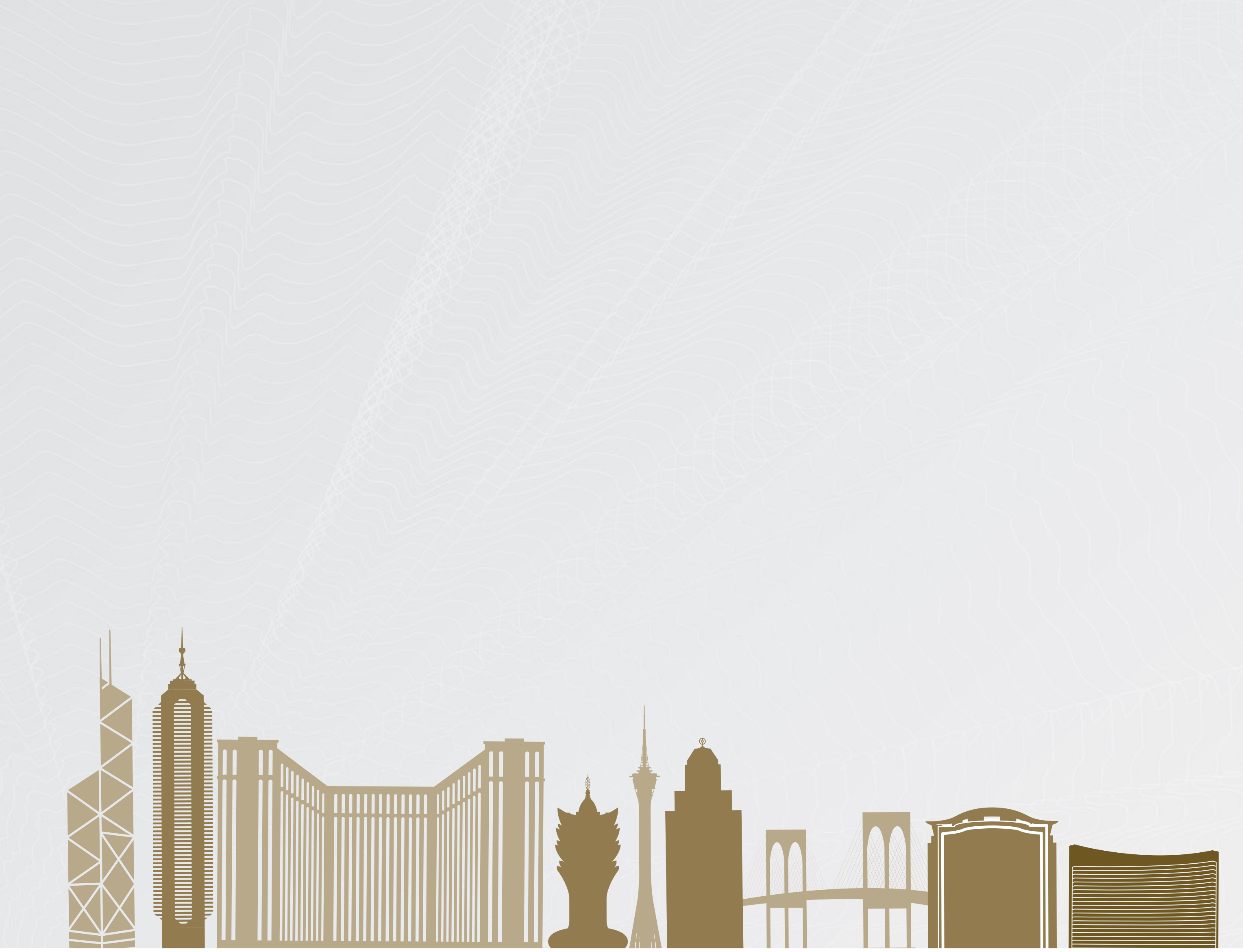
LOGAN
PROPERTY

INTERIM REPORT 2018

LOGAN PROPERTY Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)



CONTENTS

Corporate Information

DIRECTORS

Executive Directors

Mr. Kei Hoi Pang (紀海鵬) *(Chairman)*
Mr. Ji Jiande (紀建德) *(Chief Executive Officer with effect from 29 January 2018)*
Mr. Xiao Xu (肖旭)
Mr. Lai Zhuobin (賴卓斌)

Non-executive Director

Ms. Kei Perenna Hoi Ting (紀凱婷)

Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)
Ms. Liu Ka Ying, Rebecca (廖家瑩)
Mr. Cai Suisheng (蔡穗聲)

AUDIT COMMITTEE

Ms. Liu Ka Ying, Rebecca *(Chairman)*
Mr. Cai Suisheng
Mr. Zhang Huaqiao

REMUNERATION COMMITTEE

Mr. Zhang Huaqiao *(Chairman)*
Mr. Kei Hoi Pang
Ms. Liu Ka Ying, Rebecca

NOMINATION COMMITTEE

Mr. Kei Hoi Pang *(Chairman)*
Mr. Zhang Huaqiao
Ms. Liu Ka Ying, Rebecca

COMPANY SECRETARY

Ms. Li Yan Wing, Rita

AUDITOR

Ernst & Young

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2002, Tower B, Logan Century Center
Xinghua Road South
Bao'An District
Shenzhen, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit Nos. 02–03A, Level 68
International Commerce Centre
1 Austin Road West
Hong Kong

COMPANY'S WEBSITE

http://www.loganproperty.com

AUTHORIZED REPRESENTATIVES

Ms. Li Yan Wing, Rita
Ms. Kei Perenna Hoi Ting

PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China (Asia) Limited
33/F, ICBC Tower
3 Garden Road, Central
Hong Kong

LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3380.HK)

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors of the Company (the "Board"), I hereby present the interim results of the Group for the six months ended 30 June 2018.

MARKET REVIEW

During the first half of 2018, the global economy maintained its previous growth momentum, with the recovery trend remaining unchanged. However, given the trade protectionism initiated by the United States and the shift of quantitative easing around the globe, more unstable factors have emerged in the global economic environment. Despite challenging international environment, the Chinese Central Government adhered to the supply-side structural reform and economic structure optimization to efficiently expand demand, while China's economy continued to grow steadily with a GDP growth reaching 6.8% during the first half of 2018.

China's property market maintained stable growth during the first half of 2018. According to the National Bureau of Statistics of China, China's total real estate development and investment increased by 9.7% YoY to RMB5,553.1 billion. The saleable GFA of commercial buildings sold was 771.43 million square meters, up by 3.3% YoY, while the total saleable amounts of commercial buildings were RMB6,694.5 billion, up 13.2% YoY. Boosted by robust demand from second-tier, third-tier and fourth-tier cities, large-scale developers launched more projects for sales and further accelerated their market share concentration. Based on data from the China Index Academy, the market share of Top 30 and Top 100 developers reached 50% and 70% respectively, up by 7.6 percentage points and 12.5 percentage points respectively, as compared with the first half of 2017.

With a population of 68 million and a land area of 56 thousand square kilometers, the Guangdong-Hong Kong-Macao Greater Bay Area (hereinafter referred to as the "Greater Bay Area") has been one of the most powerful and dynamic economy zones in China, with the highest degree of openness. It is viewed as a major growth engine for global economy. The Group has been focused on the Greater Bay Area for 16 years. Based on its strategic foresight, the Group owns abundant premium land banks alongside key city clusters like Hong Kong-Shenzhen, Macau-Zhuhai and Guangzhou-Foshan, benefiting from the dynamic economic growth of the Greater Bay Area. Premier Li Keqiang initially introduced the concept of the Greater Bay Area in his government report of 2017. Subsequently in the government report of 2018, Premier Li said China will unveil and implement a plan for building the Greater Bay Area to promote more trilaterally-beneficial cooperation among mainland China, Hong Kong and Macau. In May 2018, Chinese Vice-Premier Han Zheng, also a member of the Standing Committee of the Central Political Bureau of the Communist Party of China (CPC), conducted a survey in Guangdong Province, during which, he emphasizes that the Greater Bay Area will be an international innovation center, a world-class bay area and a world-class city cluster.

OVERALL PERFORMANCE

For the six months ended 30 June 2018, the Group achieved contract sales of approximately RMB35.47 billion, representing an increase of approximately 83.7% as compared with the same period last year, and completed 54% of its annual sales target. The GFA of contracted sales amounted to 1.825 million square meters. During the first half of 2018, the Group's revenue amounted to RMB15,154 million, representing an increase of approximately 22.4% as compared with the same period of last year. Gross profit amounted to RMB5,611 million, with a gross profit margin of 37.0%. Profit attributable to equity shareholders amounted to RMB3,432 million. Core profit amounted to approximately RMB2,938 million, representing an increase of approximately 15.1%. Core profit margin was 19.4%, far above the industry average level.

During the period under review, the Group continued to be widely acclaimed by the industry and the capital market, given its strategic foresight in the Greater Bay Area, industry-leading profitability and premium brand name value. In terms of brand, honors and awards, the Group was for eight consecutive years selected as one of "China's Top 100 Real Estate Developers" (中國房地產百強企業) and its ranking has jumped to 26th in 2018 (29th in 2017). This award has been jointly announced by the Enterprise Research Institute of Development Research Center of the State Council (國務院發展研究中心企業研究所), the Institute of Real Estate Studies of Tsinghua University (清華大學地產研究所) and China Index Academy (中國指數研究院). In addition, the Group also ranked 4th in the "Top 10 Real Estate Developers by Profitability in 2018". Moreover, the Group was awarded with "Top 20 Financially Strong and Credible Property Enterprises in Guangdong" for 16 consecutive years. Furthermore, the Group jumped to 1387th in "The World's 2000 Largest Public Companies" by Forbs, up 377 spots as compared with its 2017 ranking, thus ranking among the Forbe's Global 2000: Growth Champions.

The Group is also highly recognized by the capital market, as it is under research coverage and being highly recommended by a number of renowned global investment banks such as Citibank, Deutsche Bank AG, HSBC, Goldman Sachs Gao Hua, Morgan Stanley, Nomura, BOC International and BOCOM International. Meanwhile, its healthy financial position and overall strengths were recognized by both domestic and overseas rating agencies. Currently, the Group is a constituent stock of Hang Seng Composite Large Cap & Medium Cap Index, Hang Seng Stock Connect Big Bay Area Composite Index, MSCI China All Shares Index and FTSE Shariah Global Equity Index. The Group is rated "BB-", "Ba3" and "BB-" ratings with a stable outlook by international authoritative agencies including Standard & Poor's, Moody's and Fitch respectively, while being rated "AAA" credit rating by such renowned domestic rating agencies namely China Cheng Xin Securities Rating Co., Ltd. and United Credit Rating Co., Ltd.

BUSINESS REVIEW

The Group has fully penetrated into "9+2" city markets in the Greater Bay Area, with abundant premium land bank in this region. Given the consistent economic growth and extension of railway transportation systems in the Greater Bay Area, the Group will be a major beneficiary of this region. During the first half of 2018, its three metro property projects in Shenzhen, namely Logan • Carat Complex (龍光•玖鑽), Logan • Acesite Mansion (龍光•玖龍璽) and Logan • Acesite Park (龍光•玖龍台), were well-received by the market, as evidenced by outstanding sales performance. In terms of the number of completed transactions/sales area/sales value, the Group ranked first in the Shenzhen market. Besides, "Logan • Carat Complex" (龍光•玖鑽) won the champion in both sales area and the number of completed transactions in the Shenzhen market in the first half of 2018. In addition, the Group continues its dominance and ranks as No.1 developer in the Shantou market.

During the period under review, the Group successfully secured new land bank of 6.45 million square meters through "public tendering, auction and listing". It also strategically established its footprint in "One-hour Living Circle" of Shanghai metropolitan area to foster new growth drivers. In addition, the highly profitable urban renewal projects have been another important source for the Group to replenish premium new land bank in Greater Bay Area. During the period under review, the Group has successfully launched two urban renewal projects for sales, namely "Zhuhai • Acesite Centrium (珠海•玖龍匯)" in Zhuhai and "Chancheng Green Island Lake (禪城•綠島湖)" in Foshan. For the two projects, it took less than 1.5 years from land acquisition to sales. In the second half of 2018 and in next few years, the Group will turn more shantytown revamp and urban renewal projects into new revenue and earning drivers.

The Group has always believed a stable and prudent capital structure will build a solid foundation for its long-term sustainable development. In the first half of 2018, the Group successfully issued 2021 due senior notes with an aggregate principal amount of US$650 million, bearing coupon interest rates from 6.375% to 6.875%. It also issued 2021 due senior notes with a principal amount of SG$200 million, bearing a coupon rate of 6.125%. As at 30 June 2018, the Group had cash and bank balances (including restricted and pledged deposits) of approximately RMB27.6 billion, with a net debt-to-equity ratio of approximately 66.3% (As at 31 December 2017: 67.9%). The average borrowing interest rate was 6.0%. In the future, the Group will continue to explore and diversify financing channels to ensure sustainable and steady development.

PROSPECTS

The Chinese Central Government proposed to persist in "different policies to different cities", promote the balance between supply and demand, and accelerate the establishment of a long-term stable and healthy development mechanism of the property market. It is anticipated that the Chinese Central Government will maintain its nationwide financial deleveraging policy, moderately loose monetary policy and a more positive fiscal policy. The Group believes the Chinese property market will maintain its steady growth and the market share concentration of commercial properties will accelerate. It is anticipated China's population and industries will continue to be concentrated in the three major metropolitan clusters.

The Chinese Central Government expected the Greater-Bay Area will become an international technology innovation hub, with free flow and integration of innovative elements, talents and industries in the region. Compared with other three world-class bay areas, namely New York, San Francisco and Tokyo, the Greater Bay Area has long-term growth potential in per capita GDP and high value-added industries. Currently, the Greater Bay Area is home to 20 Fortune 500 companies, only second to the Tokyo Bay Area. Perched atop of the global industry value chain, the Greater Bay Area owns many globally competitive companies in the financial and technology fields. Given the continuous growth of GDP in the Greater Bay Area, it is expected that the number of Fortune 500 companies will continue to increase in the future and more top talents will flow into this region. With infrastructure and facilities well established, the "One-hour Premium Living Circle" will emerge in the Greater Bay Area.

As at 30 June 2018, the total value of the Group's land bank amounted to RMB641.2 billion, of which 81% was located in the Greater Bay Area. This ensures the rapid growth of the Group's sales and profits in the future. Based on its premium land bank and strong execution ability, the Group is committed to focusing on the Greater Bay Area, as well as expanding the market share and profit scale of major cities in the region.

Given the accelerating market share concentration trend in the Chinese property industry, more merger and acquisition opportunities will arise in the Chinese property market. By utilizing its extensive operation experience in the Chinese real estate industry, the Group will actively seize the opportunity of land acquisition in the future, seek more mergers and acquisitions targets, and increase the Group's premium land bank through multiple channels, thereby locking in more high-return projects at the lowest cost. The Group will also accelerate sales and strive to enhance the overall product competitiveness of different projects. The Group will uphold the tenet that "quality builds a brand" and incessantly strengthen its market competitiveness and penetration. The Group will further promote the brand image of Logan Property and consolidate its leading position in the Greater Bay Area.

ACKNOWLEDGEMENTS

On behalf of the Board, I hereby express my heartfelt gratitude to all shareholders, investors, partners, customers, and the community for their support and trust. In the first half of 2018, thanks to the guidance given from the management of the Company, together with the efforts and contributions from all staff, the Group achieved stable development. In the future, the Company will continue to strive for considerable returns for all of its shareholders.

Kei Hoi Pang
Chairman
Hong Kong

15 August 2018

Management Discussion and Analysis

OVERALL PERFORMANCE

For the six months ended 30 June 2018, the revenue of the Group was RMB15,153.5 million, representing an increase of approximately 22.4% as compared with the corresponding period of 2017. The gross profit was RMB5,611.4 million, representing an increase of approximately 14.8% as compared with the corresponding period of 2017. The gross profit margin was 37.0%. For the six months ended 30 June 2018, profit attributable to the equity shareholders was RMB3,431.8 million, representing an increase of approximately 1.0% as compared with the corresponding period of 2017. For the six months ended 30 June 2018, the profit for the period net of changes in fair value of investment properties and derivative financial instruments and the relevant deferred tax and share of changes in fair value of investment properties at an associate (the “Core Profit”) amounted to RMB2,937.9 million, having increased approximately 15.1% as compared with the corresponding period of 2017, the core profit margin was 19.4%. Basic earnings per share was RMB60.99 cents (the corresponding period of 2017: RMB61.84 cents). As at 30 June 2018, the net debt-to-equity ratio of the Group was 66.3%.

PERFORMANCE HIGHLIGHTS

	For the six months ended 30 June		
	2018	2017	Changes
	RMB'000	RMB'000	%
Revenue	**15,153,528**	12,382,234	22.4%
Among which: sales of properties			
— Income from properties delivered	**13,074,239**	12,076,802	8.3%
— GFA[1] of properties delivered (sq.m.)	**739,314**	1,091,487	–32.3%
— ASP[1] of properties delivered (RMB/sq.m.)	**18,646**	10,556	76.6%
Rental income	**45,842**	44,763	2.4%
Construction income	**966,193**	260,669	270.7%
Primary land development income	**1,067,254**	—	—
Gross profit	**5,611,399**	4,889,024	14.8%
Profit for the period	**3,794,838**	3,755,442	1.0%
— Attributable to equity shareholders	**3,431,807**	3,399,006	1.0%
— Attributable to non-controlling interests	**363,031**	356,436	1.9%
Core profit(1)	**2,937,853**	2,552,583	15.1%
— Attributable to equity shareholders	**2,650,486**	2,547,568	4.0%
— Attributable to non-controlling interests	**287,367**	5,015	5,630.1%

	30 June 2018 RMB'000	31 December 2017 RMB'000	Changes %
Total assets	**143,023,233**	111,870,848	27.8%
Cash and bank balances (including cash and cash equivalents and restricted and pledged deposits)	**27,597,858**	22,407,985	23.2%
Total bank and other loans[2]	**48,098,425**	40,841,413	17.8%
Total equity	**30,935,996**	27,163,809	13.9%
Key financial ratios			
Gross profit margin[(2)]	**37.0%**	34.4%	
Core profit margin[(3)]	**19.4%**	16.7%	
Net debt-to-equity ratio[(4)]	**66.3%**	67.9%	
Liability to asset ratio[(5)]	**78.4%**	75.7%	

1. Excluding parking lot.

2. Including bank and other loans, senior notes and corporate bonds.

Notes:

(1) Core profit: excluding changes in fair value of investment properties and derivatives and deferred tax and share of changes in fair value of investment properties at an associate.

(2) Gross profit margin: Gross profit ÷ Revenue * 100%

(3) Core profit margin: Core Profit ÷ Revenue * 100%

(4) Net debt-to-equity ratio: (Total bank and other loans – cash and bank balances) ÷ total equity * 100%

(5) Liability to asset ratio: Total liabilities ÷ total assets * 100%

PROPERTY DEVELOPMENT

Contract sales

In the first half of 2018, the Company continues to utilize its market advantages in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and achieved a satisfactory sales performance. For the period ended 30 June 2018, the Group attained contract sales of approximately RMB35,471.1 million, representing a significant increase of approximately 83.7% as compared with the corresponding period of 2017. For the contract sales in the first half of 2018, Shenzhen region, other regions of Greater Bay Area, Shantou region, Nanning region and other regions accounted for approximately 53.2%, 17.0%, 8.2%, 19.8% and 1.8%, respectively. The contract sales were mainly generated from Greater Bay Area and Nanning region. For Shenzhen region, the sales were mainly generated from Logan • Carat Complex (龍光•玖鑽) and Logan • Acesite Mansion (龍光•玖龍璽) projects erected on the Hongshan subway station at the Shenzhen's subway line 4, Logan • Acesite Park (龍光•玖龍台) in Shenzhen Guangming New District. The sales from Nanning region were mainly contributed by projects, namely Nanning • Acesite Park (南寧•玖龍台). In the second half of 2018, the Company will launch its new projects of Stirling Residences (尚景苑) in Singapore, Zhuhai • Acesite Centrium (珠海•玖龍匯) in Zhuhai, while Shenzhen Logan • Carat Complex (龍光•玖鑽), Shenzhen Logan • Acesite Park (龍光•玖龍台) and Huizhou Logan City (龍光城) will continue to be launched for sale.

It is expected that such projects will bring an encouraging sales performance to the Group. Since the land cost of such project lands is relatively low, the selling prices are in line with the Company's expectation, therefore bringing significant revenue and profit to the Company in the future.

	Contract sales in the first half of 2018				
Region	**Amount (RMB Million)**	**Percentage**	**Total GFA[1] (sq.m.)**	**Percentage**	**ASP[1] (RMB/sq.m.)**
Shenzhen region	**18,879**	**53.2%**	**319,165**	**17.5%**	**59,090**
Other regions of Greater Bay Area[2]	**6,032**	**17.0%**	**442,275**	**24.2%**	**13,395**
Shantou region	**2,909**	**8.2%**	**237,102**	**13.0%**	**11,692**
Nanning region	**7,024**	**19.8%**	**786,197**	**43.1%**	**8,598**
Other regions	**627**	**1.8%**	**40,348**	**2.2%**	**15,169**
	35,471	**100.0%**	**1,825,087**	**100.0%**	**19,706**

1. Excluding car parking spaces

2. Excluding Shenzhen Region

REVENUE FROM SALES OF PROPERTIES

For the six months ended 30 June 2018, the revenue from sales of properties amounted to RMB13,074.2 million, representing an increase of approximately 8.3% as compared with the revenue from sales of properties of RMB12,076.8 million in the corresponding period of 2017 and accounting for 86.3% of the total revenue. Area delivered (excluding car parking spaces) decreased by 32.3% to 739,314 sq.m. for the six months ended 30 June 2018 from 1,091,487 sq.m. in the corresponding period of 2017. Shenzhen region, other regions of Greater Bay Area, Shantou region, Nanning region and other regions contributed to the revenue from sales of properties in the first half of 2018, accounting for approximately 26.0%, 50.1%, 14.1%, 9.0% and 0.8%, respectively.

	Revenue from sales of properties in the first half of 2018				
Region	**Amount (RMB million)**	**Percentage**	**Total GFA[1] (sq.m.)**	**Percentage**	**ASP (excluding car parking spaces) (RMB/sq.m.)**
Shenzhen region	**3,425**	**26.0%**	**55,932**	**7.6%**	**63,408**
Other regions of Greater Bay Area[2]	**6,603**	**50.1%**	**439,466**	**59.5%**	**16,301**
Shantou region	**1,854**	**14.1%**	**116,150**	**15.7%**	**16,090**
Nanning region	**1,183**	**9.0%**	**120,828**	**16.3%**	**9,125**
Other regions	**109**	**0.8%**	**6,938**	**0.9%**	**14,906**
Total	**13,174**	**100%**	**739,314**	**100%**	**18,646**
Less: Business tax and sale related taxes	**100**				
Revenue from sale of properties	**13,074**				

1. Excluding car parking spaces

2. Excluding Shenzhen region

Newly commenced projects

As at 30 June 2018, the Group commenced construction of a total of 23 projects or new project phases with a total planned GFA of approximately 5.3 million sq.m..

Completed projects

As at 30 June 2018, the Group completed 8 projects or project phases with a total planned GFA of approximately 0.9 million sq.m..

Developing projects

As at 30 June 2018, the Group had a total of 49 projects or project phases under construction with a total planned GFA of approximately 12.3 million sq.m..

Land Reserves

For the six months ended 30 June 2018, the Group acquired 24 new projects through public tendering, auction and listing with a total GFA of 6,446,063 sq.m..

	List of newly acquired projects through public tendering, auction and listing in the first half of 2018				
Region	**Site Area (sq.m.)**	**Total GFA (sq.m.)**	**Total Land Cost (RMB million)**	**Equity Land Cost (RMB million)**	**Average Land Cost (RMB/sq.m.)**
Huizhou	**27,990**	**115,830**	**151**	**50**	**1,304**
Foshan	**299,167**	**1,638,058**	**9,064**	**8,593**	**5,533**
Zhaoqing	**218,048**	**1,676,024**	**1,650**	**825**	**984**
Zhuhai	**107,156**	**349,686**	**2,226**	**1,567**	**6,366**
Zhongshan	**97,423**	**349,444**	**1,693**	**847**	**4,845**
Dongguan	**34,418**	**122,760**	**1,258**	**629**	**10,248**
Heyuan	**38,113**	**98,680**	**162**	**81**	**1,642**
Qingyuan	**33,288**	**106,770**	**487**	**244**	**4,561**
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	**855,603**	**4,457,252**	**16,691**	**12,836**	**3,745**
Shantou Region	**45,301**	**266,059**	**1,105**	**553**	**4,153**
Nanning Region	**264,663**	**1,432,408**	**3,138**	**1,379**	**2,191**
Yangtze River Delta Region	**54,131**	**119,608**	**813**	**589**	**6,797**
Other Regions	**81,471**	**170,736**	**680**	**340**	**3,983**
Total	**1,301,169**	**6,446,063**	**22,427**	**15,697**	**3,479**

As at 30 June 2018, the total GFA of the land reserves of the Group amounted to approximately 35,462,202 sq.m., the average cost of land reserves was RMB3,943 per sq.m., in which Guangdong-Hong Kong-Macao Greater Bay Area accounted for over 72%, if calculated by land value.

Land reserves as at 30 June 2018

	GFA (sq.m.)	Percentage
Shenzhen	2,094,295	5.9%
Huizhou/Dongguan	6,230,797	17.6%
Guangzhou/Foshan/Zhaoqing	6,718,454	18.9%
Zhuhai/Zhongshan	3,578,724	10.1%
Hong Kong	70,606	0.2%
Heyuan/Yangjiang/Qingyuan	3,271,877	9.2%
Subtotal of Guangdong-Hong Kong-Macao Greater Bay Area	21,964,753	61.9%
Shantou Region	3,991,785	11.3%
Nanning Region	7,850,328	22.1%
Yangtze River Delta Region	119,608	0.3%
Singapore	189,909	0.5%
Other Regions	1,345,819	3.9%
Total	35,462,202	100.0%
Land cost (RMB/per sq.m.)	3,943	

PROPERTY INVESTMENTS

Rental income

The rental income of the Group for the six months ended 30 June 2018 amounted to RMB45.8 million, representing an increase of approximately 2.4% as compared with the corresponding period of 2017.

Investment properties

As at 30 June 2018, the Group had 31 investment properties with a total GFA of approximately 486,402 sq.m. Among those investment property portfolios, 26 investment properties with a total GFA of approximately 240,429 sq.m. have been completed, and the remaining 5 are still under development.

Financial Review

(I) Revenue

Revenue of the Group for the six months ended 30 June 2018 amounted to RMB15,153.5 million, representing an increase of approximately RMB2,771.3 million, or approximately 22.4%, as compared with the corresponding period of 2017, primarily due to the increase in revenue from sales of properties as compared with the corresponding period of 2017, and revenue from primary land development for this period amounted to RMB1,067.3 million, compared to nil for the same period of the previous year. Revenue from sales of properties for the six months ended 30 June 2018 amounted to approximately RMB13,074.2 million, representing an increase of approximately 8.3% as compared with approximately RMB12,076.8 million in the corresponding period of 2017.

Details of the revenue from sales of properties by project are as follows:

	For the six months ended 30 June			
	2018		2017	
Project name	**Area[1] (sq.m.)**	**Amount[2] (RMB'000)**	Area[1] (sq.m.)	Amount[2] (RMB'000)
Shenzhen Acesite Mansion (深圳 玖龍璽)	**40,755**	**2,907,427**	6,570	603,120
Shenzhen Masterpiece (深圳 玖雲著)	**10,115**	**377,768**	–	–
Huizhou Logan City (惠州 龍光城)	**5,126**	**94,544**	326,184	4,451,551
Dongguan Imperial Summit Sky Villa (東莞 君御旗峰)	**–**	**3,827**	–	5,557
Dongguan Royal Castle (東莞 君御華府)	**–**	**–**	–	10,969
Huizhou Sky Palace (惠州 天悦龍庭)	**279**	**–**	126	2,280
Huizhou Grand Riverside Bay (惠州 水悦龍灣)	**–**	**41,735**	1,608	20,762
Guangzhou Landscape Residence (廣州 峰景華庭)	**–**	**2,158**	–	9,075
Guangzhou Palm Waterfront (廣州 棕櫚水岸)	**–**	**2,123**	364	14,586
Zhuhai Easy Life (珠海 海悦雲天)	**–**	**–**	–	446
Zhuhai Acesite Bay (珠海 玖龍灣)	**23,052**	**785,175**	–	–
Zhuhai Acesite Park (珠海 玖瓏府)	**145,089**	**2,512,018**	–	–
Foshan Grand View (佛山 水悦雲天)	**434**	**4,092**	–	–

Project name	For the six months ended 30 June 2018 Area[(1)] (sq.m.)	2018 Amount[(2)] (RMB'000)	2017 Area[(1)] (sq.m.)	2017 Amount[(2)] (RMB'000)
Foshan Grand Riverside Bay (佛山 水悦龍灣)	**1,024**	**36,572**	14,999	138,681
Foshan Grand Joy Palace (佛山 君悦龍庭)	**1,620**	**13,788**	6,452	64,455
Foshan Grand Joy Castle (佛山 君悦華府)	**512**	**8,894**	863	13,996
Foshan Shin Street Building (佛山 尚街大廈)	**–**	**123**	2,408	31,223
Foshan Grand Garden (佛山 水悦熙園)	**213**	**29,728**	1,213	16,806
Foshan Sky Lake Castle (佛山 天湖華府)	**789**	**21,333**	61,067	871,478
Foshan Riverside Bay Castle/ Riverine View Castle (佛山 龍灣華府/望江府)	**266,645**	**3,169,146**	–	–
Zhongshan Grand Joy Garden (中山 水悦馨園)	**–**	**14,490**	148	16,294
Zhongshan Ocean Grange (中山 海悦熙園)	**–**	**–**	–	351
Zhongshan Grand Garden (中山 水悦熙園)	**–**	**–**	–	2,900
Zhongshan Ocean Vista Residence (中山 海悦華庭)	**88**	**2,429**	233	8,491
Shantou Seaward Sunshine (汕頭 尚海陽光)	**1,344**	**24,157**	29,220	420,237
Shantou Flying Dragon Garden (汕頭 龍騰熙園)	**–**	**149**	–	136
Shantou Flying Dragon Landscape (汕頭 龍騰嘉園)	**–**	**16,773**	56,941	445,588
Shantou Royal Sea Sunshine (汕頭 御海陽光)	**–**	**–**	205,600	2,552,614
Shantou Royal & Seaward Jubilee Garden (汕頭 御海熙園)	**–**	**13,828**	88,851	649,068
Shantou Royal & Seaward Heaven Garden (汕頭 御海天禧花園)	**103,969**	**1,613,255**	–	–
Shantou Sea & Sunshine (汕頭 碧海陽光)	**10,837**	**185,559**	35,377	407,594
Nanning Provence (南寧 普羅旺斯)	**–**	**14,485**	55,840	451,002

Project name	For the six months ended 30 June 2018 Area[(1)] (sq.m.)	Amount[(2)] (RMB'000)	2017 Area[(1)] (sq.m.)	Amount[(2)] (RMB'000)
Nanning Grand Riverside Bay (南寧　水悦龍灣)	**165**	**5,428**	614	12,876
Nanning Royla Castle (南寧　君悦華府)	**117**	**6,369**	624	13,325
Nanning Joy Residence (南寧　君悦華庭)	**—**	**2,514**	—	4,967
Nannning Sunshine Royal Lake (南寧　御湖陽光)	**99,610**	**1,020,179**	—	—
Guilin Provence (桂林　普羅旺斯)	**7,625**	**48,262**	7,547	39,383
Fangchenggang Sunshine Seaward (防城港　陽光海岸)	**12,968**	**86,167**	112,721	465,185
Chengdu Sky Palace (成都　天悦龍庭)	**—**	**1,371**	—	12,384
Chengdu Joy Residence (成都　君悦華庭)	**3,188**	**42,639**	42,898	208,912
Hainan Sea and City (海南　海雲天)	**3,750**	**65,185**	33,019	293,335
Total	**739,314**	**13,173,690**	1,091,487	12,259,627
Less: Business tax and sale related taxes		**99,451**		182,825
Revenue from sale of properties		**13,074,239**		12,076,802

1. Excluding the GFA attributable to the car parking spaces.

2. Including revenue from sales of car parking spaces.

(II) **Cost of sales**

The cost of sales of the Group increased by approximately RMB2,048.9 million, or approximately 27.3%, as compared with the corresponding period of 2017, primarily due to the expansion of business scale as compared with the corresponding period of 2017. Key components of costs are as follows:

	For the six months ended 30 June		
	2018	2017	Changes
	RMB'000	RMB'000	%
Total costs	**9,542,129**	7,493,210	27.3%
Property development costs	**8,284,916**	7,263,482	14.1%
Costs of construction, property leasing and primary land development	**1,257,213**	229,728	447.3%

(III) **Selling and marketing expenses and administrative expenses**

The selling and marketing expenses of the Group for the six months ended 30 June 2018 amounted to approximately RMB270.7 million (the corresponding period of 2017 was approximately RMB295.7 million). The relevant selling and marketing expenses decreased by approximately 8.5% as compared with the corresponding period of 2017.

The administrative expenses of the Group for the six months ended 30 June 2018 amounted to approximately RMB446.7 million (the corresponding period of 2017 was approximately RMB288.3 million), representing an increase of approximately 54.9% as compared with the corresponding period of 2017. The increase was primarily due to the increase in staff costs.

The percentage of selling and marketing expenses and administrative expenses to contract sales of the Group decreased from 3.0% for the six months ended 30 June 2017 to 2.0% for the six months ended 30 June 2018.

(IV) **Profit from operations**

The profit from operations of the Group for the six months ended 30 June 2018 increased by RMB310.0 million to approximately RMB6,665.4 million (the corresponding period of 2017: approximately RMB6,355.4 million). As the revenue and other income and gains of the Group increased by approximately RMB3,220.3 million as compared with the corresponding period of 2017, the relevant cost of sales, selling and marketing expenses and administrative expenses also increased by approximately RMB2,182.3 million as compared with the corresponding period of 2017, and other expenses, net increase in fair value of investment properties and net changes in the fair value of derivation financial instruments, and share of profit of associates and share of losses of joint ventures decreased by approximately RMB728.0 million as compared with the corresponding period of 2017. As a result, the profit from operations of the Group increased by approximately RMB310.0 million as compared with the corresponding period of 2017.

(V) Finance costs

The net finance costs of the Group for the six months ended 30 June 2018 increased to approximately RMB520.9 million (the corresponding period of 2017 was approximately RMB318.2 million), primarily due to the increase in scales of corporate bonds and senior notes.

(VI) Income tax

Taxes of the Group for the six months ended 30 June 2018 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately RMB1,638.0 million and RMB711.7 million, respectively (the corresponding period of 2017: approximately RMB1,257.1 million and RMB1,024.7 million).

(VII) Core Profit

The Core Profit of the Group for the six months ended 30 June 2018 amounted to approximately RMB2,937.9 million, representing an increase of approximately RMB385.3 million or approximately 15.1% as compared with the corresponding period of 2017. The Core Profit margin of the Group for the six months ended 30 June 2018 was approximately 19.4% (the corresponding period of 2017 was approximately 20.6%).

(VIII) Liquidity and financial resources

As at 30 June 2018, total assets of the Group amounted to approximately RMB143,023.2 million (31 December 2017: approximately RMB111,870.8 million), of which current assets amounted to approximately RMB104,381.8 million (31 December 2017: approximately RMB83,594.5 million). Total liabilities amounted to approximately RMB112,087.2 million (31 December 2017: approximately RMB84,707.0 million), of which non-current liabilities amounted to approximately RMB33,136.3 million (31 December 2017: approximately RMB27,413.3 million). Total equity amounted to approximately RMB30,936.0 million (31 December 2017: approximately RMB27,163.8 million), of which total equity interests attributable to equity shareholders amounted to RMB26,575.3 million (31 December 2017: approximately RMB23,306.2 million).

As at 30 June 2018, the Group had cash and bank balances (including restricted and pledged deposits) of RMB27,597.9 million (31 December 2017: RMB22,408.0 million) and total bank and other loans of RMB48,098.4 million (31 December 2017: RMB40,841.4 million). As at 30 June 2018, total net borrowings of the Group amounted to RMB20,500.6 million (31 December 2017: RMB18,433.4 million), the net debt-to-equity ratio of the Group was 66.3% (31 December 2017: 67.9%).

(IX) **Financing activities**

During the six months ended 30 June 2018, the Group successfully issued three tranches of senior notes. The first tranche of senior notes amounted to US$250,000,000, with a coupon rate of 6.375% and a maturity date on 7 March 2021. The second tranche of senior notes amounted to SG$200,000,000, with a coupon rate of 6.125% and a maturity date on 16 April 2021. The third tranche of senior notes amounted to US$400,000,000, with a coupon rate of 6.875% and a maturity date on 24 April 2021.

(X) **Foreign exchange risk**

Most of the Group's businesses are denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars). In the first half of 2018, the Group did not hold any derivative for hedging purpose.

(XI) There was no significant events affecting the Group which have occurred since the end of the six months ended 30 June 2018.

Other Information

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

As at 30 June 2018, the interests and short positions of the directors (the "Directors") and chief executives of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code"), were as follows:

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares[1]	Underlying Shares Interested[2]	Aggregate interests	Approximate Percentage of Issued Share Capital[5]
Mr. Kei Hoi Pang	Beneficiary of a family trust[3]	3,401,600,000 (L)	—	3,401,600,000	61.93%
	Deemed interest[3]	850,256,250 (L)	—	850,256,250	15.48%
	Beneficial owner	1,640,000 (L)	17,840,000	19,480,000	0.35%
Mr. Ji Jiande	Beneficial owner	1,230,000 (L)	13,780,000	15,010,000	0.27%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust[4]	3,401,600,000 (L)	—	3,401,600,000	61.93%
	Interest of a controlled corporation[4]	850,000,000 (L)	—	850,000,000	15.47%
	Beneficial owner	256,250 (L)	3,337,500	3,593,750	0.07%
Mr. Xiao Xu	Beneficial owner	558,750 (L)	6,152,500	6,711,250	0.12%
Mr. Lai Zhuobin	Beneficial owner	521,250 (L)	5,927,500	6,448,750	0.12%

Notes:

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

(2) The number of shares represents the shares in which the directors are deemed to be interested as a result of holding share options.

(3) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.

(4) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in the Shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 15.47% equity interests in the Company.

(5) The percentage is calculated based on the total number of 5,492,871,250 Shares in issue as at 30 June 2018.

(ii) Interest in Associated Corporations of the Company

Name of Director	Name of Associated Corporations	Percentage of Shareholding Interest
Ms. Kei Perenna Hoi Ting(1)	Junxi Investments Limited	100%
	Dragon Jubilee Investments Limited	100%
	Gao Run Holdings Limited	100%
	Thrive Ally Limited	100%

Note:

(1) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.

(iii) Interest in Debentures of the Company

Name of Director	Capacity in which the debentures are held	Amount of debentures (in US$)
Mr. Kei Hoi Pang	Interest of controlled corporation(1)	20,000,000(2)
	Interest of controlled corporation(1)	30,000,000(3)

Notes:

(1) On 15 May 2018, Mr. Kei Hoi Pang became the shareholder holding the entire issued share capital of Victorious City Investments Limited, the company which directly holds the debentures, which is freely transferable but not convertible into shares of the listed corporation or a corporation. Prior to 15 May 2018, Victorious City Investments Limited was wholly-owned by Ms. Kei Perenna Hoi Ting.

(2) The US$20,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US$450,000,000 5.25% senior notes due 2023 issued by the Company.

(3) The US$30,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US$200,000,000 5.75% senior notes due 2022 issued by the Company.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2018, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares[1]	Approximate Percentage of the Company's Issued Share Capital[5]
Mr. Kei Hoi Pang	Beneficiary of a family trust, Deemed interest[2]	4,251,856,250 (L)	77.41%
	Beneficial owner	19,480,000 (L)	0.35%
Ms. Kei Perenna Hoi Ting	Beneficiary of a family trust, Interest of controlled corporations[3]	4,251,600,000 (L)	77.40%
	Beneficial owner	3,593,750 (L)	0.07%
Brock Nominees Limited[4]	Nominee	3,401,600,000 (L)	61.93%
Credit Suisse Trust Limited[4]	Trustee	3,401,600,000 (L)	61.93%
Junxi Investments Limited[4]	Beneficial owner	3,401,600,000 (L)	61.93%
Kei Family United Limited[4]	Interest of a controlled corporation	3,401,600,000 (L)	61.93%
Tenby Nominees Limited[4]	Nominee	3,401,600,000 (L)	61.93%
Dragon Julibee Investments Limited	Beneficial owner	425,000,000 (L)	7.74%

Notes:

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

(2) Mr. Kei Hoi Pang who is a beneficiary of the family trust, and therefore interested in the shares of the Company through Junxi Investments Limited. Mr. Kei Hoi Pang is also considered to be interested in the Shares through Ms. Kei Perenna Hoi Ting as Ms. Kei Perenna Hoi Ting is being a person accustomed to act in accordance with Mr. Kei Hoi Pang's directions.

(3) Ms. Kei Perenna Hoi Ting is the settlor and a beneficiary of a family trust, and therefore interested in Shares held through Junxi Investments Limited. She is also indirectly interested in the Company through Dragon Julibee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively 15.47% interests in the Company.

(4) The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Kei Family United Limited is owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, which hold the Shares on behalf of Credit Suisse Trust Limited as trustee.

(5) The percentage is calculated based on the total number of 5,492,871,250 Shares in issue as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations" of this report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board declared an interim dividend (the "Interim Dividend") in cash of HK20 cents per share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK19 cents) and special dividend (the "Special Dividend") in cash of HK8 cents per share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK3 cents), amounting to a total dividend of HK28 cents per share (six months ended 30 June 2017: HK22 cents).

The Interim Dividend and Special Dividend will be paid on Friday, 30 November 2018 to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 6 November 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who qualify for the Interim Dividend and Special Dividend, the register of members of the Company will be closed from Friday, 2 November 2018 to Tuesday, 6 November 2018, both days inclusive. In order to qualify for the Interim Dividend and Special Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 1 November 2018.

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

For the six months ended 30 June 2018, the Company had repurchased from the market a total of 662,000 shares of the Company. Details of the repurchases of the shares of the Company are as follows:

Date of repurchase	Number of shares repurchased	Highest price per share (HK$)	Lowest price per share (HK$)	Aggregate consideration (HK$)
28 June 2018	480,000	10.12	9.58	4,725,960
29 June 2018	182,000	10.36	9.89	1,839,760

On 7 March 2018, the Company issued US$250 million of 6.375% senior notes due in 2021. On 16 April 2018, the Company issued SG$200 million of 6.125% senior notes due in 2021. On 24 April 2018, the Company issued US$300 million of 6.875% senior notes due in 2021. On 30 May 2018, the Company issued additional senior notes in the aggregate principal amount of US$100 million which were consolidated and formed a single series with the original US$300 million of 6.875% senior notes. All of the new notes issued as aforesaid had been admitted to the official list of the Singapore Exchange Securities Trading Limited.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, the Company has applied the principles and complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Prior to 29 January 2018, the functions of chairman and chief executive officer of the Company ("CEO") were performed by Mr. Kei Hoi Pang, an executive director of the Company, who is also the founder of the Company. In order to enhance the Company's corporate governance practices and enable the Company to better comply with the code provision in the CG Code, Mr. Kei Hoi Pang resigned from the position as CEO and Mr. Ji Jiande, an executive director of the Company, has been appointed as CEO with effect from 29 January 2018.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

2017 Facility Agreement

On 21 March 2017, the Company as borrower entered into a loan agreement with, among others, Credit Suisse AG, Singapore Branch, Nanyang Commercial Bank, Limited and Industrial Bank Co., Ltd, Hong Kong Branch in relation to a 36-month term loan facility in an amount of US$150,000,000 (the "2017 Facility") (the "2017 Facility Agreement"). The 2017 Facility Agreement includes a condition imposing specific performance obligation on Mr. Kei Hoi Pang, Ms. Kei Perenna Hoi Ting and their close associates, that it will be an event of default if, among others, (i) Mr. Kei Hoi Pang ("Mr. Kei"), the spouse of Mr. Kei, Ms. Kei Perenna Hoi Ting and any child or step child, natural or adopted, under the age of 18 years of Mr. Kei and their affiliates (individually or together) cease to be the beneficial owners directly or indirectly through wholly-owned subsidiaries of at least 51% of the issued share capital of the Company; or (ii) Mr. Kei does not or cease to have control of the Company; or (iii) Mr. Kei, Ms. Kei Perenna Hoi Ting and Mr. Ji Jiande, individually or together, cease to be the president or chairman of the Company.

In case of an occurrence of an event of default which is outstanding, the Facility Agent may, and must if so directed by the majority lenders, by notice to the Company: (a) cancel all or any part of the total commitments under the 2017 Facility Agreement; (b) declare that all or part of the 2017 Facility, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; and/or (c) declare that all or part of the loan, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be payable on demand by the Facility Agent acting on the instructions of the majority lenders.

As at 30 June 2018, the loan facility of US$150,000,000 remained outstanding.

2018 Facility Agreement

On 10 April 2018, the Company as borrower entered into a facility agreement with certain banks as lenders in relation to a 36-month term loan facility in an amount of HK$900,000,000 (the "2018 Facility") (the "2018 Facility Agreement").

The 2018 Facility Agreement includes a condition imposing specific performance obligation on Mr. Kei Hoi Pang, Ms. Kei Perenna Hoi Ting and their close associates, that it will be an event of default if, among others, (i) Mr. Kei Hoi Pang ("Mr. Kei") and his spouse, Ms. Kei Perenna Hoi Ting ("Ms. Kei") and her spouse and any child or step child, natural or adopted, under the age of 18 years of Mr. Kei (or his spouse) or Ms. Kei (or her spouse) and any trust of which Mr. Kei, Ms. Kei and any other person(s) identified in above are the principal beneficiaries (the "Kei Family") do not or cease to own, direct or indirect, at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying 51% of the voting rights in, the Company; or (ii) the Kei Family collectively do not or cease to have management control of the Company; or (iii) any person other than any one of Mr. Kei, Ms. Kei and Mr. Ji Jiande is or becomes the president or the chairman of the Company.

At any time after the occurrence of aforementioned events so long as the same is continuing, the lenders may, by notice to the Company under the 2018 Facility agreement, cancel the commitments or any part thereof (and reduce them to zero); and/or declare that all or part of the 2018 Facility, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable, whereupon they shall become immediately due and payable, and/or all or part of the Facility be payable on demand, whereupon they shall immediately become payable on demand.

As at 30 June 2018, the term loan facility of HK$900,000,000 remained outstanding.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports of the Company pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

Save as disclosed above, as at 30 June 2018, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code during the six months ended 30 June 2018.

The Company has also adopted the principles and rules of the Model Code as written guidelines for relevant employees in respect of their dealings in the securities of the Company (the "Employees Written Guidelines"). No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2018.

SHARE OPTION

During the six months ended 30 June 2018, the Company granted 50,000,000 share options to certain employees of the Company and its subsidiaries.

Details of movements for the six months ended 30 June 2018 in the number of share options are set out below:

			Number of share options							
Name of Director	**Date of grant**	**Exercise Price** (HK$)	**Outstanding as at 1 January 2018**	**Granted from 1 January 2018 to 30 June 2018**	**Exercised from 1 January 2018 to 30 June 2018**	**Cancelled/ Lapsed from 1 January 2018 to 30 June 2018**	**Outstanding as at 30 June 2018**	**Approximate Percentage of total issued share capital[1]**	**Exercise period**	**Closing price of the securities immediately before the date on which the options were offered** (HK$)
Mr. Kei Hoi Pang	29 May 2014	2.34	9,840,000	–	–	–	9,840,000	0.179%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	8,000,000	–	–	–	8,000,000	0.146%	25 August 2017 to 24 August 2027[3]	7.34
Mr. Ji Jiande	29 May 2014	2.34	7,380,000	–	–	–	7,380,000	0.134%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	6,400,000	–	–	–	6,400,000	0.117%	25 August 2017 to 24 August 2027[3]	7.34
Mr. Xiao Xu	29 May 2014	2.34	3,352,500	–	–	–	3,352,500	0.061%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	2,800,000	–	–	–	2,800,000	0.051%	25 August 2017 to 24 August 2027[3]	7.34
Mr. Lai Zhuobin	29 May 2014	2.34	3,127,500	–	–	–	3,127,500	0.057%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	2,800,000	–	–	–	2,800,000	0.051%	25 August 2017 to 24 August 2027[3]	7.34
Ms. Kei Perenna Hoi Ting	29 May 2014	2.34	1,537,500	–	–	–	1,537,500	0.028%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	1,800,000	–	–	–	1,800,000	0.033%	25 August 2017 to 24 August 2027[3]	7.34
Mr. Chen Guanzhan[5]	25 August 2017	7.43	2,450,000	–	–	(2,450,000)[5]	–	–	25 August 2017 to 24 August 2027[3]	7.34
Total number held by Directors	29 May 2014	2.34	**25,237,500**	**–**	**–**	**–**	**25,237,500**	0.459%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	**24,250,000**	**–**	**–**	**(2,450,000)**	**21,800,000**	0.397%	25 August 2017 to 24 August 2027[3]	7.34
Total number held by other participants	29 May 2014	2.34	**162,319,000**	**–**	**(5,704,000)**	**(93,774,000)**	**62,841,000**	1.144%	29 May 2014 to 28 May 2020[2]	2.34
	25 August 2017	7.43	**135,750,000**	**–**	**–**	**(98,606,000)**	**37,144,000**	0.676%	25 August 2017 to 24 August 2027[3]	7.34
	8 June 2018	12.5	**–**	**50,000,000**	**–**	**–**	**50,000,000**	0.910%	8 June 2018 to 7 June 2028[4]	12.64
Total			**347,556,500**	**50,000,000**	**(5,704,000)**	**(194,830,000)**	**197,022,500**			

Other Information

Notes:

(1) The percentage is calculated based on the total number of issued shares as at 30 June 2018.

(2) The share options are exercisable within a period of 6 years from 29 May 2014 and subject to the following vesting schedule and performance review:

(i) the share options granted to the Directors and certain senior managers or above of the Group will be vested evenly over a period of 4 years starting from 29 May 2015 and ending on 28 May 2019; and

(ii) the share options granted to certain mid-level managers of the Group will be vested evenly over a period of 3 years starting from 29 May 2015 and ending on 28 May 2018.

(3) The share options are exercisable within a period of 10 years from 25 August 2017 and subject to the following vesting schedule and performance review:

(i) up to 25% of the share options granted after the expiration of 36 months from 25 August 2017;

(ii) up to another 25% of the share options granted after the expiration of 48 months from 25 August 2017;

(iii) up to another 25% of the share options granted after the expiration of 60 months from 25 August 2017; and

(iv) all the remaining share options granted after the expiration of 72 months from 25 August 2017.

(4) The share options are exercisable within a period of 10 years from 8 June 2018 and subject to the following vesting schedule and performance review:

(i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 8 June 2018;

(ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 8 June 2018; and

(iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 8 June 2018.

(5) Mr. Chen Guanzhan resigned as an executive Director of the Company on 29 January 2018. As a result of which, 2,450,000 share options granted to Mr. Chen lapsed during the six months ended 30 June 2018.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of Directors since the date of the 2017 annual report of the Company are set out below:

Name of Director	Details of Change
Mr. Zhang Huaqiao	— Retired as an independent non-executive director of Wanda Hotel Development Company Limited (Stock Code: 169) with effect from 30 May 2018. — Director's fee has been increased from HK$400,000 to HK$500,000 per annum with effect from 1 July 2018.
Ms. Liu Ka Ying, Rebecca	— Director's fee has been increased from HK$400,000 to HK$500,000 per annum with effect from 1 July 2018.
Mr. Cai Suisheng	— Director's fee has been increased from HK$400,000 to HK$500,000 per annum with effect from 1 July 2018.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed, with no disagreement, with the Company's management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
REVENUE	5	**15,153,528**	12,382,234
Cost of sales		**(9,542,129)**	(7,493,210)
Gross profit		**5,611,399**	4,889,024
Other income and gains		**758,542**	309,579
Other expenses		**(37,439)**	(4,076)
Selling and marketing expenses		**(270,651)**	(295,696)
Administrative expenses		**(446,673)**	(288,274)
Net increase in fair value of investment properties	12	**1,037,395**	1,771,333
Net increase/(decrease) in fair value of derivative financial instruments	24	**23,024**	(125,641)
Share of profit of associates		**51,707**	101,228
Share of losses of joint ventures		**(61,869)**	(2,072)
PROFIT FROM OPERATIONS		**6,665,435**	6,355,405
Finance costs	6	**(520,876)**	(318,173)
PROFIT BEFORE TAX	7	**6,144,559**	6,037,232
Income tax expense	8	**(2,349,721)**	(2,281,790)
PROFIT FOR THE PERIOD		**3,794,838**	3,755,442
Attributable to:			
Owners of the parent		**3,431,807**	3,399,006
Non-controlling interests		**363,031**	356,436
		3,794,838	3,755,442
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)	10		
Basic		**60.99**	61.84
Diluted		**59.96**	61.42

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**3,794,838**	3,755,442
OTHER COMPREHENSIVE INCOME FOR THE PERIOD (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of group entities	**(152,469)**	52,691
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,642,369**	3,808,133
Attributable to:		
Owners of the parent	**3,279,338**	3,451,697
Non-controlling interests	**363,031**	356,436
	3,642,369	3,808,133

Condensed Consolidated Statement of Financial Position

30 June 2018

	Notes	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000
NON-CURRENT ASSETS			
Investment properties	12	**17,190,209**	15,664,830
Other property, plant and equipment	11	**170,239**	147,867
Deferred tax assets		**398,727**	330,206
Investments in associates		**669,255**	2,653,386
Investments in joint ventures		**19,514,361**	9,261,913
Assets under cross-border guarantee arrangements	14	**461,120**	—
Restricted and pledged deposits		**237,557**	218,102
Total non-current assets		**38,641,468**	28,276,304
CURRENT ASSETS			
Inventories		**33,399,697**	38,457,739
Trade and other receivables and prepayments	13	**40,439,169**	20,448,286
Contract assets		**137,899**	—
Tax recoverable		**1,390,039**	753,256
Assets under cross-border guarantee arrangements	14	**1,654,660**	1,745,380
Restricted and pledged deposits		**1,997,779**	2,311,691
Cash and cash equivalents		**25,362,522**	19,878,192
Total current assets		**104,381,765**	83,594,544
CURRENT LIABILITIES			
Trade and other payables	15	**27,800,305**	37,275,788
Contract liabilities		**28,250,887**	—
Liabilities under cross-border guarantee arrangements	14	**1,654,660**	1,745,380
Bank and other loans		**8,330,990**	5,597,885
Senior notes	16	**2,991,049**	2,965,541
Other current liabilities	17	**6,490,000**	7,000,000
Tax payable		**3,433,074**	2,709,162
Total current liabilities		**78,950,965**	57,293,756
NET CURRENT ASSETS		**25,430,800**	26,300,788
TOTAL ASSETS LESS CURRENT LIABILITIES		**64,072,268**	54,577,092

Condensed Consolidated Statement of Financial Position

30 June 2018

	Notes	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**64,072,268**	54,577,092
NON-CURRENT LIABILITIES			
Liabilities under cross-border guarantee arrangements	14	**461,120**	—
Bank and other loans		**8,413,166**	14,191,435
Senior notes	16	**11,210,771**	5,924,103
Corporate bonds	17	**10,662,449**	5,162,449
Deferred tax liabilities		**2,388,766**	2,135,296
Total non-current liabilities		**33,136,272**	27,413,283
Net assets		**30,935,996**	27,163,809
EQUITY			
Equity attributable to owners of the parent			
Share capital		**434,291**	433,828
Perpetual capital securities	19	**2,363,346**	2,363,346
Reserves		**23,777,631**	20,509,047
		26,575,268	23,306,221
Non-controlling interests		**4,360,728**	3,857,588
Total equity		**30,935,996**	27,163,809

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the parent											
	Share capital	**Share premium**	**Treasury shares**	**Share-based compensation reserve**	**Exchange reserve**	**PRC statutory reserves**	**Other reserve**	**Retained profits**	**Perpetual capital securities**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(note 18)					(note 19)			
(Unaudited)												
At 1 January 2017	434,591	1,899,444	–	95,062	(123,177)	832,451	2,902,849	13,385,629	–	19,426,849	6,324,497	25,751,346
Profit for the period	–	–	–	–	–	–	–	3,399,006	–	3,399,006	356,436	3,755,442
Other comprehensive income – Exchange differences on translation of financial statements of group entities	–	–	–	–	52,691	–	–	–	–	52,691	–	52,691
Total comprehensive income for the period	–	–	–	–	52,691	–	–	3,399,006	–	3,451,697	356,436	3,808,133
Final dividend declared	–	–	–	–	–	–	–	(1,192,592)	–	(1,192,592)	–	(1,192,592)
Equity-settled share-based transactions	–	–	–	4,983	–	–	–	–	–	4,983	–	4,983
Effect of forfeited share options	–	–	–	(14,372)	–	–	–	14,372	–	–	–	–
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	(3,434,236)	–	–	(3,434,236)	(604,357)	(4,038,593)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	5,394	5,394
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	17,650	17,650
Issuance of perpetual capital securities	–	–	–	–	–	–	–	–	2,363,346	2,363,346	–	2,363,346
At 30 June 2017	434,591	1,899,444	–	85,673	(70,486)	832,451	(531,387)	15,606,415	2,363,346	20,620,047	6,099,620	26,719,667

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the parent											
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Share-based compensation reserve RMB'000 (note 18)	Exchange reserve RMB'000	PRC statutory reserves RMB'000	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 19)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)												
At 1 January 2018	433,828	–*	–	89,148*	(43,177)*	921,664*	116,307*	19,425,105*	2,363,346	23,306,221	3,857,588	27,163,809
Profit for the period	–	–	–	–	–	–	–	3,431,807	–	3,431,807	363,031	3,794,838
Other comprehensive income – Exchange differences on translation of financial statements of group entities	–	–	–	–	(152,469)	–	–	–	–	(152,469)	–	(152,469)
Total comprehensive income for the period	–	–	–	–	(152,469)	–	–	3,431,807	–	3,279,338	363,031	3,642,369
Transfer to PRC statutory reserves	–	–	–	–	–	24,066	–	(24,066)	–	–	–	–
2017 final and special dividends declared	–	–	–	–	–	–	–	(879,898)	–	(879,898)	–	(879,898)
Issuance of shares in connection with the exercise of share option	463	26,835	–	(3,711)	–	–	–	–	–	23,587	–	23,587
Equity-settled share-based transactions	–	–	–	30,000	–	–	–	–	–	30,000	–	30,000
Effect of forfeited share options	–	–	–	(3,662)	–	–	–	3,662	–	–	–	–
Repurchase of own shares	–	–	(3,999)	–	–	–	–	–	–	(3,999)	–	(3,999)
Deemed disposal of subsidiaries	–	–	–	–	–	–	133,096	(18,221)	–	114,875	–	114,875
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	47,383	47,383
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	683,496	–	–	683,496	(3,505,274)	(2,821,778)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	102,000	–	–	102,000	3,598,000	3,700,000
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	–	(80,352)	–	(80,352)	–	(80,352)
At 30 June 2018	434,291	26,835*	(3,999)*	111,775*	(195,646)*	945,730*	1,034,899*	21,858,037*	2,363,346	26,575,268	4,360,728	30,935,996

* These reserve accounts comprise the consolidated reserves of RMB23,777,631,000 (31 December 2017: RMB20,509,047,000) in the consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**4,708,371**	5,582,185
Tax paid		**(1,583,824)**	(1,427,602)
Net cash flows from operating activities		**3,124,547**	4,154,583
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**485,468**	51,549
Addition to investment properties	12	**(421,452)**	(141,836)
Addition to other property, plant and equipment		**(18,410)**	(26,456)
Disposal of a subsidiary		**566,016**	—
Deemed disposal of subsidiaries		**(1,036,835)**	—
Acquisition of subsidiaries		**(320,929)**	(517,281)
Investments in joint ventures		**(181,132)**	(15,521)
Investments in associates		**(20,000)**	—
Advances to joint ventures and associate		**(8,459,911)**	(2,412,272)
Proceeds from disposal of other property, plant and equipment		**5,098**	410
Decrease/(increase) in restricted and pledged deposits		**294,457**	(1,113,363)
Net cash flows used in investing activities		**(9,107,630)**	(4,174,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(1,073,360)**	(1,186,648)
Proceeds from bank and other loans		**10,932,613**	13,240,538
Repayment of bank and other loans		**(8,994,026)**	(6,706,855)
Repayment of senior notes		**—**	(2,172,448)
Repayment of corporate bonds		**(10,000)**	
Proceeds from issuance of senior notes		**4,929,281**	4,410,756
Proceeds from issuance of corporate bonds	17	**5,000,000**	—
Proceeds from assets-backed securities		**—**	1,521,000
Proceeds from issuance of perpetual capital securities	19	**—**	2,363,346
Distribution paid to holders of perpetual capital securities		**(80,352)**	—
Proceeds from issuance of shares in connection with the exercise of share options		**23,587**	—
Repurchase of own shares		**(3,999)**	—
Capital contribution from non-controlling shareholders		**3,700,000**	17,650
Payments for acquisition of non-controlling interests		**(2,821,778)**	(4,038,593)
Proceeds from loan from non-controlling shareholders		**152,000**	—
Dividends paid to ordinary equity shareholders of the Company		**(408,630)**	—
Net cash flows from financing activities		**11,345,336**	7,448,746
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,362,253**	7,428,559
Cash and cash equivalents at beginning of period		**19,878,192**	13,559,827
Effect of foreign exchange rate changes		**122,077**	(77,972)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**25,362,522**	20,910,414

Notes to Interim Financial Information

For the six months ended 30 June 2018

1. CORPORATE AND GROUP INFORMATION

Logan Property Holdings Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development, property investment, construction and primary land development in the People's Republic of China (the "PRC") during the period.

In the opinion of the directors, the ultimate controlling party of the Company is Ms. Kei Perenna Hoi Ting, who is a non-executive director of the Company.

2. ACCOUNTING POLICIES

The condensed consolidation interim financial information (the "interim financial information") for the six months ended 30 June 2018 is prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial information does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2017, except for the following new and revised Hong Kong Financial Reporting Standards (the "HKFRSs", which include all HKFRSs, HKASs and Interpretations issued by the HKICPA), that have been adopted by the Group for the first time in 2018 for the current period's interim financial information:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements *2014–2016 Cycle*	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and Amendments to HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the interim financial information.

2. ACCOUNTING POLICIES (CONTINUED)

The nature and the impact of the changes are described below:

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group did not restate comparative information and recognised any material transition adjustments against the opening balance of equity at 1 January 2018. The impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(i) **Classification and measurement**

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss or amortised cost. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are as follows:

— *Debt instruments at amortised cost* that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

— *Financial assets at fair value through profit or loss* include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

2. ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

(i) **Classification and measurement (Continued)**

The adoption of HKFRS 9 has had no significant impact on the Group's interim financial information on classification and measurement of its financial assets.

(ii) **Impairment**

HKFRS 9 requires an impairment on trades receivables, contract assets, other receivables and amounts due from joint ventures and associates that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables and contract assets. The Group applied general approach and recorded twelve-month expected losses on its other receivables and amounts due from joint venture and associates. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at 1 January 2018. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

2. ACCOUNTING POLICIES (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Land development revenue

Land development revenue is recognised at a point in time, when the customer obtains control of the assets and the Group has present right to payment and the collection of the consideration is probable.

(i) Accounting for revenue from sales of properties

Prior to the adoption of HKFRS 15, the Group accounted for revenue from sales of properties when significant risks and rewards of ownership have been transferred to the customers on delivery in its entirety at a single time upon vacant possession.

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

The Group has assessed that there is an enforceable right to payment from the customers for performance completed to date for few properties. Thus, majority of revenue from sale of properties will continue to be recognised at a point in time, when the purchasers obtain the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. The adoption of HKFRS 15 has had no significant impact on the timing of revenue recognition.

2. ACCOUNTING POLICIES (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Revenue recognition (Continued)

(ii) Accounting for significant financing component for sales of properties

Prior to the adoption of HKFRS 15, the Group presented sales proceeds received from customers in connection with the Group's pre-sales of properties as receipts in advance under trade and other payables in the consolidated statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy.

Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. In addition, reclassifications have been made from trade and other payables to contract liabilities for the outstanding balance of sales proceeds from customers. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018. Receipts in advance of RMB19,614,745,000 that were previously classified under trade and other payables has been reclassified to contract liabilities as at 1 January 2018.

(iii) Accounting for sales commission

Prior to the adoption of HKFRS 15, the Group expensed off the sales commission associated with obtaining agreement for sale and purchase with property buyer. Upon adoption of HKFRS 15, sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets. Capitalised sales commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as selling and marketing expenses at that time. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018.

(iv) Accounting for revenue from construction services

Prior to the adoption of HKFRS 15, revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Upon adoption of HKFRS 15, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and continue to recognise revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018.

2. ACCOUNTING POLICIES (CONTINUED)

The Group has not early applied any of the new and revised HKFRSs, that have been issued but are not yet effective, in the interim financial information.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements *2015–2017 Cycle*	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

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

3. DISAGGREGATION OF REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the six months ended 30 June 2018

(Unaudited)	Property development RMB'000	Construction contracts RMB'000	Primary land development RMB'000	Total RMB'000
Segment				
Type of goods or services				
Sales of properties	13,074,239	—	—	13,074,239
Construction income	—	966,193	—	966,193
Primary land development income	—	—	1,067,254	1,067,254
Total revenue from contracts with customers	13,074,239	966,193	1,067,254	15,107,686
Geographical markets:				
Mainland China	13,074,239	966,193	1,067,254	15,107,686
Timing of revenue recognition				
Goods transferred at a point in time	13,074,239	—	1,067,254	14,141,493
Services transferred over time	—	966,193	—	966,193
Total revenue from contracts with customers	13,074,239	966,193	1,067,254	15,107,686

Set out below is the reconciliation of the revenue from contacts with customer with the amounts disclosed in the segment information:

	Property development RMB'000	Construction contracts RMB'000	Primary land development RMB'000	Total RMB'000
Revenue				
Sales to external customers	13,074,239	966,193	1,067,254	15,107,686
Intersegment sales	—	3,875,145	—	3,875,145
Reportable segment revenue	13,074,239	4,841,338	1,067,254	18,982,831
Adjustments and eliminations	—	(3,875,145)	—	(3,875,145)
Total revenue from contracts with customers	13,074,239	966,193	1,067,254	15,107,686

4. OPERATING SEGMENT INFORMATION

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

(a) the property development segment develops and sells residential properties and retail shops;

(b) the property leasing segment leases office units and retail shops to generate rental income and to gain from the appreciation in the properties' values in the long term;

(c) the construction contracts segment constructs office premises and residential buildings for external customers and for group companies; and

(d) the primary land development segment engages in the sale of land held for development.

The Group's revenue from external customers from each operating segment is set out in note 5 to the interim financial information.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits or losses of joint ventures and associates, fair value gains or losses of investment properties and derivative financial instruments and head office and corporate income and expenses are excluded from such measurement.

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the reportable segments is presented below.

For the six months ended 30 June 2018

(Unaudited)	**Property development RMB'000**	**Property leasing RMB'000**	**Construction contracts RMB'000**	**Primary land development RMB'000**	**Total RMB'000**
Gross revenue from external customers	**13,173,690**	**48,309**	**968,646**	**1,067,449**	**15,258,094**
Less: Business tax and other sales related taxes	**(99,451)**	**(2,467)**	**(2,453)**	**(195)**	**(104,566)**
Net revenue from external customers	**13,074,239**	**45,842**	**966,193**	**1,067,254**	**15,153,528**
Inter-segment revenue	**—**	**12,323**	**3,875,145**	**—**	**3,887,468**
Reportable segment revenue	**13,074,239**	**58,165**	**4,841,338**	**1,067,254**	**19,040,996**
Reportable segment profit	**3,854,523**	**46,619**	**907,576**	**648,771**	**5,457,489**

For the six months ended 30 June 2017

(Unaudited)	Property development RMB'000	Property leasing RMB'000	Construction contracts RMB'000	Primary land development RMB'000	Total RMB'000
Gross revenue from external customers	12,259,627	46,191	260,838	—	12,566,656
Less: Business tax and other sales related taxes	(182,825)	(1,428)	(169)	—	(184,422)
Net revenue from external customers	12,076,802	44,763	260,669	—	12,382,234
Inter-segment revenue	—	10,061	2,155,433	—	2,165,494
Reportable segment revenue	12,076,802	54,824	2,416,102	—	14,547,728
Reportable segment profit	4,375,112	45,723	374,113	—	4,794,948

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about a major customer

During the six months ended 30 June 2018 and 2017, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Reconciliation of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	**19,040,996**	14,547,728
Elimination of inter-segment revenue	**(3,887,468)**	(2,165,494)
Consolidated revenue	**15,153,528**	12,382,234
Profit		
Reportable segment profit	**5,457,489**	4,794,948
Elimination of inter-segment profits	**(370,493)**	(357,647)
Reportable segment profit derived from the Group's external customers	**5,086,996**	4,437,301
Other income and gains	**758,542**	309,579
Other expenses	**(37,439)**	(4,076)
Depreciation	**(28,581)**	(22,161)
Finance costs	**(520,876)**	(318,173)
Share of profits of associates	**51,707**	101,228
Share of losses of joint ventures	**(61,869)**	(2,072)
Net increase in fair value of investment properties	**1,037,395**	1,771,333
Net increase/(decrease) in fair value of derivative financial instruments	**23,024**	(125,641)
Unallocated head office and corporate income and expenses	**(164,340)**	(110,086)
Consolidated profit before tax	**6,144,559**	6,037,232

Geographic information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and all of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of the interim financial information.

5. REVENUE

Revenue represents income from the sale of properties, rental income, construction income and primary land development income earned during the period, before deduction of business tax and other sales related taxes.

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Sale of properties*	**13,173,690**	12,259,627
Rental income	**48,309**	46,191
Construction income	**968,646**	260,838
Primary land development income	**1,067,449**	—
	15,258,094	12,566,656
Less: Business tax and other sales related taxes	**(104,566)**	(184,422)
	15,153,528	12,382,234

* The invoiced amount billed to buyers of properties for the six months ended 30 June 2018 was RMB14,302,890,000 (six months ended 30 June 2017: RMB12,794,114,000) including value-added tax of RMB1,129,200,000 (six months ended 30 June 2017: RMB534,487,000).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other loans and other borrowing costs	**561,113**	660,849
Interest on senior notes	**326,508**	432,938
Interest on corporate bonds	**415,699**	307,197
	1,303,320	1,400,984
Less: Interest capitalised	**(782,444)**	(1,082,811)
	520,876	318,173

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of properties sold	**8,702,496**	7,263,482
Cost of services provided	**839,633**	229,728
Depreciation	**29,288**	39,319
Less: Amount capitalised	**(707)**	(17,158)
	28,581	22,161
Equity-settled share option expense	**30,000**	4,983
Interest income:		
— Cash at bank	**(141,107)**	(51,284)
— Amounts due from an associate and joint ventures	**(344,361)**	(242,876)
Gain on deemed disposal of subsidiaries, net	**(198,076)**	—
Net (gain)/loss on disposal of items of other property, plant and equipment	**(964)**	2,691

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2018 and 2017. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current charge for the period:		
PRC corporate income tax	**1,453,079**	1,021,781
PRC land appreciation tax	**711,693**	1,024,693
	2,164,772	2,046,474
Deferred	**184,949**	235,316
Total tax charge for the period	**2,349,721**	2,281,790

9. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Proposed interim and special dividends — HK20 cents and HK8 cents respectively per ordinary share (six months ended 30 June 2017: HK19 cents and HK3 cents respectively)	**1,325,243**	1,021,033

The interim and special dividends have not been recognised as a liability at the end of the reporting period.

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

The calculation of the basic earnings per share amounts for the six months ended 30 June 2018 is based on the profit for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares of 5,491,590,802 (six months ended 30 June 2017: 5,496,322,000) in issue during the period.

The calculation of the diluted earnings per share amounts for the six months ended 30 June 2018 is based on the profit for the period attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the parent	**3,431,807**	3,399,006
Distribution related to perpetual capital securities	**(82,717)**	—
Profit used in the basic and diluted earnings per share calculations	**3,349,090**	3,399,006

	Number of shares Six months ended 30 June	
	2018	2017
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**5,491,591**	5,496,322
Effect of dilution — weighted average number of ordinary shares:		
Share options	**94,291**	38,160
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**5,585,882**	5,534,482

11. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired and disposed of other property, plant and equipment of RMB18,410,000 (six months ended 30 June 2017: RMB28,194,000) and RMB4,134,000 (six months ended 30 June 2017: RMB3,102,000), respectively. The Group acquired and disposed of other property, plant and equipment of RMB37,939,000 (six months ended 30 June 2017: Nil) and RMB632,000 (six months ended 30 June 2017: Nil) through acquisition of subsidiaries and disposal of subsidiaries, respectively.

12. INVESTMENT PROPERTIES

All of the Group's investment properties and investment properties under development were revalued on 30 June 2018 based on valuations performed by APAC Asset Valuation and Consulting Limited and Vocation (Beijing) International Assets Appraisal Co., Ltd., independent professionally qualified valuers.

The valuations of completed investment properties and investment properties under construction were based on either the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, and negatively correlated to risk-adjusted discount rate, or the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate.

During the period, the net increase in fair value of investment properties and investment properties under development amounted to RMB1,037,395,000 (six months ended 30 June 2017: RMB1,771,333,000), additions in investment properties and investment properties under development amounted to RMB421,452,000 (six months ended 30 June 2017: RMB224,334,000) and transfer from inventories to investment properties amounted to RMB61,952,000 (six months ended 30 June 2017: Nil).

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Notes	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000
Trade receivables	(i)	**1,148,396**	486,042
Prepayments and other receivables		**5,416,651**	3,929,825
Land deposits	(ii)	**3,395,121**	1,230,892
Amounts due from related companies	(iii)	**142,190**	130,751
Amount due from a non-controlling shareholder	(iii)	**2,218,989**	—
Amounts due from associates	(iv)	**6,275,523**	3,606,723
Amounts due from joint ventures	(iv)	**21,800,437**	11,045,375
Derivative financial instruments:			
Senior notes redemption call options (note 16(xi))		**41,862**	18,678
		40,439,169	20,448,286

Notes:

(i) The Group's trade receivables arise from the sale of properties, leasing of investment properties, provision of construction services and sale of land held for development.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services.

As at 30 June 2018, the Group had a certain concentration of credit risk as 93% of the Group's trade receivables was related to revenue recognised as primary land development income in 2018. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Notes: (Continued)

(i) (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date and invoice date, is as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Current to 30 days	**1,081,645**	317,566
31 days to 90 days	**6,665**	800
91 to 180 days	**57,870**	138,454
181 to 365 days	**1,688**	27,990
Over 365 days	**528**	1,232
	1,148,396	486,042

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2018, no expected credit loss (31 December 2017: Nil) was made against the gross amounts of trade receivables.

All receivables were neither past due nor impaired as at the end of the reporting period. They relate to a large number of diversified customers for whom there was no recent history of default.

Based on past experience and historical records, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

(ii) The amount represented deposits for the acquisition of land.

(iii) The amounts due from related companies and a non-controlling shareholder are unsecured, interest-free and repayable on demand.

(iv) The amounts due from associates and joint ventures are unsecured, interest-free and repayable on demand.

14. ASSETS AND LIABILITIES UNDER CROSS-BORDER GUARANTEE ARRANGEMENTS

During the six months ended 30 June 2018, the Group entered into some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) has been used as a pledge against advances to offshore (i.e. in Hong Kong) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, the Group's subsidiaries in the PRC deposited funds in the relevant financial institutions, which in turn advanced the same amount of funds to the Group's subsidiaries in Hong Kong. The net cost of such arrangements is 0.47% per annum of the total funds advanced.

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Assets under cross-border guarantee arrangements	**2,115,780**	1,745,380
Portion classified as current assets	**(1,654,660)**	(1,745,380)
Non-current portion	**461,120**	—
Liabilities under cross-border guarantee arrangements	**2,115,780**	1,745,380
Portion classified as current liabilities	**(1,654,660)**	(1,745,380)
Non-current portion	**461,120**	—

15. TRADE AND OTHER PAYABLES

	Notes	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Trade payables	(i)	7,267,381	7,304,745
Other payables and accrued charges	(ii)	5,694,375	2,904,694
Customer deposits received		84,533	68,421
Rental and other deposits received		29	86,563
Receipts in advance	(iii)	—	19,614,745
Proceeds from asset-backed securities	(iv)	1,570,128	1,570,128
Amounts due to related companies	(v)	11,779	7,401
Amount due to non-controlling shareholders	(vi)	9,127,760	—
Amounts due to joint ventures	(vii)	4,044,320	5,719,091
		27,800,305	37,275,788

Notes:

(i) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Current to 30 days	1,940,381	2,385,566
31 to 90 days	899,104	757,914
91 to 180 days	842,727	383,827
181 to 365 days	1,957,034	2,435,913
Over 365 days	1,628,135	1,341,525
	7,267,381	7,304,745

The trade payables are non-interest-bearing.

(ii) Other payables are non-interest-bearing and are expected to be settled within one year.

(iii) Receipts in advance represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. The opening balance as at 1 January 2018 has been reclassified to contract liabilities as detailed in note 2.

(iv) The balance represented proceeds received from a specific purpose entity ("SPE") set up by a financial institution in the PRC for issuance of asset-backed securities, to which the Group has transferred the right of receipt of the remaining sale proceeds of certain properties to be delivered by the Group. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sale proceeds from customers, the Group would remit to the SPE any cash flows it collects on behalf of the SPE.

15. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (Continued)

(v) The amounts due to related companies are unsecured, interest-free and repayable on demand.

(vi) The amounts due to non-controlling shareholders are unsecured and repayable on demand. As at 30 June 2018, the amounts included amounts of RMB165,000,000 (31 December 2017: Nil) which bear interest at fixed rate of 6.88% per annum. The remaining amounts of RMB8,962,760,000 are interest-free.

(vii) The amounts due to joint ventures are unsecured, interest-free and repayable on demand.

16. SENIOR NOTES

	Effective interest rate (% per annum)	**30 June 2018 (Unaudited) RMB'000**	31 December 2017 (Audited) RMB'000
US$260m Senior Notes (notes (i), (xi))	7.91	**1,766,390**	1,749,499
US$200m Senior Notes (notes (ii), (xi))	5.80	**1,305,623**	1,294,182
US$450m Senior Notes (notes (iii), (xi))	5.42	**2,906,506**	2,880,422
US$256m Senior Notes (notes (iv))	5.19	**1,679,185**	1,664,865
US$200m Senior Notes due 2018 (note (v))	5.45	**1,311,864**	1,300,676
US$250m Senior Notes (note (vi), (xi))	6.75	**1,651,944**	—
SG$200m Senior Notes (note (vii), (xi))	6.60	**968,236**	—
US$300m Senior Notes (note (viii), (xi))	7.32	**1,962,859**	—
US$100m Senior Notes (note (ix), (xi))	7.88	**649,213**	—
		14,201,820	8,889,644
Portion classified as current liabilities (note (x))		**(2,991,049)**	(2,965,541)
Non-current portion (note (x))		**11,210,771**	5,924,103

Notes:

(i) On 19 January 2016, the Company issued senior notes with a principal amount of US$260,000,000 due in 2020 (the "US$260m Senior Notes"). The senior notes are interest bearing at 7.70% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 19 January 2020. At any time and from time to time on or after 19 January 2019, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(ii) On 3 January 2017, the Company issued senior notes with a principal amount of US$200,000,000 due in 2022 (the "US$200m Senior Notes"). The senior notes are interest bearing at 5.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 3 January 2022. At any time and from time to time on or after 3 January 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(iii) On 23 May 2017, the Company issued senior notes with a principal amount of US$450,000,000 due in 2023 (the "US$450m Senior Notes"). The senior notes are interest bearing at 5.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 February 2023. At any time and from time to time on or after 23 May 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

16. SENIOR NOTES (CONTINUED)

Notes: (Continued)

(iv) On 3 November 2017, the Company issued senior notes with a principal amount of US$256,000,000 due in 2018 (the "US$256m Senior Notes"). The senior notes are interest bearing at 5.125% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 2 November 2018. At any time and from time to time on or after 3 November 2017, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(v) On 4 December 2017, the Company issued senior notes with a principal amount of US$200,000,000 due in 2018 (the "US$200m Senior Notes due 2018"). The senior notes are interest bearing at 5.375% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 3 December 2018. At any time and from time to time on or after 4 December 2017, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(vi) On 7 March 2018, the Company issued senior notes with a principal amount of US$250,000,000 due in 2021 ("US$250m Senior Notes"). The senior notes are interest bearing at 6.375% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 7 March 2021. At any time and from time to time on or after 7 March 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(vii) On 16 April 2018, the Company issued senior notes with a principal amount of SG$200,000,000 due in 2021 ("SG$200m Senior Notes"). The senior notes are interest bearing at 6.125% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 16 April 2021. At any time and from time to time on or after 16 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(viii) On 24 April 2018, the Company issued senior notes with a principal amount of US$300,000,000 due in 2021 ("US$300m Senior Notes"). The senior notes are interest bearing at 6.875% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(ix) On 30 May 2018, the Company issued senior notes with a principal amount of US$100,000,000 due in 2021 ("US$100m Senior Notes"). The senior notes are consolidated and form a single series with the US$300m Senior Notes due 2021 issued on 24 April 2018. The senior notes are interest bearing at 6.875% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 24 April 2021. At any time and from time to time on or after 24 April 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

(x) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

(xi) Redemption call options represent the fair value of the Company's options to early redeem the senior notes and are recorded as derivative financial instruments under "Trade and other receivables and prepayments" (note 13). The assumptions applied in determining the fair value of the redemption call options as at 30 June 2018 and 31 December 2017 are set out in note 24.

17. CORPORATE BONDS

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Corporate bonds due in 2019	**3,252,449**	3,262,449
Corporate bonds due in 2020	**4,500,000**	4,500,000
Corporate bonds due in 2021	**4,400,000**	4,400,000
Corporate bonds due in 2022	**5,000,000**	—
	17,152,449	12,162,449
Portion classified as current liabilities	**(6,490,000)**	(7,000,000)
Non-current liabilities	**10,662,449**	5,162,449

Notes:

(i) On 19 August 2015 and 27 August 2015 respectively, Shenzhen Logan Holdings Co., Ltd. ("Shenzhen Logan"), a company established in the PRC and a wholly-owned subsidiary of the Company, issued domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first and second tranche with a principal amount of RMB4,000,000,000 and RMB1,000,000,000 were fixed at 5% per annum and 4.77% per annum respectively. The terms of the first and second tranche of corporate bonds were 5 year and 4 years. At the end of third year and second year, Shenzhen Logan shall be entitled to adjust the coupon rate of first and second tranche of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. On 28 August 2017, Shenzhen Logan had adjusted the coupon rate of second tranche of corporate bonds from 4.77% per annum to 5.35% per annum and the second tranche of corporate bonds with an aggregate principal amount of RMB237,551,000 was sold back to Shenzhen Logan. The first tranche of the corporate bonds with a principal amount of RMB4,000,000,000 is classified as a current liability as at 30 June 2018 and 31 December 2017.

(ii) On 13 January 2016 and 16 May 2016 respectively, Shenzhen Logan issued non-public domestic corporate bonds on Shanghai Stock Exchange. The coupon rates of the first and second tranche with a principal amount of RMB2,500,000,000 and RMB500,000,000 were fixed at 5.8% per annum and 5.2% per annum respectively. The terms of the first and second tranche of corporate bonds were 3 years and 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rate of first and second tranche of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

The first tranche with a principal amount of RMB2,500,000,000 is classified as a current liability as at 31 December 2017. On 13 January 2018, the coupon rate of the first tranche is adjusted to 6.88% per annum; the first tranche with a principal amount of RMB10,000,000 were sold back to Shenzhen Logan; and the corporate bonds with a remaining principal amount of RMB2,490,000,000 are due in January 2019 and are classified as current liabilities as at 30 June 2018.

On 16 May 2018, the coupon rate of the second tranche is adjusted to 6.99% per annum. The second tranche of the corporate bonds with a principal amount of RMB500,000,000 is due in May 2020 and are classified as a non-current liability as at 30 June 2018.

(iii) On 25 July 2016, Shenzhen Logan issued non-public domestic corporate bonds on Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB3,000,000,000 was 5.15% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

17. CORPORATE BONDS (CONTINUED)

Notes: (Continued)

(iv) On 21 October 2016, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,400,000,000 was 3.4% per annum. The terms of the domestic corporate bonds were 5 years. At the end of third year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

(v) On 1 February 2018, 22 March 2018 and 21 May 2018 respectively, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first, second and third tranche with a principal amount of RMB2,000,000,000, RMB2,000,000,000 and RMB1,000,000,000 were fixed at 6.99% per annum, 7.20% per annum and 7.30% per annum respectively. The terms of all these three domestic corporate bonds were 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rate of all these three domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

18. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") which was adopted by an ordinary resolution of the shareholders of the Company on 18 November 2013. Full-time and part-time employees, executives, officers or directors (including independent non-executive directors) of the Group and any advisors, consultants, agent, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group are included in the eligible participants under the Scheme. The maximum number of shares may be granted is 10% of the shares in issue immediately upon completion of the Global offering. Each participant cannot be entitled to more than 0.1% of the total number of shares in issue in any 12-month period unless approved from the independent non-executive directors of the Company is obtained. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Scheme.

(i) On 29 May 2014, the Company granted share options to the Company's directors and employees (included certain senior managers or above and certain mid-level managers). The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 25,480,000 shares (of which 4,950,000 shares is granted to Mr. Kei Hoi Pang ("Mr. Kei", the Executive Director and the Chairman) and 164,610,000 shares of the Company respectively. The exercise price is HK$2.34 per share. Under the Scheme, the share options granted to the directors and certain senior managers or above will be vested evenly over a period of four years starting from 29 May 2015 and ending on 28 May 2019, while the share options granted to certain mid-level managers will be vested evenly over a period of three years starting from 29 May 2015 and ending on 28 May 2018. These share options are exercisable within a period of six years from the date of grant (i.e. 29 May 2014) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.

On the same date (i.e. 29 May 2014), the board of directors resolved to grant to Mr. Kei another 8,170,000 share options to subscribe for the Company's shares (the "Additional Options") at the exercise price of HK$2.34 per share on the same terms as the share options granted on 29 May 2014 (see above). The Additional Options constituted a connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 31 July 2014.

18. SHARE OPTION SCHEME (CONTINUED)

(ii) On 25 August 2017, the Company granted share options to the Company's directors and employees. The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 24,250,000 shares (of which 8,000,000 shares is granted to Mr. Kei) and 135,750,000 shares (of which only 46,512,000 shares is accepted) of the Company respectively. 25%, 25%, 25% and the remaining share options will be vested on the 36th, 48th, 60th and 72th month, respectively, from the date of grant (i.e. 25 August 2017). The exercise price is HK$7.43 per share. These share options are exercisable within a period of ten years from the date of grant (i.e. 25 August 2017) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(iii) On 8 June 2018, the Company granted share options to the Group's employees. The exercise of these share options would entitle the employees of the Group to subscribe for an aggregate of 50,000,000 shares of the Company. 33.3%, 33.3% and the remaining share options will be vested on the 36th, 48th and 60th month, respectively, from the date of grant (i.e. 8 June 2018). The exercise price is HK$12.50 per share. These share options are exercisable within a period of ten years from the date of grant (i.e. 8 June 2018) subject to the above vesting schedule. Each option gives the holder the right to subscribe for one ordinary share of the Company.

The share options lapsed due to the resignation of the certain employees. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the related share-based compensation reserve is transferred to retained profits.

14,434,000 share options and 5,704,000 share options were lapsed and forfeited, and exercised, respectively, during the six months ended 30 June 2018. At the end of the reporting period, the Company had approximately 197,023,000 share options outstanding under the Scheme.

19. PERPETUAL CAPITAL SECURITIES

On 31 May 2017, the Company issued perpetual capital securities with a principal amount of US$350,000,000 (equivalent to approximately RMB2,363,346,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 7% per annum from and including 31 May 2017, payable semi-annually on 31 May and 30 November of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments of the Company.

20. ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

(i) During the current period, on 27 April 2018, the Group acquired the remaining 28.6% equity interest in Shenzhen Logan Junjing Real Estate Company Limited ("Shenzhen Logan Junjing") from Shenzhen Pingan Dahua Huitong Wealth Management Co., Ltd.* (深圳平安大華滙通財富管理有限公司) ("Pingan Dahua"), an independent third party of the Group and the non-controlling shareholder of Shenzhen Logan Junjing, at a consideration of RMB2,821,778,000. Upon the completion of the above transaction, Shenzhen Logan Junjing became the Group's indirect wholly-owned subsidiary. The excess of the carrying amount of the non-controlling interest of approximately RMB3,505,274,000 over the consideration paid in respect of the acquisition of the additional interest in the subsidiary amounting to RMB683,496,000 is recognised in other reserve.

(ii) During the prior period, on 28 June 2017, the Group acquired an additional 10% equity interest in Huizhou Daya Bay Dongzhen Property Co., Ltd. ("Huizhou Dongzhen") from Pingan Dahua, the non-controlling shareholder of Huizhou Dongzhen, at a consideration of RMB4,038,593,000. Upon the completion of the above transaction, Huizhou Dongzhen became the Group's indirect wholly-owned subsidiary. The excess of the consideration paid in respect of the acquisition of additional interests in the subsidiary over the carrying amount of the non-controlling interest of approximately RMB604,356,000 amounting to approximately RMB3,434,237,000 is recognised in other reserve.

* The English translation of the name is for reference only. The official name of the entity is in Chinese.

21. FINANCIAL GUARANTEES

At the end of the reporting period, the Group had the following financial guarantees which are not provided for in the interim financial information:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes)	**24,443,383**	18,416,334
Guarantees given to banks and other lender in connection with banking facilities granted to associates and joint ventures	**11,689,638**	9,353,489
	36,133,021	27,769,823

21. FINANCIAL GUARANTEES (CONTINUED)

Notes:

(i) As at 30 June 2018, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

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

(ii) The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties and therefore no provision has been made in the interim financial information for the guarantees.

22. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Contracted, but not provided for	**19,851,840**	16,064,280

23. RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended 30 June 2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
Construction contracts income from related companies	(i)	**26,232**	260,669
Construction contracts income from joint ventures	(i)	**1,300,407**	—
Management service income from joint ventures	(i)	**62,288**	—
Decoration income from joint ventures	(i)	**57,240**	—
Design fee from related companies	(i)	**545**	—
Design fee from joint ventures	(i)	**78,384**	—
Rental income from related companies	(ii)	**275**	2,120
Rental income from joint ventures	(ii)	**1,728**	—
Interest income from an associate and joint ventures	(iii)	**344,362**	242,876
Remuneration of key management personnel	(b)	**32,066**	29,320

Notes:

(i) The income was derived from the construction, decoration and design services provided to joint ventures and related companies controlled by Mr. Kei at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.

(ii) The income was derived from the leasing of the Group's investment properties to related companies controlled by Mr. Kei at rates similar to the terms and conditions set out in the rental agreements entered into with the other tenants of the Group.

(iii) This represented the gross interest income from the associates and joint ventures, which is before the elimination of interest between the Group and associates or joint ventures. The Group has been providing funds to associates and joint ventures.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Remuneration to key management personnel includes amounts paid to the directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fees	**1,707**	2,308
Salaries, allowances and benefits in kind	**24,331**	23,814
Retirement scheme contributions	**193**	88
Equity-settled share option expense	**5,835**	3,110
	32,066	29,320

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments, other than derivative financial instruments, and senior notes and corporate bonds, reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables and assets under cross-border guarantee arrangements, financial liabilities included in other payables and accruals, liabilities under cross-border guarantee arrangements, current portion of bank and other loans, amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of assets and liabilities under cross-border guarantee arrangement, deposits and bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other loans as at 30 June 2018 was assessed to be insignificant.

Derivative financial instruments, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of derivative financial instruments are the same as their fair values.

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2018 (Unaudited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Senior notes redemption call options	—	—	41,862	41,862

As at 31 December 2017 (Audited)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Senior notes redemption call options	-	-	18,678	18,678

Below is a summary of the valuation techniques used and the key inputs to the valuation of senior note redemption call options:

	Valuation techniques	Significant unobservable inputs	Range	
			30 June 2018	31 December 2017
Senior note redemption call options	Residual method	Risk free rate	1.716% to 2.779%	1.234% to 2.216%
		Option adjusted spread	3.846% to 5.755%	3.140% to 4.201%
		Discount rate	5.640% to 8.349%	4.374% to 6.417%

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value: (Continued)

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate.

The Group did not have any financial liabilities measured at fair values as at 30 June 2018 and 31 December 2017.

During the period, there were no transfer of fair value measurements between level 1 and level 2 and no transfer into or out of level 3 for both financial assets and financial liabilities (31 December 2017: Nil).

25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorised for issue by the board of directors on 15 August 2018.