floor area ("GFA") of approximately 73,908 square metres ("sqm"). The Group also entered into sale and purchase agreements to acquire new projects located in Guangzhou and Xianghe County in Hebei Province in the PRC with site areas of approximately 107,400 sqm and 89,878 sqm respectively during the period under review.

In view of the impact of the tightening control policies on the first-tier and second-tier cities in the PRC, the Group will adjust its sales and development strategies in order to meet market supply and demand in due course, and retain room for profitability and appreciation growth for the second half of 2017.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales

During the period under review, the Group continued its focus on the first-tier and core second-tier cities in the PRC with potential growth in demand for properties. As a result, the Group achieved contracted sales of approximately HK\$2,324,412,000 and contracted GFA of approximately 218,145 sqm, representing increases of approximately 67% and 52% respectively, compared with those in the corresponding period in 2016. The details of property sales contracted and GFA sold during the period under review are set out below:

Projects	Contracted sales HK\$'000	GFA Sold (sqm)
Xincheng Yujing	1,025,954	113,355
Zhuguang Yujing Scenic Garden ("Yujing Scenic Garden")	573,244	53,243
Pearl Yijing	200,299	9,702
Pearl Tianhu Yujing Garden ("Tianhu Yujing")	184,936	20,461
Pearl Yunling Lake	332,881	20,967
	2,317,314	217,728
Car Parks	7,098	417
	2,324,412	218,145

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

As at 30 June 2017, the Group owned the following property development projects and the details of each of the projects are as follows:

Xincheng Yujing 100% interest

In September 2016, the Group acquired the land for developing “Xincheng Yujing”, which is located at Zhong Su Shang Wei* (種王上圍), Sunshine Village* (陽光村), Tang Nan Town* (湯南鎮), Fengshun County* (豐順縣), Meizhou City, Guangdong Province, the PRC (next to Line G235), a county famous for the hot springs which is a major tourist attraction. This project with total GFA available for sale of approximately 344,162 sqm will be developed into various types of villas, high-rise apartment buildings and ancillary commercial developments. The development of the project is divided into four phases. Phase I of the development was launched for pre-sale in the first half of 2017. Phase II of the development is under construction and is expected to be launched for pre-sale in the third quarter of 2017. Phases III and IV of the development are under construction and certain parts of each of these phases are expected to be available for pre-sale in the fourth quarter of 2017.

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MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Yujing Scenic Garden 70% interest

“Yujing Scenic Garden” is located at Provincial Highway G105 line at Jiulibu District, Jiangpu Town, Conghua, Guangzhou, the PRC, which is well connected via a number of highways to and from Guangzhou. The project is a 20-minute drive from downtown Conghua and a 10-minute drive from Wenquan Town, Conghua. The project site area is approximately 294,684 sqm and the project will be developed into a commercial and residential complex, comprising residential buildings and a street-level commercial podium, service apartments and car parks. The total GFA available for sale is approximately 753,871 sqm and the project is developed in four phases. Properties with total GFA available for sale of approximately 412,989 sqm under Phases I, and part of Phases II and III of the development have already been delivered. The total GFA of approximately 3,283 sqm of the street-level commercial podium was designated as an investment property and was leased out in 2016. The remaining part of each of Phases II and III of the development is expected to be delivered in the fourth quarter of 2017 and the second half of 2018 respectively. Phase IV of the development with total GFA available for sale of approximately 159,536 sqm is expected to be completed in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Tianhu Yujing 100% interest

“Tianhu Yujing” is located at Shui Di Village, Jiulibu District, Wenquan Town, Conghua, Guangzhou, the PRC, with a site area of approximately 55,031 sqm. The land is located adjacent to “Yujing Scenic Garden”. The project is developed into 5 blocks of 32-storey modern residential buildings and a street-level commercial podium with total GFA available for sale of approximately 227,973 sqm. The development is divided into two phases. The total GFA available for sale under Phase I of the development is approximately 96,799 sqm, of which 79,321 sqm has been delivered. The remaining part of each of Phases I and II of the development will be delivered in the fourth quarter of 2017.

Pearl Yunling Lake 100% interest

“Pearl Yunling Lake” is located at Provincial Highway S355 line at Jiekou Street, Conghua, Guangzhou, the PRC, which is adjacent to the Fengyunling Forest Park, and is the main transportation link between Conghua and downtown Guangzhou. “Pearl Yunling Lake” will be developed into an integrated tourist attraction project with certain public facilities and the total GFA available for sale will be approximately 127,509 sqm. The development is divided into two phases, with Phase I of the development comprising 57 villas and 5 apartment buildings, with an aggregate GFA available for sale of approximately 43,179 sqm, and Phase II of the development comprising 44 villas, 3 apartment buildings and a hotel, with an aggregate GFA available for sale of approximately 84,330 sqm. While Phase I of the development was completed and launched for sale in the first quarter of 2017, it is expected that Phase II of the development will be completed and ready for sale in the fourth quarter of 2017. The hotel will be retained as a long term investment asset of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Pearl Yijing 100% interest

“Pearl Yijing” is located at No.168 Xinkai Street, Xianghe County, Hebei Province, the PRC. The total GFA available for sale under the project was approximately 169,581 sqm and the project was developed in two phases, comprising residential buildings and street-level commercial areas. Pre-sale of Phase I of the project commenced in the first quarter of 2016 and properties will be delivered in the fourth quarter of 2017. Phase II of the project is under development and is expected to be completed in the second half of 2018.

Zhukong International 80% interest

“Zhukong International” is located at Lot A2-1, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, which is at the junction of Guangzhou Avenue and Huang Pu Da Dao. It was developed into a 35-storey high-rise commercial complex, which includes a 6-storey commercial podium, a 29-storey Grade A office building and a 3-storey underground car park. The commercial complex was completed in 2015, with total GFA available for sale of approximately 109,738 sqm, of which approximately 43,918 sqm and approximately 65,820 sqm were designated by the Group as investment properties held for long term purposes and held for sale respectively. As at 30 June 2017, the remaining GFA available for sale was approximately 21,997 sqm.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Central Park 100% interest

“Central Park” is located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, and the total GFA for sale of approximately 28,909 sqm was developed into a 30-storey building, including service apartments, a street-level commercial podium and a 4-storey underground car park. “Central Park” was completed in 2015, and as at 30 June 2017, only approximately 4,972 sqm were available for sale and the entire street-level commercial podium with GFA of approximately 1,318 sqm was leased out.

Nansha Scenic 100% interest

“Nansha Scenic” is located at Jinzhou Main Street, Nansha District, Guangzhou, the PRC, which is the central business district in Nansha. The project was completed and only certain car parks are still available for sale as at the date of this interim report. As at 30 June 2017, car parks with areas of approximately 367 sqm and approximately 91 sqm were delivered and available for sale respectively.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Land Bank

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's development pipeline for at least three years. The Group has actively expanded its land reserves through various channels, including participation in government public auctions, urban redevelopment projects and acquisitions of other property development projects. During the period under review, the Group has entered into two sale and purchase agreements to acquire other project companies located in Xianghe County in Hebei Province and Guangzhou, with site areas of approximately 89,878 sqm and 107,400 sqm respectively. As at the date of this interim report, the Group has entered into certain non-legally binding memoranda of understanding to acquire land located in Guangzhou, Shenzhen and core second-tier cities in the PRC. The Group will continue to explore new opportunities in cities in the PRC which the Group has already invested in and other cities in the PRC with growth potential and the best investment value.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Investments

The Group owns certain floors of Royal Mediterranean Hotel (“RM Hotel”) located at 518 Tianhe Road, Tianhe District, Guangzhou, the PRC with GFA of approximately 18,184 sqm, and “Zhukong International” with GFA of approximately 43,918 sqm as investment properties. Together with certain commercial properties, “Zhukong International” and the RM Hotel are held by the Group for medium to long term investment purposes. During the period under review, the Group has entered into a sale and purchase agreement with an independent third party to dispose of its interest in the RM Hotel it held through wholly-owned subsidiaries of the Company, at a consideration of RMB1 billion (“RM Hotel Disposal”). Upon completion of the RM Hotel Disposal which is subject to the satisfaction of a condition precedent, the Company will cease to have any interest in the RM Hotel. Further details of the RM Hotel Disposal are set out in paragraph (c) in the sub-section headed “MATERIAL ACQUISITIONS AND DISPOSALS” in the section headed “OTHER INFORMATION” in this interim report and the announcement of the Company dated 22 June 2017. The Group will continue to seek high quality properties for investment purposes in the future and build a portfolio of investment properties consisting of office buildings, hotels and street-level commercial podiums of high quality and capital value, which will generate steady cash flows to the Group.

Project Management Services

During the period under review, the Group provided project management services to its customers. The Group is entitled to project management services income based on the terms of the entrusted construction and management service agreements entered into by the Group with these customers. The Group will continue to utilise its expertise in project management in order to maintain a steady revenue stream in the future.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

EVENT AFTER REPORTING PERIOD

On 18 August 2017, 廣東喜龍房地產開發有限公司 (unofficial English translation, Guangdong Xilong Property Development Company Limited) whose financial results are consolidated into those of the Company and is treated as a subsidiary of the Company, as vendor (“Vendor”), and Zhu Jingyu* (朱靖瑜), Zhu Zitao* (朱梓濤) and Zhu Ziyu* (朱梓瑜) (each being a child of Mr. Chu Hing Tsung (alias Zhu Qing Yi) (“Mr. Chu”), an executive Director, the chairman of the Board and a 34.06% shareholder of Rong De Investments Limited (“Rong De”), which is a controlling shareholder of the Company as at the date of this interim report), as purchasers (collectively referred to as the “Purchasers”), entered into nine sale and purchase agreements (collectively referred to as the “SP Agreements”). Pursuant to the SP Agreements, the Vendor has agreed to sell and the Purchasers have agreed to acquire nine properties (“Properties”) located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, at the aggregate consideration of RMB26,272,385 (equivalent to approximately HK\$30,793,862). The completion of the sale and purchase of the Properties shall take place before 31 October 2017, upon which the Vendor shall deliver the Properties to the Purchasers. Further details of the SP Agreements are set out in the announcement of the Company dated 18 August 2017.

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MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OUTLOOK

Looking ahead, the Group remains optimistic of the real estate industry in the PRC and predicts that there will be stable growth in the economy of the PRC. The control policies rolled out by the PRC government will continue for a while in order to stabilise the residential property market. In the long run, it is expected that the PRC government will roll out a mechanism to promote long-term healthy and stable developments of the real estate industry. The Group believes that the sizable property market in the PRC will remain a core element to support the healthy and stable development of the Chinese economy.

The Group will sustain its active participation in urban redevelopment projects and construction in featured small towns, and will obtain quality land reserves in high-value area, so as to further enhance its presence in Guangzhou, Xianghe and other first-tier and core second-tier cities in the PRC. At the same time, the Group will strategically identify competent partners, land replenishment opportunities and other potential investment projects with a view to enhancing long term value for the shareholders of the Company ("Shareholders").



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW

Revenue

The Group's revenue consists of sales of properties, rental income, decoration income and project management income. The revenue of the Group for the period under review was approximately HK\$1,425,969,000 (six months ended 30 June 2016: HK\$434,362,000). The increase was mainly due to the increase in total areas delivered from 23,098 sqm for the six months ended 30 June 2016 to 137,662 sqm for the period under review. Rental income increased by 48% to approximately HK\$67,420,000 (six months ended 30 June 2016: HK\$45,409,000), primarily due to additional areas of "Zhukong International" being leased out during the period under review. During the period under review, the Group recognised project management income amounting to HK\$258,470,000 (six months ended 30 June 2016: HK\$93,547,000) primarily from the provision of project management services to other developers. The Group did not generate any decoration income for the period under review (six months ended 30 June 2016: HK\$21,803,000).

Investment and other income

Investment and other income decreased to approximately HK\$58,459,000 during the period under review (six months ended 30 June 2016: HK\$76,320,000), mainly due to the decrease in interest income received from other receivables that were overdue to approximately HK\$19,235,000 (six months ended 30 June 2016: HK\$33,330,000) as a result of the settlement of the outstanding receivables during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Fair value gains on investment properties, net

The Group develops and holds certain of its commercial properties, such as hotels, offices, commercial properties and car parks, for rental or capital appreciation purposes.

The Group's investment properties are appraised by independent property valuers. Any appreciation or depreciation in the Group's investment properties is recognised as fair value gains or losses in the Group's consolidated statement of profit or loss. Fair value gains on investment properties for the first half of 2017 decreased to approximately HK\$37,786,000 from approximately HK\$230,520,000 for the same period in 2016. Such decrease was due to the absence of any additional properties being designated by the Group as investment properties during the period under review, as compared with the same period in 2016, in which certain areas of "Zhukong International" and the street-level commercial podium of "Central Park" were designated as the Group's investment properties.

Selling and marketing costs

Selling and marketing costs for the period under review increased to approximately HK\$28,212,000 (six months ended 30 June 2016: HK\$15,859,000), due to the increase in promotion expenses incurred to boost the sales of "Xincheng Yujing" during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Administrative expenses

Administrative expenses of the Group decreased to approximately HK\$60,737,000 (six months ended 30 June 2016: HK\$70,573,000), which was attributable to (i) the decrease in staff costs as a result of the absence during the period under review of a one-off bonus, which was paid to the staff during the corresponding period in 2016 to celebrate the 20th anniversary of the establishment of the Group; and (ii) the cost controls exercised by the Group during the period under review.

Finance costs

Finance costs for the period under review amounted to approximately HK\$435,365,000 (six months ended 30 June 2016: HK\$327,184,000), which were made up of interest expenses incurred in the period under review after deduction of the interests capitalised into development costs. The increase in finance costs was mainly due to the decrease in interests being capitalised into development costs due to the completion of certain projects during the period under review.

Gain on acquisition of a subsidiary

On 18 January 2017, the Group completed the acquisition of the entire equity interest in Guangzhou Zhenchao Property Development Company Limited* (廣州振超房地產開發有限公司) (“GZ Zhenchao”) at the consideration of RMB91,879,000 (equivalent to approximately HK\$102,714,000) (“Acquisition”). The gain on acquisition of a subsidiary in the amount of approximately HK\$112,609,000 represents the excess in the fair value of GZ Zhenchao as at 18 January 2017 over the consideration paid by the Group in relation to the Acquisition. Further details of the Acquisition are set out in paragraph (a) in the sub-section headed “MATERIAL ACQUISITIONS AND DISPOSALS” in the section headed “OTHER INFORMATION” in this interim report.

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MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Income tax expenses

Income tax expenses comprised corporate income tax in the PRC (“CIT”), land appreciation tax in the PRC (“LAT”), deferred CIT and deferred LAT. The overall decrease in income tax expenses was mainly attributable to the increase in CIT to approximately HK\$143,374,000 (six months ended 30 June 2016: HK\$53,173,000) due to more properties being delivered during the period under review as compared with the same period in 2016, which was outweighed by (i) the reduction in deferred CIT expense and deferred LAT expense recognised during the period under review as a result of the decrease in fair value gains on investment properties recognised during the period under review; and (ii) the increase in deferred CIT credits recognised during the period under review, due to the increase in the costs of sales realised upon the delivery of the properties during the period under review.

Treasury and funding policies

The Group adopts a prudent approach with respect to its treasury and funding policies. The Group’s financial and fundraising activities are subject to effective centralised management and supervision, with an emphasis on risk management and transactions that are directly related to the business of the Group.

Cash position

As at 30 June 2017, the Group’s cash and cash equivalents, restricted cash and term deposits with initial terms of over three months amounted to approximately HK\$4,511,560,000 (31 December 2016: HK\$4,999,639,000). The cash and cash equivalents are mainly denominated in Renminbi (“RMB”), United States Dollars (“USD”) and Hong Kong Dollars (“HK\$”), the details of which are disclosed in note 23 to the condensed consolidated interim financial information contained in this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Capital structure, charges on group assets and gearing ratio

As at 30 June 2017, the total number of issued ordinary shares of the Company was 6,424,417,247, each with a nominal value of HK\$0.1. The equity attributable to owners of the Company and the total bank and other borrowings of the Group as at 30 June 2017 were approximately HK\$4,687,052,000 (31 December 2016: approximately HK\$4,472,288,000) and approximately HK\$8,867,176,000 (31 December 2016: approximately HK\$7,784,386,000) respectively. The Group's bank and other borrowings comprise the following:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Bank loans — secured	174,276	317,231
Senior notes — secured	3,061,673	3,013,591
Other borrowings — secured	5,631,227	4,453,564
	8,867,176	7,784,386

- (a) As at 30 June 2017, bank and other borrowings of the Group carried fixed interest rates ranging from 6.18% to 12% (31 December 2016: 6.18% to 12%).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL REVIEW *(continued)*

Capital structure, charges on group assets and gearing ratio *(continued)*

- (b) As at 30 June 2017, the Group's bank and other borrowings were secured by (i) investment properties; (ii) land use rights; (iii) construction in progress; (iv) properties under development; (v) completed properties held for sale; (vi) charges over the entire issued share capital of certain subsidiaries of the Group; (vii) corporate guarantees executed by the Company, certain subsidiaries, related parties and the controlling shareholder of the Company; (viii) guarantees executed by the Directors, namely Mr. Liao Tengjia, Mr. Chu and Mr. Chu Muk Chi (alias Zhu La Yi) and an independent third party; (ix) 3,021,112,000 ordinary shares of the Company beneficially owned by the controlling shareholder of the Company; and (x) charges over the assets provided by Beijing Zhuguang Property Development Company Limited* (北京珠光房地產開發有限公司), Beijing Zhuguang Yujing Property Development Company Limited* (北京珠光御景房地產開發有限公司), Guangdong Fengshun Luhuhotspring Resort Company Limited* (廣東豐順鹿湖溫泉度假村有限公司) and Xianghe Zhuguang Property Development Company Limited* (香河珠光房地產開發有限公司).
- (c) The Company measures its gearing ratio by its net debt (total interest-bearing borrowings net of cash and cash equivalents, terms deposits with initial terms of over three months and restricted cash) ("Net Debt") over the sum of the Net Debt and the total equity of the Company. As at 30 June 2017, the gearing ratio of the Company was 46% (31 December 2016: 37%).

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MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

DISCLOSURE PURSUANT TO RULES 13.17 AND 13.18 OF THE LISTING RULES

The conditional note purchase agreement dated 3 August 2016 (“2016 Note Purchase Agreement”) was entered into among (a) the Company as issuer; (b) Rong De as the controlling shareholder; (c) Blooming Rose Enterprises Corp. (“Blooming”) and Heroic Day Limited (“Heroic Day”), each in its capacity as a first tranche investor, Blooming, Heroic Day and such investors being persons who are not connected persons of the Company as identified by the Company which will purchase the 2016 Senior Notes (as defined below) at the closing of the second tranche of the issue and purchase of the 2016 Senior Notes (“2016 Second Tranche Investors”), and SPDB International Investment Management Limited (“SPDBI”) as a first tranche investor (Blooming, Heroic Day and SPDBI, collectively the “2016 First Tranche Investors”); and (d) Mr. Liao Tengjia, Mr. Chu and Mr. Chu Muk Chi (alias Zhu La Yi) (collectively the “Ultimate Shareholders”) as personal guarantors, pursuant to which the Company shall conditionally (aa) issue to the 2016 First Tranche Investors, the 2016 Second Tranche Investors and such investors being persons who are not connected persons of the Company as identified by the Company which will purchase the 2016 Senior Notes (as defined below) at the closing of the third tranche of the issue and purchase of the 2016 Senior Notes (“2016 Third Tranche Investors”), in three tranches, the three year senior secured guaranteed notes (“2016 Senior Notes”) of an aggregate principal amount of up to US\$500,000,000; and (bb) in consideration of the purchase of the 2016 Senior Notes by the 2016 First Tranche Investors, the 2016 Second Tranche Investors and the 2016 Third Tranche Investors and the entering into of other transactions contemplated under the relevant transaction documents by such 2016 First Tranche Investors, the 2016 Second Tranche Investors and the 2016 Third Tranche Investors, the Company shall issue warrants (“2016 Warrants”) to such 2016 First Tranche Investors, the 2016 Second Tranche Investors and the 2016 Third Tranche Investors in three tranches pursuant to a warrant instrument dated 14 October 2016 executed by the Company, representing an aggregate amount of the exercise moneys of up to US\$75,000,000, pursuant to the specific mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 11 October 2016, further details of

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

DISCLOSURE PURSUANT TO RULES 13.17 AND 13.18 OF THE LISTING RULES *(continued)*

which are set out in the announcements of the Company dated 3 August 2016, 23 September 2016 and 11 October 2016, and the circular of the Company dated 23 September 2016.

The Company issued the first tranche of the 2016 Senior Notes to the 2016 First Tranche Investors in the aggregate principal of US\$190,000,000 (equivalent to approximately HK\$1,482,000,000) on 4 August 2016 and the second tranche of the 2016 Senior Notes to the 2016 Second Tranche Investors in the aggregate principal amount of US\$220,000,000 (equivalent to approximately HK\$1,716,000,000) on 23 September 2016. On 14 October 2016, the 2016 Warrants representing aggregate exercise moneys of US\$28,500,000 were issued to the 2016 First Tranche Investors and the 2016 Warrants representing aggregate exercise moneys of US\$33,000,000 were issued to the 2016 Second Tranche Investors.

Pursuant to the 2016 Note Purchase Agreement, Rong De was required to create a charge (“Share Charge”) over 2,542,000,000 ordinary shares that it held in the Company in favour of The Bank of New York Mellon, Hong Kong Branch (“BNY HK”) and each of the Ultimate Shareholders have entered into personal guarantees (“Guarantees”) in favour of BNY HK in relation to the 2016 Senior Notes. The Share Charge, which subsisted during the period under review and as at 30 June 2017, is discloseable pursuant to Rule 13.17 of the Listing Rules. As at 30 June 2017, Rong De has pledged 3,021,112,000 ordinary shares it held in the Company to BNY HK. The Guarantees subsisted during the period under review and as at 30 June 2017.

The conditions of the 2016 Senior Notes, which subsisted during the period under review and as at 30 June 2017, also contain certain specific performance obligations on Rong De (the controlling shareholder of the Company) and the Ultimate Shareholders, which are required to be disclosed pursuant to Rule 13.18 of the Listing Rules.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

DISCLOSURE PURSUANT TO RULES 13.17 AND 13.18 OF THE LISTING RULES *(continued)*

It is an event of default under the conditions of the 2016 Senior Notes, if, amongst others:

- (i) Rong De ceases to beneficially own at least 2,000,000,000 shares of the Company;
- (ii) Rong De ceases to (a) control the Company, or (b) beneficially own at least 51% of the total issued share capital of the Company on a fully-diluted basis;
- (iii) the Ultimate Shareholders cease to (a) control the Company, or (b) effectively and beneficially own in aggregate at least 51% of the total issued share capital of the Company on a fully-diluted basis;
- (iv) the Ultimate Shareholders cease to (a) control Rong De, or (b) legally and beneficially own in aggregate at least 70% of the total issued share capital of Rong De on a fully-diluted basis; and
- (v) any of the Ultimate Shareholders ceasing to be a Director.

Upon the occurrence of an event of default, the 2016 Senior Notes shall become immediately due and repayable in accordance with the conditions of the 2016 Senior Notes.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Contingent liabilities

As at 30 June 2017, the Group provided guarantees of approximately HK\$2,446,694,000 (31 December 2016: approximately HK\$1,760,359,000) in respect of the mortgage loans granted to purchasers of the properties of the Group by certain banks. Pursuant to the terms of the guarantees, upon default in mortgage payments by the purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulted purchasers to the banks and the Group will be 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 mortgages.

Management of the Group considered that the risk of loss borne by the Group for these guarantees was insignificant as the market value of the relevant mortgaged properties was no less than the payments in default to be settled by the Group.

FOREIGN EXCHANGE

During the period under review, the Group conducted its business almost exclusively in RMB except that certain borrowings were in HK\$ and USD. The conversion of RMB into HK\$, USD or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against HK\$, USD and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. During the period under review, the Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on its hedging policy to manage any possible foreign exchange risk that may arise.



STAFF AND REMUNERATION POLICIES

The Group had approximately 181 employees in Hong Kong and the PRC as at 30 June 2017 (31 December 2016: 176), who are remunerated according to their respective job natures, market conditions, individual performances and qualifications. Other benefits offered to the staff of the Group include annual bonus and retirement benefits. The Directors' remuneration was determined based on the qualifications, experiences, duties and responsibilities of the Directors, the Company's remuneration policy and the prevailing market conditions. For the six months ended 30 June 2017, the Group's employee benefits expenses (including the Directors' emoluments) were approximately HK\$21,810,000 (six months ended 30 June 2016: approximately HK\$29,317,000).

The Group provides sustainable training to its employees through coaching and further studies. In-house training on such topics as market and business updates and tax planning has also been provided to eligible employees during the period under review.

The Group has not experienced any significant problems with its employees or disruptions to its operations due to labour discipline nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group has maintained a good relationship with its employees. Most members of senior management have worked for the Group for many years.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June	
		2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Revenue	5	1,425,969	434,362
Cost of sales	6	(890,287)	(251,554)
Gross profit		535,682	182,808
Fair value gains on investment properties, net	14	37,786	230,520
Investment and other income	7	58,459	76,320
Selling and marketing costs	6	(28,212)	(15,859)
Administrative expenses	6	(60,737)	(70,573)
Other gains, net		35,711	19,439
Operating profit		578,689	422,655
Finance costs	8	(435,365)	(327,184)
Gain on acquisition of a subsidiary	9	112,609	—
Profit before income tax		255,933	95,471
Income tax expenses	10	(152,010)	(245,306)
Profit/(loss) for the period		103,923	(149,835)
Profit/(loss) attributable to:			
Owners of the Company		93,491	(159,165)
Non-controlling interests		10,432	9,330
		103,923	(149,835)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company during the period (expressed in HK cents per share)			
— Basic and diluted	11	1.46 cents	(3.30) cents

The notes on pages 35 to 98 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Profit/(loss) for the period	103,923	(149,835)
Other comprehensive income/(loss) <i>Items that have been/may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	130,436	(133,585)
Total comprehensive income/(loss) for the period	234,359	(283,420)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	214,764	(286,897)
Non-controlling interests	19,595	3,477
	234,359	(283,420)

The notes on pages 35 to 98 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2017 Unaudited HK\$'000	31 December 2016 Audited HK\$'000
ASSETS			
Non-current assets			
Property and equipment	13	54,449	51,126
Investment properties	14	1,642,029	2,165,788
Intangible assets	13	60,223	60,842
Deferred income tax assets	27	32,261	31,302
Goodwill		16,367	15,868
Financial assets at fair value through profit or loss	20	36,743	35,651
		1,842,072	2,360,577
Current assets			
Properties under development	15	3,384,903	2,805,689
Completed properties held for sale	16	2,123,354	2,335,188
Trade and other receivables	17	3,173,803	1,743,034
Prepayments	18	6,487,028	4,404,180
Prepaid income tax		171,939	98,640
Restricted cash	21	340,735	453,873
Term deposits with initial terms of over three months	22	2,854,845	3,460,105
Cash and cash equivalents	23	1,315,980	1,085,661
		19,852,587	16,386,370
Assets held for sale	19	630,277	—
		20,482,864	16,386,370
Total assets		22,324,936	18,746,947

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		30 June 2017	31 December 2016
	Note	Unaudited HK\$'000	Audited HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	642,441	642,441
Other reserves	25	4,424,694	4,303,421
Accumulated losses		(380,083)	(473,574)
		4,687,052	4,472,288
Non-controlling interests		353,398	333,803
Total equity		5,040,450	4,806,091
LIABILITIES			
Non-current liabilities			
Borrowings	26	7,916,860	7,083,675
Deferred income tax liabilities	27	738,702	600,408
Finance lease payable		332	658
		8,655,894	7,684,741

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

		30 June 2017	31 December 2016
	Note	Unaudited HK\$'000	Audited HK\$'000
Current liabilities			
Borrowings	26	950,316	700,711
Trade and other payables	28	3,076,634	1,749,072
Amount due to ultimate holding company	33(c)	880	880
Advances from customers		2,792,198	2,161,198
Current income tax liabilities	29	1,669,606	1,522,132
Finance lease payable		647	711
Derivative financial instruments	30	138,311	121,411
		8,628,592	6,256,115
Total liabilities		17,284,486	13,940,856
Total equity and liabilities		22,324,936	18,746,947

The notes on pages 35 to 98 form an integral part of this unaudited condensed consolidated interim financial information.

Chu Hing Tsung
Director

Ye Lixia
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited									
	Attributable to owners of the Company									
	Share capital	Share premium	Merger reserve	Exchange reserve	Contributed surplus	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 24)									
Six months ended 30 June 2017										
Balance at 1 January 2017	642,441	4,640,287	(101,922)	(481,016)	239,404	6,668	(473,574)	4,472,288	333,803	4,806,091
Comprehensive income:										
– Profit for the period	–	–	–	–	–	–	93,491	93,491	10,432	103,923
Other comprehensive income:										
– Currency translation difference	–	–	–	121,273	–	–	–	121,273	9,163	130,436
Total comprehensive income for the period	–	–	–	121,273	–	–	93,491	214,764	19,595	234,359
Balance at 30 June 2017	642,441	4,640,287	(101,922)	(359,743)	239,404	6,668	(380,083)	4,687,052	353,398	5,040,450
Six months ended 30 June 2016										
Balance at 1 January 2016	481,831	3,543,224	(101,922)	(60,561)	239,404	6,668	(297,929)	3,810,715	355,495	4,166,210
Comprehensive income:										
– (Loss)/profit for the period	–	–	–	–	–	–	(159,165)	(159,165)	9,330	(149,835)
Other comprehensive loss:										
– Currency translation difference	–	–	–	(127,732)	–	–	–	(127,732)	(5,853)	(133,585)
Total comprehensive (loss)/income for the period	–	–	–	(127,732)	–	–	(159,165)	(286,897)	3,477	(283,420)
Balance at 30 June 2016	481,831	3,543,224	(101,922)	(188,293)	239,404	6,668	(457,094)	3,523,818	358,972	3,882,790

The notes on pages 35 to 98 form an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2017 Unaudited HK\$'000	2016 Unaudited HK\$'000
Cash flows from operating activities			
Cash generated from operations		2,475,442	701,056
Interest paid		(435,050)	(426,114)
Corporate income tax paid		(98,407)	(44,675)
Cash generated from operating activities — net		1,941,985	230,267
Cash flows from investing activities			
Interest received		20,589	42,990
Payments for addition of property and equipment		(2,614)	(18,306)
Payments for addition of intangible assets		(154)	(1,755)
Purchase of available-for-sale financial assets		—	(702,024)
Purchase of financial assets at fair value through profit or loss		—	(7,442)
Proceeds from disposals of financial assets at fair value through profit or loss		—	954,904
Prepayments for potential acquisition of equity interests in property development projects		(1,644,010)	—
Refund of prepayments for acquisition of equity interests in property development projects		—	1,074,788
Decrease/(increase) of time deposits		605,260	(967,623)
Cash advance to third parties		—	(373,113)
Repayments of cash advance from third parties		—	913,572
Cash advances to related parties	33(b)(i)	(2,068,774)	(1,675,691)
Repayments from related parties	33(b)(i)	524,326	308,930
Cash used in investing activities — net		(2,565,377)	(450,770)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS *(continued)*

		Six months ended 30 June	
		2017	2016
		Unaudited	Unaudited
Note		HK\$'000	HK\$'000
Cash flows from financing activities			
		1,399,011	965,999
		(528,661)	(1,000,502)
		—	(321)
		(411)	(412)
	33(b)(i)	—	1,506,521
	33(b)(i)	(49,840)	(1,502,377)
Cash generated from/(used in) financing activities — net		820,099	(31,092)
Net increase/(decrease) in cash and cash equivalents			
		196,707	(251,595)
		1,085,661	5,661,114
		33,612	(108,736)
Cash and cash equivalents at end of the period		1,315,980	5,300,783
	23		

The notes on pages 35 to 98 form an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Zhuguang Holdings Group Company Limited (“Company”) was incorporated in Bermuda on 22 August 1996 as an exempted company with limited liability and was registered under Part XI of the predecessor Companies Ordinance (Cap.32) of Hong Kong as in force from time to time before 3 March 2014. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company’s principal activity is investment holding. The Company and its subsidiaries (together, “Group”) are principally engaged in property development, property investment, project management, and other property development related services in the People’s Republic of China (“PRC”).

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 9 December 1996.

This condensed consolidated interim financial information for the six months ended 30 June 2017 (“Interim Financial Information”) was approved for issue by the board (“Board”) of directors (“Directors”) of the Company on 30 August 2017.

This Interim Financial Information is presented in thousands of Hong Kong Dollars (“HK\$’000”), unless otherwise stated.

The Interim Financial Information has not been audited.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Financial Information has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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

(a) **Amended standards and interpretations adopted by the Group**

HKAS 7 (Amendment)	Disclosure initiative
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses
HKFRS 12 (Amendment)	Disclosure of interest in other entities

The adoption of the above amended standards and interpretations did not have any material impact on the Interim Financial Information except for disclosure.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

- (b) The following new standards and interpretations and amendments to standards have been issued but are not yet effective for the financial year beginning 1 January 2017 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
Amendments to HKFRS 4	Insurance Contracts “Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts”	1 January 2018
Amendment to HKFRS 1	First time adoption of HKFRS	1 January 2018
Amendment to HKAS 28	Investments in associates and joint ventures	1 January 2018
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendment to HKAS 10 and 28	Sale or contribution of assets between an investor and its associate or joint venture	Deferred

Management is in the process of making an assessment of the impact of the above new standards and interpretations and amendments to standards, and is not yet in a position to state whether any substantial changes to the Group’s significant accounting policies and presentation of the financial information will be resulted in.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

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

3 ESTIMATES

The preparation of the 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 expenses. Actual results may differ from these estimates.

In preparing the 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 were applied to the annual financial statements for the year ended 31 December 2016, with the exception of changes in estimates that were required in determining the provision for income taxes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

The Group's businesses are principally conducted in Hong Kong Dollars ("HK\$") and Renminbi ("RMB"). As at 30 June 2017, major non-HK\$ and non-RMB assets and liabilities mainly comprised borrowings denominated in United States Dollars ("USD") totalling HK\$3,062 million (31 December 2016: HK\$3,014 million). The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The Interim Financial Information does not include any 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 for the year ended 31 December 2016.

There have been no changes in the risk management policies since the Company's financial year ended 31 December 2016.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have adequate funding through available sources of financing, including proceeds from pre-sale of properties, and short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses of the Group, the Group's finance department maintains flexibility in funding by maintaining adequate amounts of cash and cash equivalents and flexibility in funding through available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash outflows should there be significant adverse changes in the economic environment. These include controls on investments in land bank, adjusting project development timetable to adapt to the changing local real estate market environment, implementing cost control measures, promotion of the sales of completed properties, and accelerating sales with more flexible pricing. The Group will pursue such options based on its assessment of the relevant costs and future benefits.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.2 Liquidity risk *(continued)*

The table below sets out the Group's financial liabilities by relevant maturity grouping at each statement of financial position date. Trade and other payables due within 12 months equal their carrying balances, as the impact of discounting is not significant. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 30 June 2017					
Borrowings (Note (a))	1,891,122	4,263,863	5,475,552	–	11,630,537
Trade and other payables (Note (b))	2,847,553	–	–	–	2,847,553
Finance lease payables	670	335	–	–	1,005
Amounts due to ultimate holding company (Note 33(c))	880	–	–	–	880
Derivative financial instruments – cash outflow	124,143	–	–	–	124,143
Guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties (Note (c))	2,446,694	–	–	–	2,446,694
	7,311,062	4,264,198	5,475,552	–	17,050,812

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.2 Liquidity risk *(continued)*

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2016					
Borrowings (Note (a))	1,513,128	3,015,715	5,306,768	—	9,835,611
Trade and other payables (Note (b))	1,502,089	—	—	—	1,502,089
Finance lease payables	746	670	—	—	1,416
Amounts due to ultimate holding company (Note 33(c))	880	—	—	—	880
Derivative financial instruments — cash outflow	61,672	61,672	—	—	123,344
Guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties (Note (c))	1,760,359	—	—	—	1,760,359
	4,838,874	3,078,057	5,306,768	—	13,223,699

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.2 Liquidity risk *(continued)*

- (a) Interest on borrowings is calculated on the principal of the borrowings held as at 30 June 2017 and 31 December 2016, respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2017 and 31 December 2016, respectively.
- (b) The amounts exclude salaries payable and other taxes payables.
- (c) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the obligations of such purchasers for repayments (Note 31).

4.3 Fair value estimation

The different levels of fair value estimation have been defined as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.3 Fair value estimation *(continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2017 and 31 December 2016.

	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30 June 2017			
Financial assets:			
Financial assets at fair value through profit or loss			
— Investment funds (Note 20)	—	36,743	36,743
Financial liabilities:			
Derivative financial instruments (Note 30)	—	138,311	138,311
At 31 December 2016			
Financial assets:			
Financial assets at fair value through profit or loss			
— Investment funds (Note 20)	—	35,651	35,651
Financial liabilities:			
Derivative financial instruments (Note 30)	—	121,411	121,411

There were no transfers between levels during the period under review.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

4 FINANCIAL RISK MANAGEMENT *(continued)*

4.3 Fair value estimation *(continued)*

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(b) Financial instruments in level 3

The fair value of financial instruments included in level 3 is disclosed in Note 20.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION

The executive Directors, as the chief operating decision-makers (“CODM”) of the Group, review the Group’s internal reporting in order to assess performance and allocate resources of the Group. Management has determined the operating segments of the Group based on these reports. The Group is organised into three business segments: property development, property investment and project management services.

Revenue consists of sales of properties, rental income of investment properties, income of project management services and other property development related services. Revenue for the six months ended 30 June 2017 and 2016 consists of the following:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Sales of properties	1,100,079	273,603
Rental income	67,420	45,409
Project management income	258,470	93,547
Decoration income	—	21,803
Total	1,425,969	434,362

Segment results represent the profit earned by each segment without net change in fair value of derivative financial liabilities, finance costs and income tax expenses. The segment results and other segment items for the six months ended 30 June 2017 are as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION *(continued)*

	Property development HK\$'000	Property investment HK\$'000	Project management services HK\$'000	Group HK\$'000
Gross segment revenue	1,100,079	67,420	258,470	1,425,969
Segment results	248,064	88,269	258,470	594,803
Fair value losses on derivative financial instruments				(16,114)
Finance costs, net				(435,365)
Gain on acquisition of a subsidiary				112,609
Profit before income tax				255,933
Income tax expenses				(152,010)
Profit for the period				103,923
Capital expenditure	3,948	—	—	3,948
Depreciation	1,829	—	—	1,829
Amortisation of intangible assets recognised as expenses	2,190	—	—	2,190
Fair value gains on investment properties, net	—	37,786	—	37,786

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION *(continued)*

The segment results and other segment items for the six months ended 30 June 2016 are as follows:

	Property development HK\$'000	Property investment HK\$'000	Project management services HK\$'000	Group HK\$'000
Gross segment revenue	388,953	45,409	—	434,362
Segment results	162,601	260,054	—	422,655
Finance costs, net				(327,184)
Profit before income tax				95,471
Income tax expenses				(245,306)
Loss for the period				(149,835)
Capital expenditure	20,061	—	—	20,061
Depreciation	1,838	—	—	1,838
Amortisation of intangible assets recognised as expenses	2,431	—	—	2,431
Fair value gains on investment properties, net	—	230,520	—	230,520

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION *(continued)*

Segment assets and liabilities as at 30 June 2017 are as follows:

	Property	Property	Project	Group
	development	investment	management	
	HK\$'000	HK\$'000	services	HK\$'000
			HK\$'000	
Segment assets	17,658,825	2,404,582	1,562,248	21,625,655
Other assets				699,281
Total assets				22,324,936
Segment liabilities	5,799,062	70,650	—	5,869,712
Other liabilities				11,414,774
Total liabilities				17,284,486

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION *(continued)*

Segment assets and liabilities as at 31 December 2016 are as follows:

	Property development HK\$'000	Property investment HK\$'000	Project management services HK\$'000	Group HK\$'000
Segment assets	14,849,841	2,347,847	1,482,306	18,679,994
Other assets				66,953
Total assets				18,746,947
Segment liabilities	3,847,163	63,987	—	3,911,150
Other liabilities				10,029,706
Total liabilities				13,940,856

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION *(continued)*

Segment assets are reconciled to total assets as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Segment assets	21,625,655	18,679,994
Other assets		
— Assets held for sale	630,277	—
— Financial assets at fair value through profit or loss	36,743	35,651
— Deferred income tax assets	32,261	31,302
Total assets	22,324,936	18,746,947

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION *(continued)*

Segment liabilities are reconciled to total liabilities as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Segment liabilities	5,869,712	3,911,150
Other liabilities		
— Borrowings	8,867,176	7,784,386
— Deferred tax liabilities	738,702	600,408
— Current tax liabilities	1,669,606	1,522,132
— Finance lease payable	979	1,369
— Derivative financial liabilities	138,311	121,411
Total liabilities	17,284,486	13,940,856

Non-current assets, other than financial instruments and deferred income tax assets by geographical location are as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Hong Kong	2,180	16,035
Mainland China	1,770,888	2,277,589
Total	1,773,068	2,293,624

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

5 SEGMENT INFORMATION *(continued)*

In this Interim Financial Information, there are no differences from the last annual consolidated financial statements of the Company in the basis of segmentation or in the basis of measurement of segment profit or loss.

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

The values provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that in the condensed consolidated statement of financial position. These assets and liabilities are allocated based on the operations of the segments.

Segment assets consist primarily of property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, prepayments for acquisition of equity interests in property development projects, receivables, term deposits and cash and cash equivalents.

Segment liabilities consist of operating liabilities. Unallocated liabilities comprise taxation, borrowings, finance lease payable and derivative financial liabilities.

Capital expenditure comprises additions to property and equipment (Note 13) and intangible assets (Note 13).

Revenues of approximately HK\$258,470,000 were derived from a single related party customer during the period ended 30 June 2017 which were attributable to the project management services segment, while revenues of approximately HK\$99,041,000 were derived from a single external customer during the period ended 30 June 2016 which were attributable to the property development segment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Cost of properties sold (excluding staff costs)	887,920	250,952
Staff costs (including Directors' emoluments)	21,810	29,317
Promotion expenses	19,448	9,302
Other taxation	7,953	6,526
Entertainment expenses	5,908	6,019
Property rental fee	4,134	3,520
Legal and other consulting fees	5,525	5,276
Cost of property management service	2,057	11,034
Amortisation (Note 13)	2,190	2,431
Depreciation (Note 13)	1,829	1,838
Office expenses	696	2,575
Others	19,766	9,196
	979,236	337,986

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

7 INVESTMENT AND OTHER INCOME

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Interest income from bank deposits	39,224	42,990
Interest income from other receivables	19,235	33,330
	58,459	76,320

8 FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Interest expenses:		
— Bank and other borrowings	263,712	258,105
— Senior notes	203,858	251,045
— Finance lease	21	36
Less: interest capitalised	(32,226)	(182,002)
	435,365	327,184

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

9 GAIN ON ACQUISITION OF A SUBSIDIARY

On 3 January 2017, the Group entered into an equity transfer agreement with two independent third parties, pursuant to which the Group has agreed to acquire 100% equity interest in Guangzhou Zhenchao Property Development Company Limited* (廣州振超房地產開發有限公司) (“GZ Zhenchao”), at a total consideration of RMB91,879,000 (including RMB36,879,000 payment of penalty and liabilities owned by GZ Zhenchao) (equivalent to approximately HK\$102,714,000 (“Acquisition”). The Acquisition was completed on 18 January 2017, upon which GZ Zhenchao became a wholly-owned subsidiary of the Company. GZ Zhenchao is principally engaged in property development in the PRC. The negative goodwill on this Acquisition amounted to HK\$112,609,000.

Net assets at the date of the Acquisition were as follows:

	HK\$'000
Properties under development	328,219
Trade and other receivables	1,698
Bank and cash balances	1
Trade and other payables	(40,358)
Deferred tax liabilities	(114,902)
Net assets acquired	174,658
Gain on acquisition of a subsidiary	(112,609)
Total consideration	62,049
Consideration to be satisfied by cash	62,049
Net cash inflow arising on acquisition:	
Cash consideration to be paid	62,049
Cash and cash equivalents acquired	(1)
	62,048

* *For identification purpose only*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

10 INCOME TAX EXPENSES

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Current income tax:		
— PRC corporate income tax	143,374	53,173
— PRC land appreciation tax	1,583	9,981
Deferred income tax:		
— PRC corporate income tax	(8,039)	95,643
— PRC land appreciation tax	15,092	86,509
	152,010	245,306

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period under review, based on the existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National People's Congress of the PRC approved the Corporate Income Tax Law of the People's Republic of China ("CIT Law"), which became effective on 1 January 2008. Under the CIT Law, the corporate income tax rate applicable to the group entities located in Mainland China is 25%.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

10 INCOME TAX EXPENSES *(continued)*

PRC corporate income tax *(continued)*

According to the CIT Law and Implementation Rules, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision for LAT for the sales of properties according to the aforementioned progressive rate, except for certain subsidiaries which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from the tax authorities.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

10 INCOME TAX EXPENSES *(continued)*

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the Interim Financial Information as the Group did not have assessable profit in Hong Kong for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Overseas income tax

The Company was incorporated in the Bermuda as an exempted company with limited liability and is exempted from Bermuda income tax. The Company's direct subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

11 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period under review excluding ordinary shares purchased by the Group.

	Six months ended 30 June	
	2017	2016
Profit/(loss) attributable to owners of the Company (HK\$'000)	93,491	(159,165)
Weighted average number of ordinary shares in issue (thousand shares)	6,424,417	4,818,313
Basic earnings/(loss) per share (HK cents per share)	1.46	(3.30)

(b) Diluted

Diluted profit/(loss) per share for the six months ended 30 June 2017 and 2016 has not been presented as the Company's outstanding warrants had no dilutive effect for the six months ended 30 June 2017 and 2016 as the exercise prices of those warrants were higher than the average market price of the shares of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

12 DIVIDENDS

No interim dividend in respect of the six months ended 30 June 2017 was proposed by the Board (six months ended 30 June 2016: Nil).

13 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Property and equipment HK\$'000	Intangible assets HK\$'000
Six months ended 30 June 2017		
Opening net book amounts as at 1 January 2017	51,126	60,842
Additions	3,794	154
Depreciation/amortisation charges	(1,829)	(2,190)
Exchange differences	1,358	1,417
Closing net book amounts as at 30 June 2017	54,449	60,223
Six months ended 30 June 2016		
Opening net book amounts as at 1 January 2016	33,707	67,268
Additions	18,306	1,755
Depreciation/amortisation charges	(1,838)	(2,431)
Exchange differences	(574)	(1,052)
Closing net book amounts as at 30 June 2016	49,601	65,540

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

13 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS *(continued)*

Intangible assets consist of computer softwares and land use rights. Intangible assets related to land use rights comprise the costs of acquiring rights to use certain land, which are all located in the PRC, mainly for hotel buildings (other than those in relation to Royal Mediterranean Hotel (“RM Hotel”) located at 518 Tianhe Road, Tianhe District, Guangzhou, the PRC) and self-use buildings over fixed periods.

14 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Opening amount as at 1 January	2,165,788	1,237,878
Transfer from completed properties held for sale	—	563,429
Classified as held for sale (Note 19)	(630,277)	—
Fair value gains	37,786	230,520
Exchange differences	68,732	(25,267)
Closing amount as at 30 June	1,642,029	2,006,560
Total unrealised gains for the period included in profit or loss for assets held at the end of the period	37,786	230,520

Investment properties as at 30 June 2017 and 2016 were held in the PRC on leases of 40 years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

14 INVESTMENT PROPERTIES *(continued)*

(i) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by each of the independent and professionally qualified valuers, Greater China Appraisal Limited and A.G. Wilkinson & Associates (Surveyors) Limited, to determine the fair value of the investment properties as at 30 June 2017. The revaluation gains or losses are included in 'Fair value gains on investment properties, net' in the condensed consolidated statement of profit or loss.

As at 30 June 2017, as certain of the significant inputs used in the determination of fair value of investment properties were derived from unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value estimation hierarchy.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of the fair value hierarchy levels during the period under review.

(ii) Valuation processes of the Group

Certain investment properties of the Group were valued at 30 June 2017 by independent and professionally qualified valuers. For all investment properties, their current use equates to the highest and best use.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

14 INVESTMENT PROPERTIES *(continued)*

(ii) Valuation processes of the Group *(continued)*

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and the valuers at least once every six months, which is in line with the Group's interim and annual reporting dates.

(iii) Valuation techniques

Fair values of investment properties are generally derived using the term and reversion method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived from the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversion yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversion yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to recent lettings, in relation to the subject properties and other comparable properties.

The Group has also used the direct comparison approach by making reference to the sales transactions or asking price evidences of comparable properties available in the market to cross check the valuation results.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

15 PROPERTIES UNDER DEVELOPMENT

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Properties under development expected to be completed:		
— Within one operating cycle, included under current assets	3,384,903	2,805,689
Properties under development include:		
— Construction costs and capitalised expenditures	1,410,894	1,292,877
— Interests capitalised	178,109	203,061
— Land use rights	1,795,900	1,309,751
	3,384,903	2,805,689

As at 30 June 2017, the properties under development were all located in the PRC and were expected to be completed within an operating cycle, most of which were expected to be completed within 12 months.

The capitalisation rate of borrowings for the six months ended 30 June 2017 was 10.23% (six months ended 30 June 2016: 11.83%).

16 COMPLETED PROPERTIES HELD FOR SALE

As at 30 June 2017 and 31 December 2016, the completed properties held for sale were all located in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

17 TRADE AND OTHER RECEIVABLES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade receivables (Note (a))	497,644	199,118
— Related parties (Note 33(c))	455,487	167,690
— Third parties	42,157	31,428
Less: provision for impairment of trade receivables	—	—
Trade receivables, net	497,644	199,118
Other receivables	2,676,159	1,543,916
— Related parties (Note (c) and Note 33(c))	2,227,291	1,118,251
— Third parties (Note (d))	448,868	425,665
	3,173,803	1,743,034

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

17 TRADE AND OTHER RECEIVABLES *(continued)*

- (a) The majority of the Group's sales are derived from the sales of properties, property management services and rental income. The remaining amounts had credit terms set out in the related sales and purchase agreements and rental contracts.

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Not due	497,644	189,524
Over due	—	9,594
	497,644	199,118

As at 30 June 2017 and 31 December 2016, the ageing analysis of overdue trade receivables based on the payment due date were as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within 90 days	—	9,005
91 days to 180 days	—	442
181 days to 365 days	—	147
	—	9,594

As at 30 June 2017, no trade receivables were past due (31 December 2016: HK\$9,594,000).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

17 TRADE AND OTHER RECEIVABLES *(continued)*

- (b) As at 30 June 2017 and 31 December 2016, the fair values of trade and other receivables approximated their carrying amounts.
- (c) As at 30 June 2017, HK\$1,152,180,000 of other receivables from related parties (31 December 2016: HK\$1,117,930,000) consisted of funding for projects development. Pursuant to a project management service agreement in April 2015, the Group agreed to provide funding (RMB1 billion) and management service to a property development project (“Project”) in the PRC. In return, the Group would be entitled to (i) a fixed percentage of the total funding incurred for the Project; and (ii) a bonus which would be determined with reference to the estimated profit of the Project (Note 33(c)(i)).
- (d) Other receivables from third parties mainly consisted of advances to third parties.
- (e) Except for those disclosed in Note (a), no material trade and other receivables were impaired or past due as at 30 June 2017 and 31 December 2016.
- (f) The maximum exposure to credit risk of the trade and other receivables at the reporting date was the carrying value of each class of receivables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

18 PREPAYMENTS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Prepayments and advances to related parties		
— for acquisition of equity interests in property development projects (Note (a) and Note 33(c))	4,551,111	2,824,099
— for decoration services (Note 33(c))	162,008	157,192
Prepayments and advances to third parties		
— for acquisition of equity interests in property development projects (Note (a))	1,657,114	1,173,932
— prepaid construction costs	9,495	43,784
— others	1,816	959
Prepayments for acquisition of land use rights	—	147,280
Prepaid business taxes and other levies	105,484	56,934
	6,487,028	4,404,180

- (a) As at 30 June 2017, the Group had prepaid a total amount of HK\$6,208,225,000 (31 December 2016: HK\$3,998,031,000) to invest in private project companies in the PRC. The prepayments were to acquire equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

19 ASSETS HELD FOR SALE

On 22 June 2017, the Group has entered into a sale and purchase agreement with an independent third party to dispose of its entire interest in a subsidiary, which through certain subsidiaries, holds various investment properties (“Disposal”). As at 30 June 2017, the Disposal was not yet completed and the relevant assets were classified as assets held for sale in accordance with the relevant accounting standards.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Non-current portion:		
Opening amount at 1 January	35,651	23,896
Additions	—	7,442
Exchange differences	1,092	(472)
Closing amount as at 30 June (Note (a))	36,743	30,866
Current portion:		
Opening amount at 1 January	—	954,904
Disposals	—	(954,904)
Closing amount as at 30 June	—	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

- (a) During the six-month period ended 30 June 2017, the Group subscribed for certain unlisted PRC investment funds for an aggregate amount of HK\$36,743,000 (six-month period ended 30 June 2016: HK\$30,866,000). The investment funds are managed with expected return equal to one-year prevailing savings interest rate quoted by the People's Bank of China.

As at 30 June 2017 and 31 December 2016, the fair values of the investment funds were provided by the fund manager (who also acted as the Group's agent for the subscription and redemption of the investment funds) and there were no substantial changes in these fair values during the period under review.

21 RESTRICTED CASH

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Guarantee deposits for construction projects (Note (a))	307,898	405,263
Guarantee deposit for payment of wages (Note (b))	32,837	48,610
	340,735	453,873
Denominated in		
— RMB	340,735	453,873



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

21 RESTRICTED CASH *(continued)*

- (a) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau of the PRC, certain property development companies of the Group in the PRC are required to place certain amounts of presale proceeds of properties in designated bank accounts as guarantee deposits for the construction of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of the related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.
- (b) The Group is required to place a deposit in a designated bank account solely for settlement of the wages of the construction workers payable by the Group. The deposit will only be released after completion of the relevant property development project.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currency denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

22 TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Term deposits with initial terms of over three months:		
— Denominated in RMB	2,854,845	3,460,105

The weighted average effective interest rate of the Group's term deposits with initial terms of over three months as at 30 June 2017 was 2.04% (31 December 2016: 1.99%) per annum. The carrying amounts of the Group's term deposits approximate their fair value due to their short term maturities.

23 CASH AND CASH EQUIVALENTS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Cash at bank and in hand:		
— Denominated in RMB	1,311,449	880,683
— Denominated in HK\$	3,418	12,016
— Denominated in USD	1,113	192,962
	1,315,980	1,085,661

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

23 CASH AND CASH EQUIVALENTS *(continued)*

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

24 SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Authorised:		
At 1 January 2016 and 30 June 2016	6,000,000,000	
Increase in authorised share capital (Note (a))	4,000,000,000	
<hr/>		
At 1 January 2017 and 30 June 2017	10,000,000,000	
Issued and fully paid:		
At 1 January 2016 and 30 June 2016	4,818,312,935	481,831
Increase in ordinary share capital pursuant to rights issue (Note (b))	1,606,104,312	160,610
<hr/>		
At 1 January 2017 and 30 June 2017	6,424,417,247	642,441

Notes:

- (a) Pursuant to an ordinary resolution passed at the Company's special general meeting on 11 October 2016, the Company's authorised share capital was increased from HK\$600,000,000 divided into 6,000,000,000 shares to HK\$1,000,000,000 divided into 10,000,000,000 shares.
- (b) On 9 December 2016, the Company completed a rights issue to issue 1,606,104,312 ordinary shares of the Company at HK\$0.80 per rights issue share ("Rights Issue"). Pursuant to the Rights Issue, the share capital and share premium of the Company increased by approximately HK\$160,610,000 and HK\$1,097,063,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

25 OTHER RESERVES

	Share premium HK\$'000	Merger reserve HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Total HK\$'000
			(Note (a))			
At 1 January 2017	4,640,287	(101,922)	6,668	239,404	(481,016)	4,303,421
Currency translation differences	—	—	—	—	121,273	121,273
At 30 June 2017	4,640,287	(101,922)	6,668	239,404	(359,743)	4,424,694
At 1 January 2016	3,543,224	(101,922)	6,668	239,404	(60,561)	3,626,813
Currency translation differences	—	—	—	—	(127,732)	(127,732)
At 30 June 2016	3,543,224	(101,922)	6,668	239,404	(188,293)	3,499,081

(a) Statutory reserves

Pursuant to the relevant laws and regulations in the PRC and the provisions in the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of their profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to enterprises in the PRC to reserve funds. Depending on their nature, the reserve funds can be used to set off accumulated losses of the subsidiaries or can be distributed to equity owners in the form of bonus issue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

26 BORROWINGS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Borrowings included in non-current liabilities:		
Senior notes	3,061,673	3,013,591
— senior notes due August and September 2019 (“2016 Notes”) (Note (a))	3,061,673	3,013,591
Bank borrowings — secured (Note (b))	174,276	285,970
Other borrowings — secured (Note (c))	5,631,227	4,453,564
Less: amounts due within one year	(950,316)	(669,450)
	7,916,860	7,083,675
Borrowings included in current liabilities:		
Bank borrowings — secured (Note (b))	—	31,261
Current portion of long-term borrowings	950,316	669,450
	950,316	700,711
Total borrowings	8,867,176	7,784,386

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

26 BORROWINGS *(continued)*

(a) 2016 Notes

On 4 August 2016 and 23 September 2016 respectively, the Company issued 3-year secured and guaranteed senior notes, with aggregated nominal values of USD190,000,000 and USD220,000,000 respectively (collectively referred to as “2016 Notes”). The net proceeds, after deducting the issuance costs, amounted to USD389,552,000 (equivalent to approximately HK\$3,021,818,000). The 2016 Notes are denominated in USD, due on 3 August 2019 and 22 September 2019, and with an interest rate at 11% per annum.

Concurrent with the issuance of the 2016 Notes, nil-paid warrants (“2016 Warrants”) representing a total amount of exercise moneys of USD61,500,000 (the exchange rate to be used for the purchase of HK\$ with USD shall be HK\$7.8 per USD1.0) were granted to these investors to subscribe for 239,909,977 ordinary shares of the Company at an initial exercise price of HK\$1.9995 per ordinary share of the Company, which are subject to certain anti-dilutive adjustments. The 2016 Warrants are exercisable at any time up to 36 months from the issue date of such warrants. As a result of the Rights Issue, the exercise price of the 2016 Warrants was downward adjusted to HK\$1.8049.

The nature of the 2016 Warrants are accounted for as derivative financial liabilities, initially recognised at fair value and subsequently measured at fair value through profit or loss.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

26 BORROWINGS *(continued)*

(b) Bank borrowings secured

Bank borrowings included secured liabilities, which were secured by certain of the Group's construction in progress, investment properties, properties under development and completed properties held for sale.

(c) Other borrowings secured

Certain subsidiaries in the PRC which are engaged in development of real estate projects have entered into funding arrangements with certain financial institutions ("Trustees"), pursuant to which the Trustees raised trust funds and injected the funds into the subsidiaries of the Company. The funds bear interest at fixed rates, have fixed repayment terms, and are secured by certain properties under development, completed properties held for sale, land use rights, investment properties and shares of certain subsidiaries of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

26 BORROWINGS *(continued)*

- (d) The movements of senior notes, bank borrowings and other borrowings are analysed as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Opening amounts as at 1 January	7,784,386	8,168,361
Additions of borrowings	1,399,011	965,999
Repayments of borrowings	(528,661)	(1,000,502)
Interest paid	(435,050)	(426,114)
Amortisation of issuance costs	467,570	508,800
Credit to exchange reserves	160,340	(99,053)
Foreign exchange losses, net	19,580	2,706
Closing amounts as at 30 June	8,867,176	8,120,197

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

28 TRADE AND OTHER PAYABLES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade payables	1,168,784	1,074,617
Amounts due to related parties (Note 33(c))	1,127	49,463
Provisions for claims and administrative penalties	81,835	79,403
Other payables and accruals	1,548,953	313,679
Other taxes payables	275,935	231,910
	3,076,634	1,749,072

As at 30 June 2017 and 31 December 2016, the ageing analysis of trade payables of the Group based on payment due dates were as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within one year	819,477	798,324
Over one year	349,307	276,293
	1,168,784	1,074,617

Other payables and accruals from third parties mainly comprise deposits from customers and tenants, accrued professional service fees and operating expenses.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

29 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Current income tax liabilities		
– PRC corporate income tax payable	996,133	869,113
– PRC land appreciation tax payable	673,473	653,019
	1,669,606	1,522,132

30 DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2017 and 31 December 2016, the Group had the following derivative financial instruments:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
2014 Warrants I (Note (a))	61,733	58,382
2014 Warrants II (Note (b))	58,065	55,320
2016 Warrants (Note 26(a))	18,513	7,709
	138,311	121,411

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

30 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(a) 2014 Warrants I

On 17 July 2014 and 18 July 2014 respectively, the Company issued 3-year 11.8% per annum secured and guaranteed senior notes (collectively referred to as “2014 Notes I”), with aggregated nominal values of USD40,000,000 and USD60,000,000 respectively, which were subsequently early redeemed by the Company in whole on 23 September 2016. Concurrent with the issuance of the 2014 Notes I, nil-paid warrants (“2014 Warrants I”) representing a total amount of exercise moneys of USD20,000,000 (the exchange rate to be used for the purchase of HK\$ with USD shall be HK\$7.8 per USD1.0) were granted by the Company to these investors to subscribe for 65,606,863 ordinary shares of the Company at an initial exercise price of HK\$2.3778 per ordinary share of the Company, which are subject to certain anti-dilutive adjustments. The 2014 Warrants I are exercisable at any time up to 36 months from the issue date of such warrant. As a result of the Rights Issue, the exercise price of the 2014 Warrants I was downward adjusted to HK\$2.1464.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

30 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(b) 2014 Warrants II

On 8 January 2015 and 13 February 2015 respectively, the Company issued 3-year 11.8% per annum secured and guaranteed senior notes (collectively referred to as “2014 Notes II”), with aggregated nominal values of USD65,000,000 and USD35,000,000 respectively, which were subsequently early redeemed by the Company in whole on 23 September 2016. Concurrent with the issuance of the 2014 Notes II, nil-paid warrants (“2014 Warrants II”) representing a total amount of exercise moneys of USD20,000,000 (the exchange rate to be used for the purchase of HK\$ with USD shall be HK\$7.8 per USD1.0) were granted by the Company to these investors to subscribe for 65,606,863 ordinary shares of the Company at an initial exercise price of HK\$2.3778 per ordinary share of the Company, which are subject to certain anti-dilutive adjustments. The 2014 Warrants II are exercisable at any time up to 36 months from the issue date of such warrant. As a result of the Rights Issue, the exercise price of the 2014 Warrants II was downward adjusted to HK\$2.1464.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

30 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The above warrants were measured at their fair values as at 30 June 2017 and 31 December 2016. The fair values (categorised as level 3 measurement under HKFRS 13) of the warrants were based on valuation, using the trinomial tree method, carried out by an independent qualified professional valuer and approved by the Directors. The significant unobservable inputs used in the fair value estimation were expected volatility and effective interest rate.

31 FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	2,446,694	1,760,359



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

31 FINANCIAL GUARANTEE CONTRACTS *(continued)*

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the obligations of such purchasers for repayments. Such guarantees will terminate upon the earlier of (i) the issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of the guarantee registration; and (ii) the full repayment of the mortgage loan by the purchaser of the property.

Pursuant to the terms of the guarantees, upon default in mortgage payments by the purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulted purchasers to the banks and the Group will be 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 mortgages. The Directors are of the view that the fair value of the financial guarantees is not significant.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

32 COMMITMENTS

(a) Commitments for property development expenditures

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Contracted but not provided for		
— Properties development activities	1,320,852	804,221
— Acquisition of land use rights	—	137,567
— Acquisition of property and equipment	1,129	1,365
	1,321,981	943,153

(b) Operating leases commitments – the Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
— Not later than one year	7,423	7,424
— Later than one year and not later than five years	10,889	17,012
— Over five years	9	22
	18,321	24,458

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

32 COMMITMENTS *(continued)*

(c) Operating leases commitments – the Group as lessor

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
– Not later than one year	74,148	95,831
– Later than one year and not later than five years	222,289	248,581
– Over five years	33,925	43,503
	330,362	387,915

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Rong De Investments Limited ("Rong De")	Ultimate holding company of the Company (incorporated in the British Virgin Islands)
Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi)	Major shareholder of Rong De, the Company's chairman of the Board and executive director, and a key management personnel
Mr. Liao Tengjia	Major shareholder of Rong De, the Company's executive director and deputy chairman of the Board, and a key management personnel
Mr. Huang Jiajue	The Company's deputy chairman of the Board and executive director, and a key management personnel
Guangdong Zhuguang Group Company Limited ("GD Zhuguang Group")	Mr. Liao Tengjia has significant influence in this company
Guangzhou Zhuguang Investment Company Limited ("GZ Zhuguang Investment")	Mr. Liao Tengjia has significant influence in this company
Guangzhou Conghua Zhuguang Investment Company Limited ("GZ Conghua Zhuguang Investment")	Mr. Liao Tengjia has significant influence in this company



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(a) Name and relationship with related parties *(continued)*

Name	Relationship
Guangzhou Zhuguang Property Development Company Limited ("GZ Zhuguang Property")	Mr. Liao Tengjia has significant influence in this company
Guangdong Zhujiang Bay Property Company Limited ("GD Zhujiang Bay Property")	Mr. Liao Tengjia has significant influence in this company
Shenzhen Zhuguang Property Company Limited ("SZ Zhuguang Property")	Mr. Liao Tengjia has significant influence in this company

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

- (i) During the six months ended 30 June 2017 and 2016, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Purchase of properties from key management	—	214,098
Sales of properties to key management	8,819	257
Project management service income:		
— GZ Zhuguang Investment	258,470	86,821
— GZ Conghua Zhuguang Investment	—	4,484
— GZ Zhuguang Property	—	2,242
	258,470	93,547
Advances from key management	2,527	—
Prepayments to key management for decoration services included in prepayments	—	20,081

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties *(continued)*

(i) *(continued)*

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Prepayments for acquisition of equity interests in property development projects included in prepayments:		
— GD Zhuguang Group	(1,644,010)	—
Cash advances to related parties included in other receivables:		
— GD Zhuguang Group	(1,543,167)	(341)
— GZ Conghua Zhuguang Investment	(525,607)	(118,819)
— GZ Zhuguang Investment	—	(1,188,192)
— SZ Zhuguang Property	—	(308,930)
— GZ Zhuguang Property	—	(59,409)
	(2,068,774)	(1,675,691)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties *(continued)*

(i) *(continued)*

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Repayments from related parties included in other receivables:		
— GZ Conghua Zhuguang Investment	524,326	—
— SZ Zhuguang Property	—	308,930
	524,326	308,930
Cash advances from related parties included in other payables:		
— GD Zhuguang Group	—	1,506,521
Repayments to related parties included in other payables:		
— GD Zhuguang Group	(49,840)	(1,499,149)
— GD Zhujiang Bay Property	—	(1,503)
— GZ Zhuguang Property	—	(1,725)
	(49,840)	(1,502,377)

The above transactions were charged in accordance with the terms of the underlying agreements.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties *(continued)*

- (ii) Certain related parties have provided pledges and guarantees for the Group's bank borrowings of HK\$2,097,348,000 at 30 June 2017 (31 December 2016: HK\$1,064,607,000).
- (iii) Certain related parties have provided pledges and guarantees for the Group's senior notes and warrants of HK\$3,061,673,000 and HK\$138,311,000 at 30 June 2017 (31 December 2016: HK\$3,013,591,000 and HK\$121,411,000).
- (iv) During the six months ended 30 June 2017, the Group's principal place of business in the PRC was provided by GD Zhuguang Group at no charge (six months ended 30 June 2016: nil).
- (v) In the opinion of the Directors, the related party transactions were conducted in the ordinary course of business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

As at 30 June 2017 and 31 December 2016, the Group had the following material balances with related parties:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Amounts due from related parties included in trade receivables		
— GZ Zhuguang Investment (Note (i))	453,266	167,690
— Key management	2,221	—
	455,487	167,690
Amounts due from related parties included in other receivables		
— GZ Zhuguang Investment (Note (i))	1,152,180	1,117,930
— GD Zhuguang Group	1,073,809	321
— GZ Conghua Zhuguang Investment	1,302	—
	2,227,291	1,118,251

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties *(continued)*

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Amounts due from related parties included in prepayments		
— GD Zhuguang Group (Note (ii))	4,551,111	2,824,099
— Key management (Note (iii))	162,008	157,192
	4,713,119	2,981,291
Amounts due to related parties included in other payables		
— GD Zhuguang Group	1,127	49,463
Amounts due to ultimate holding company		
— Rong De	880	880
Amounts due to key management included in advances from customers	—	4,427

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

33 RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties *(continued)*

- (i) Amounts due from GZ Zhuguang Investment included in trade and other receivables were mainly derived from funding and project management services, which would be settled between the parties in accordance with mutually agreed terms (Note 17(c)).
- (ii) Amounts due from GD Zhuguang Group included in prepayments were deposits paid to GD Zhuguang Group through authorised agents for the proposed acquisitions of equity interests of certain entities of GD Zhuguang Group, which own certain land use rights or property projects in the PRC.
- (iii) Amounts due from key management represented the prepayments for decoration service fee.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

34 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 18 August 2017, 廣東喜龍房地產開發有限公司 Guangdong Xilong Property Development Company Limited, as vendor (“Vendor”), and Zhu Jingyu* (朱靖瑜), Zhu Zitao* (朱梓濤) and Zhu Ziyu* (朱梓瑜) (each being a child of Mr. Chu Hing Tsung (alias Zhu Qing Yi) (“Mr. Chu”), an executive Director, the chairman of the Board and a 34.06% shareholder of Rong De Investments Limited, which is a controlling shareholder of the Company as at the date of this interim report), as purchasers (collectively referred to as the “Purchasers”), entered into nine sale and purchase agreements (collectively referred to as the “SP Agreements”). Pursuant to the SP Agreements, the Vendor has agreed to sell and the Purchasers have agreed to acquire nine properties (“Properties”) located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, at the aggregate consideration of RMB26,272,385 (equivalent to approximately HK\$30,793,862). The completion of the sale and purchase of the Properties shall take place before 31 October 2017, upon which the Vendor shall deliver the Properties to the Purchasers. Further details of the SP Agreements are set out in the announcement of the Company dated 18 August 2017.

OTHER INFORMATION

INTERIM DIVIDEND

No interim dividend in respect of the six months ended 30 June 2017 was proposed by the Board (six months ended 30 June 2016: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

During the period under review, the Group entered into the following contracts:

- (a) On 3 January 2017, Victory Global Investments Limited (“Victory Global”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with two independent third parties, pursuant to which Victory Global has agreed to acquire 100% equity interest in GZ Zhenchao, at a total consideration of RMB91,879,000 (equivalent to approximately HK\$102,714,000) (“GZ Zhenchao Acquisition”). The GZ Zhenchao Acquisition was completed on 18 January 2017, upon which GZ Zhenchao became a wholly-owned subsidiary of the Company. GZ Zhenchao is principally engaged in property development in the PRC.

OTHER INFORMATION *(continued)*

MATERIAL ACQUISITIONS AND DISPOSALS *(continued)*

- (b) On 29 March 2017, Xianghe County Yijing Property Development Company Limited* (香河縣逸景房地產開發有限公司), an indirect wholly-owned subsidiary of the Company, as purchaser, Tong Dexin* (佟德新) and Tong Demin* (佟德珉), as vendors, and Xianghe Jingang Real Estate Development Company Limited* (香河金港房地產開發有限公司), as target company (“Xianghe Jingang”), entered into an equity transfer agreement (“Equity Transfer Agreement”) in relation to the purchase and sale of the entire equity interest in Xianghe Jingang at the aggregate consideration of RMB1,812,214,000 (equivalent to approximately HK\$2,046,533,270) (“Xianghe Acquisition”). A special general meeting will be convened and held for the Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder. Upon completion of the Xianghe Acquisition which is subject to the approval of the Shareholders having been obtained and the satisfaction of the conditions precedent, Xianghe Jingang will become an indirect wholly-owned subsidiary of the Company. Further details of the Xianghe Acquisition are set out in the announcements of the Company dated 29 March 2017, 3 April 2017, 24 April 2017, 11 May 2017, 26 June 2017 and 29 August 2017.
- (c) On 22 June 2017, Zhuguang Group Limited, a wholly-owned subsidiary of the Company, as vendor, and an independent third party, as purchaser, entered into a sale and purchase agreement in relation to the sale and purchase of the entire issued share capital of Gains Wide Holdings Limited (“Gains Wide”) at the consideration of RMB1,000,000,000 (equivalent to approximately HK\$1,135,400,000) (“Gains Wide Disposal”). Gains Wide, through three wholly-owned subsidiaries, held properties situated on 13 floors in the RM Hotel. Upon completion of the Gains Wide Disposal which is subject to the satisfaction of a condition precedent, the Company will cease to have any interest in Gains Wide. Further details of the Gains Wide Disposal are set out in the announcement of the Company dated 22 June 2017.

* For identification purpose only

OTHER INFORMATION *(continued)*

MATERIAL ACQUISITIONS AND DISPOSALS *(continued)*

- (d) On 23 June 2017, South Trend Holdings Limited (南興控股有限公司), a wholly-owned subsidiary of the Company, as purchaser, Quan Xing Holdings Limited (荃興控股有限公司), as vendor, and Cheung Fong Wing, as guarantor, entered into a sale and purchase agreement (“Sale and Purchase Agreement”) in relation to the acquisition of the entire issued share capital of All Flourish Investments Limited (通興投資有限公司) (“All Flourish”) at the consideration of RMB3.5 billion (equivalent to approximately HK\$3.95 billion) (“All Flourish Acquisition”). A special general meeting will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. Upon completion of the All Flourish Acquisition which is subject to the satisfaction of the conditions precedent (including the approval of the Shareholders having been obtained), All Flourish will become an indirect wholly-owned subsidiary of the Company. Further details of the All Flourish Acquisition are set out in the announcement of the Company dated 23 June 2017.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2017, the interests and short positions of the Directors or chief executive of the Company in the ordinary shares (“Shares”), underlying Shares and debentures (as the case may be) of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the Securities and Futures Ordinance (Cap. 571) (“SFO”) or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), were as follows:

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(continued)*

(i) Interest in Shares

Name of director of the Company	Nature of interest	Total number of Shares	Approximate percentage of total issued Shares (Note 2)
Mr. Liao Tengjia	Interest of a controlled corporation (Note 1)	3,950,873,289 (L)	61.50%
Mr. Chu Hing Tsung	Interest of a controlled corporation (Note 1)	3,950,873,289 (L)	61.50%
Mr. Huang Jiajue	Beneficial owner	13,890,000 (L)	0.22%

(L) Long position

Note:

- Rong De Investments Limited ("Rong De") is legally and beneficially owned as to 36.00% by Mr. Liao Tengjia and as to 34.06% by Mr. Chu Hing Tsung. Mr. Liao Tengjia and Mr. Chu Hing Tsung are deemed to be interested in the 3,950,873,289 Shares beneficially owned by Rong De under the SFO. To the best knowledge of the Directors, among the Shares held by Rong De, 458,000,000 Shares and 3,021,112,000 Shares have been pledged by Rong De to 中國華融資產管理股份有限公司(廣東省)分公司("中國華融"), and The Bank of New York Mellon, Hong Kong Branch ("BNY HK") respectively. Mr. Liao Tengjia is a director of Rong De.
- The total number of the issued Shares as at 30 June 2017 (i.e. 6,424,417,247 Shares) had been used for the calculation of the approximate percentage shareholdings in the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY *(continued)*

(ii) Interest in shares of the Company's associated corporation

Name of director of the Company	Name of associated corporation	Nature of interest	Total number of shares	Approximate percentage of total issued share capital of the associated corporation
Mr. Liao Tengjia	Rong De	Beneficial owner	71,992	36.00%
Mr. Chu Hing Tsung	Rong De	Beneficial owner	68,120	34.06%
Mr. Chu Muk Chi	Rong De	Beneficial owner	59,888	29.94%

Save as disclosed in this interim report, as at 30 June 2017, none of the Directors or chief executive of the Company had any interest and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2017, as far as the Directors were aware, the following persons (other than the Directors and the chief executive of the Company) had interests and short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and required to be recorded in the register required to be kept under Section 336 of the SFO as follows:

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest (Note 10)	Number of underlying Shares	Approximate percentage of interest (Note 10)
Rong De	Beneficial owner (Note 1)	3,950,873,289 (L)	61.50%	—	—
中國華融 (Note 1)	Security interest	923,000,000 (L)	14.37%	—	—
Central Huijin Investment Limited ("Central Huijin") (Notes 2 and 3)	Interest of controlled corporations	—	—	79,359,502 (L)	1.24%
	Security interest	3,139,212,666 (L)	48.86%	—	—
Agricultural Bank of China Limited ("ABCL") (Note 2)	Interest of controlled corporations	—	—	45,376,475 (L)	0.71%
	Security interest	3,021,112,000 (L)	47.03%	—	—
Ministry of Finance of the People's Republic of China ("MOF") (Note 2)	Interest of controlled corporations	—	—	45,376,475 (L)	0.71%
	Security interest	3,021,112,000 (L)	47.03%	—	—
China Construction Bank Corporation ("CCB") (Note 3)	Security interest	3,139,212,666 (L)	48.86%	—	—
	Interest of controlled corporations	—	—	33,983,027 (L)	0.53%
The Bank of New York Mellon Corporation ("BNY") (Note 4)	Security interest	3,021,112,000 (L)	47.03%	—	—
China Orient Asset Management Co., Ltd. ("COAM") (Note 5)	Interest of controlled corporations	3,021,112,000 (L)	47.03%	146,286,572 (L)	2.28%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest (Note 10)	Number of underlying Shares	Approximate percentage of interest (Note 10)
Cheung Fong Wing (Note 6)	Interest of a controlled corporation	418,500,000 (L)	6.51%	—	—
Quan Xing Holdings Limited ("Quan Xing") (Note 6)	Beneficial owner	418,500,000 (L)	6.51%	—	—
China Great Wall Asset Management Corporation ("CGWAMC") (Note 7)	Interest of controlled corporations	1,200,000,000 (L)	18.68%	—	—
China Cinda Asset Management Co., Limited ("CCAM") (Note 8)	Interest of controlled corporations	1,010,000,000 (L)	15.72%	9,841,030 (L)	0.15%
China Huarong Asset Management Co., Ltd. ("CHAM") (Note 9)	Security interest	923,000,000(L)	14.37%	—	—
	Interest of controlled corporations	260,000,000 (L)	4.05%	7,778,824 (L)	0.12%

(L) Long position

Notes:

- The Shares comprised 3,950,873,289 Shares beneficially owned by Rong De as stated in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY" in this interim report. Out of the aforesaid 3,950,873,289 Shares, 458,000,000 Shares and 3,021,112,000 Shares have been pledged by Rong De to 中國華融 and BNY HK respectively.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Notes: *(continued)*

2. According to the disclosure of interest notices filed by ABCL and Heroic Day Limited ("Heroic Day") on 4 January 2017, Heroic Day held direct interest in 3,021,112,000 Shares and 45,376,475 underlying Shares. Heroic Day is a wholly-owned subsidiary of ABCI Investment Management Limited ("ABCIIM"). ABCIIM is a wholly-owned subsidiary of ABC International Holdings Limited ("ABCIH"). ABCIH is a wholly-owned subsidiary of ABCL. According to the disclosure of interest notices filed by Central Huijin and MOF on 4 January 2017, ABCL is in turn owned as to 40.41% by Central Huijin and as to 39.21% by MOF. Accordingly, ABCIIM, ABCIH, ABCL, Central Huijin and MOF are deemed to be interested in the Shares and underlying Shares held by Heroic Day by virtue of the provisions of the SFO.
3. According to the disclosure of interest notice filed by CCB on 4 January 2017 ("CCB Notice"), Design Time Limited ("Design Time") held direct interest in 14,535,967 underlying Shares, and is a wholly-owned subsidiary of CCBI Investments Limited ("CCBII"). CCBII is a wholly-owned subsidiary of CCB International (Holdings) Limited ("CCBIH"). CCBIH is a wholly-owned subsidiary of CCB Financial Holdings Limited ("CCBFH"). CCBFH is a wholly-owned subsidiary of CCB International Group Holdings Limited ("CCBIG"). CCBIG is a wholly-owned subsidiary of CCB. According to the disclosure of interest notice filed by Central Huijin on 4 January 2017, CCB is owned as to 57.31% by Central Huijin. Accordingly, CCBII, CCBIH, CCBFH, CCBIG, CCB and Central Huijin are deemed to be interested in the underlying Shares held by Design Time by virtue of the provisions of the SFO. According to the CCB Notice, CCB International Overseas Limited ("CCBIO") which held direct interest in 3,139,212,666 Shares and 19,447,060 underlying Shares, is also a wholly-owned subsidiary of CCBIH. Accordingly, CCBIH, CCBFH, CCBIG, CCB and Central Huijin are deemed to be interested in the Shares and the underlying Shares held by CCBIO by virtue of the provisions of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Notes: *(continued)*

4. According to the disclosure of interest notice filed by BNY on 3 January 2017, BNY HK held direct interest in the Shares and is wholly-owned by BNY. Accordingly, BNY is deemed to be interested in the Shares held by BNY HK by virtue of the provisions of the SFO.
5. According to the disclosure of interest notice filed by COAM on 20 April 2017, Blooming Rose Enterprises Corp. ("Blooming") held direct interest in 3,021,112,000 Shares and 146,286,572 underlying Shares, and is a wholly-owned subsidiary of China Orient Asset Management (International) Holding Limited ("COAM International"). COAM International is held as to 50% by Wise Leader Assets Limited ("Wise Leader") and as to 50% by Dong Yin Development (Holdings) Limited ("Dong Yin"). Wise Leader is held as to 100% by Dong Yin and Dong Yin is a wholly-owned subsidiary of COAM. Accordingly, COAM International, Wise Leader, Dong Yin and COAM are deemed to be interested in the Shares and underlying Shares held by Blooming by virtue of the provisions of the SFO.
6. Quan Xing was the beneficial owner of these Shares, which is wholly-owned by Mr. Cheung Fong Wing. Accordingly, Mr. Cheung Fong Wing is deemed to be interested in the Shares held by Quan Xing by virtue of the provisions of the SFO.
7. According to the disclosure of interest notice filed by CGWAMC on 17 July 2014, Evergreat Prosper Limited ("EPL") held direct interest in the Shares and is a wholly-owned subsidiary of Great Wall Pan Asia International Investment Company Limited ("GWPAIICL"). GWPAIICL is a wholly-owned subsidiary of CGWAMC. Accordingly, GWPAIICL and CGWAMC are deemed to be interested in the Shares held by EPL by virtue of the provisions of the SFO.
8. According to the disclosure of interest notice filed by CCAM on 13 January 2015, Finic Resources Limited ("FRL") held direct interest in the Shares and underlying Shares, and is a wholly-owned subsidiary of China Cinda (HK) Asset Management Co., Limited ("CCHKAM"). CCHKAM is a wholly-owned subsidiary of China Cinda (HK) Holdings Company Limited ("CCHKH"). CCHKH is a wholly-owned subsidiary of CCAM. Accordingly, CCHKAM, CCHKH and CCAM are deemed to be interested in the Shares and underlying Shares held by FRL by virtue of the provisions of the SFO.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Notes: *(continued)*

9. According to the disclosure of interest notice filed by CHAM on 10 July 2017 (“CHAM Notice”), Wise United Holdings Limited (“Wise United”) held direct interest in 7,778,824 underlying Shares and is a wholly-owned subsidiary of Diamond Path International Investments Limited (“DPII”). DPII is a wholly-owned subsidiary of Diamond Path Investments Limited (“DP”). DP is a wholly-owned subsidiary of Huarong Investment Stock Corporation Limited (“HISC”). HISC is owned as to 50.99% by Right Select International Limited (“RSI”). RSI is a wholly-owned subsidiary of China Huarong International Holdings Limited (“CHIH”). CHIH is held as to 11.90% by Huarong Zhiyuan Investment & Management Co., Ltd. (“HZIM”) and as to 88.10% by Huarong Real Estate Co., Ltd. (“HRE”). Each of HZIM and HRE is a wholly-owned subsidiary of CHAM. Accordingly, DPII, DP, HISC, RSI, CHIH, HZIM, HRE and CHAM are deemed to be interested in the underlying Shares held by Wise United by virtue of the provisions of the SFO. According to the CHAM Notice, Visual Dome Fund L.P. (“Visual Dome”) held direct interest in 260,000,000 Shares. Visual Dome, the general partner of which is Micro Vision Fund Ltd., is held as to 50% by its limited partner, Ocean Charm Investments Limited (“Ocean Charm”). Ocean Charm is a wholly-owned subsidiary of Linewear Assets Limited (“Linewear”), which is in turn wholly-owned by Huarong International Financial Holdings Limited (“HIFH”). HIFH is held as to 51% by Camellia Pacific Investment Holding Limited (“Camellia Pacific”), which in turn is a wholly-owned subsidiary of CHIH. Accordingly, Ocean Charm, Linewear, HIFH, Camellia Pacific, CHIH, HRE, HZIM and CHAM are deemed to be interested in the Shares held by Visual Dome by virtue of the provisions of the SFO.
10. The total number of issued Shares as at 30 June 2017 (i.e. 6,424,417,247 Shares) had been used for the calculation of the approximate percentage shareholdings in the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Save as disclosed above, the Directors or the Chief Executive Officer are not aware of any other persons (not being Directors or chief executive of the Company) as at 30 June 2017, who had notified the Company of an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the applicable code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2017, other than code provisions A.1.8 and E.1.2 of the CG Code.

Under code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal actions against its Directors. Such insurance cover has not yet been arranged for the Directors during the period under review as the Company is still negotiating and reviewing proposed insurance plans as at the date of this interim report, with an aim to securing an insurance plan appropriate for the Directors at reasonable costs. The Company understands the importance of arranging insurance cover for its Directors and will make the required arrangements as soon as practicable.



CORPORATE GOVERNANCE *(continued)*

Code provision E.1.2 of the CG Code requires that the chairman of the Board should attend the annual general meeting (“AGM”). Mr. Chu, the chairman of the Board, did not attend the AGM held on 20 June 2017 due to his prior engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code as its own code of conduct. Special enquiry has been made to all Directors, and all Directors have confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 June 2017.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there are changes in the information required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules in the course of the Directors’ term of office during the period under review.

Mr. Wong Chi Keung, an independent non-executive Director, retired as an independent non-executive director of ENM Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 128) with effect from 9 June 2017.

CHANGES IN INFORMATION OF DIRECTORS *(continued)*

Save as aforesaid, the Company has not been advised by the Directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to the Shareholders.

AUDIT COMMITTEE

The audit committee of the Board (“Audit Committee”) comprises three independent non-executive Directors. The Audit Committee has reviewed with management, the accounting principles and policies adopted by the Group and discussed with the management regarding auditing, internal controls and financial reporting matters, including the review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 and this interim report, which is of the opinion that such statements and this interim report comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim report for the six months ended 30 June 2017 of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.zhuguang.com.hk, and will be despatched to the Shareholders in due course.



APPRECIATION

On behalf of the Board, the Chairman would like to express the Board's gratitude and appreciation to the Shareholders for their support and the employees for their contribution to the Group.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 30 August 2017