百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 1168

INTERIM REPORT 2018

* *For identification purpose only*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Xiang Ya Bo
(Chairman and Chief Executive Officer)
Chen Wei

Non-executive Directors

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent Non-executive Directors

Tian Jin
Xiang Bing
Xin Luo Lin

AUTHORISED REPRESENTATIVES

Ou Jin Yi Hugo
Xiang Ya Bo

COMPANY SECRETARY

Lo Tai On

AUDIT COMMITTEE

Xin Luo Lin *(Chairman)*
Tian Jin
Xiang Bing

NOMINATION COMMITTEE

Tian Jin *(Chairman)*
Xiang Bing
Xiang Ya Bo
Xin Luo Lin

REMUNERATION COMMITTEE

Xin Luo Lin *(Chairman)*
Xiang Bing
Xiang Ya Bo

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

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Bermuda

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
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Wanchai
Hong Kong

HONG KONG BRANCH SHARE TRANSFER OFFICE

Computershare Hong Kong Investor
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LEGAL ADVISORS

(As to Hong Kong Law)
Cleary Gottlieb Steen & Hamilton (Hong Kong)
Deacons
Guantao & Chow Solicitors & Notaries
JunHe Law Offices
Norton Rose Fulbright Hong Kong
Tsang, Chan & Wong

(As to Bermuda Law)
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Ping An Bank

CONTENTS

Financial Highlights	2
Management Discussion and Analysis	3
Other Information	13
Report on Review of Condensed Consolidated Financial Statements	18
Condensed Consolidated Statement of Profit or Loss	19
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Condensed Consolidated Statement of Financial Position	21
Condensed Consolidated Statement of Changes in Equity	23
Condensed Consolidated Statement of Cash Flows	24
Notes to the Condensed Consolidated Financial Statements	26

FOR THE SIX MONTHS ENDED 30 JUNE 2018

- Revenue up 62% to HK$293.3 million
- Gross Profit up 74% to HK$162.5 million
- Profit attributable to owners of the Company up 766% to HK$123.9 million
- Basic Earnings Per Share up 775% to HK3.5 cents

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2018, the recovery of the global economy was faced with more obstacles and challenges. Under such circumstances, most countries saw a slowdown in recovery, overall global inflation rebounded, monetary policy were moderately tightened, and trade protectionism intensified. The U.S. economy was basically stable with rate hikes continuing at a gradual pace while the escalating trade dispute brought greater uncertainty to global recovery. In Europe, the momentum of the economic recovery weakened and rate hikes might be postponed as a result of mitigated political turmoil. Japan's economy became more vibrant on the back of sustainable growth momentum and ongoing monetary easing policy. Emerging economies showed mixed performance in recovery and were exposed to more challenges arising from rising inflation and monetary easing restrictions. Overall, there were more negative external factors at play in the Chinese economy.

In the first half of 2018, the Company actively considered enhancing its business model and creating value for the Group in response to the Chinese government's and the Hong Kong government's proactive approach to financial technology development. In the first half of 2018, while continuing to develop real estate business, the Group actively collaborated with leading financial technology companies in the market and grasped every opportunity to develop in the financial technology market. For instance, we invested in ZhongAn Online P & C Insurance Co., Ltd. and established a joint venture, ZhongAn Technologies International Group Limited, with the Company.

For the six months ended 30 June 2018, the Group's revenue increased by 62% year over year to HK$293.3 million. Gross profit amounted to HK$162.5 million, representing a year-over-year increase of 74%. Profit attributable to owners of the Company amounted to HK$123.9 million, representing an increase of 766% as compared with the same period last year. Basic earnings per share amounted to HK3.50 cents, up 775% year over year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY RENTAL

For the six months ended 30 June 2018, total rental income amounted to HK$99.8 million, representing a year-over-year increase of 17%.

The rental income was mainly contributed by our commercial property portfolio comprising The Vi City, Sinolink Garden Phase One to Four and Sinolink Tower.

Sinolink Tower

Located in Luohu District, Shenzhen, Sinolink Tower, composed of the hotel and office complex of Sinolink Garden Phase Five, has a total gross floor area ("GFA") of approximately 50,000 square meters, of which hotel space occupies 30,000 square meters and office space occupies 20,000 square meters.

As at 30 June 2018, the occupancy rate of the office portion of Sinolink Tower was 85%. Tenants are mainly engaged in jewelry, investment and real estate business.

O Hotel, the Group's first hotel that is dedicated to delivering a customized experience, has 188 rooms and suites, a stylish restaurant, a specialty coffee shop, a premium fitness club and other facilities. Our principle is to develop niche projects based on a differentiated operating model, focusing on quality but not quantity.

Confronted by the economic slowdown in the PRC, O Hotel being a newly-opened brand boutique operation may see its average rent and occupancy rate under pressure. We acknowledge that a strong hotel brand takes time to build. Nevertheless, we are confident that holding a good quality asset for the long term will maximize its value. We will wait patiently for the investment return comprising a higher value of the asset and an increase in operating profit generated therein.

PROPERTIES UNDER DEVELOPMENT

As at 30 June 2018, the following properties of the Group were under development:

1. *Rockbund*

   Located at the Bund in Shanghai, Rockbund is an integrated property project jointly developed by the Group and The Rockefeller Group International, Inc. The project, comprising preserved heritage buildings and some new structures, has a total site area of 18,000 square meters with a GFA of 94,080 square meters. The Group intends to redevelop the historical site and structures into an upscale mixed-use neighborhood with residential, commercial, retail, catering, office and cultural facilities. The preserved heritage buildings have commenced operation with a portion already leased out. Capital works of the new building structures have been completed with structural works well under way. The entire project is expected to commence operation upon completion of the construction in 2019.

2. *Ningguo Mansions*

   Located in Changning District, Shanghai, Ningguo Mansions is a residential project under construction. The project, with a total site area of 13,599.6 square meters and a plot ratio of 1.0, will be developed into 11 court houses boasting a fusion of Chinese and Western cultures, each with a GFA of 1,000 to 1,500 square meters. David Chipperfield Architects, a British architecture design company, is in charge of the construction, decoration and design of the project. Situated in one of the most accessible, low-density and tranquil luxury neighborhoods in Shanghai, Ningguo Mansions is an approximately 10-minute ride from the airport and an approximately 30-minute ride from the downtown.

   The project is currently undergoing deluxe decoration for the garden area, façade renovation and other facility installation works. Due to the unstable market conditions, appropriate operational arrangements will be made based on the actual situation.

MAJOR ASSOCIATE – ROCKEFELLER GROUP ASIA PACIFIC, INC.

For the six months ended 30 June 2018, the Group recorded a turnaround from share of loss of a major associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), of HK$17.5 million for the six months ended 30 June 2017 to share of profit of HK$24.7 million in respect of the Rockbund project, which was mainly due to the increase in fair value of investment properties held by RGAP.

LOAN RECEIVABLE FROM ASSOCIATES

The loan receivable is an investment in RGAP by way of a shareholder's loan used for financing the Rockbund project, constituting part of the total investment of the Group in RGAP. As the loan receivable is in fact an investment, the Group has recognized its share of loss of RGAP in excess of the investment cost against the loan receivable. Such amount is measured at amortized cost in prior years based on the estimated future cash flows expected to be received by the Group as well as the estimated timing of such amount. According to HKFRS 9 effective on 1 January 2018, the loan receivable from RGAP is measured at FVTPL. The investment is unsecured and has no fixed term of repayment. The directors consider that the investment is a long-term investment, which should be classified into a non-current asset accordingly.

As at 30 June 2017, the directors of the Company assessed the recoverable amount of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the estimated future cash flows and timing of such cash flows discounted at its original effective interest rate. As at 1 January 2018 and 30 June 2018, the directors of the Company assessed the fair value of the loan receivable (including the interest receivable from the loan receivable) taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate.

As at 30 June 2018, the directors of the Company have reviewed the carrying amount of loan receivable of HK$920,716,000 (31 December 2017: HK$1,207,906,000) and amounts due from associates of HK$147,604,000 (31 December 2017: HK$170,744,000), and considered that these amounts are fully recoverable.

ASSET FINANCING

眾聯融資租賃（上海）有限公司 (Zhong Lian Financial Leasing (Shanghai) Co., Ltd.*), 眾安國際融資租賃（天津）有限公司 (Zhong An International Financial Leasing Co., Ltd.*) and 眾安國際商業保理（天津）有限公司 (Zhong An International Commercial Factoring Co., Ltd.*), the wholly-owned subsidiaries of the Group, are principally engaged in financing business, including asset financing business and providing various customers with financial leasing, business factoring and other loan financing services. These subsidiaries have gradually commenced operation during the period.

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For the six months ended 30 June 2018, the revenue from financing services business amounted to HK$94.1 million (six months ended 30 June 2017: HK$11.2 million). As at 30 June 2018, loan receivables from financing business amounted to HK$1,231.4 million (31 December 2017: HK$1,066.7 million) and finance lease receivables amounted to HK$222.6 million (31 December 2017: HK$111.5 million) with effective interest rate ranging from 6.5% to 27.0% (31 December 2017: 6.0% to 16.0%) per annum. As at 30 June 2018, there were no overdue financing assets. The Group expects that further financing business will be developed gradually in the coming year.

Due to the lack of credit reference systems and the failure to provide standard collaterals by SME borrowers, domestic SMEs face long-term difficulties in obtaining financing from banks. In addition, the tightening of domestic monetary policy has resulted in further credit crunching, which continuously limited the financing channels available for SMEs and increased their financing costs. Compared with business factoring companies, banks tend to carry out business with large-scale companies and adopt a more prudent credit policy, and the approval process generally takes longer time. This makes it difficult for SMEs to obtain financing in a timely manner for operation or business expansion, and so they will consider other financing channels such as business factoring, thereby creating business opportunities for business factoring companies.

SIGNIFICANT INVESMENTS

As at 30 June 2018, total equity instruments at fair value through other comprehensive income ("FVTOCI") amounted to HK$3,654.1 million (available-for-sale investments as at 31 December 2017: HK$4,968.2 million), mainly represented ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn Online") (stock code: 6060) owned by the Group of approximately HK$3,535 million (31 December 2017: HK$4,807.7 million), which was measured at fair value at the end of each reporting period.

In estimating the fair value of the investment in ZhongAn Online, the Group has taken into consideration the marketability discount on domestic shares of ZhongAn Online and the restriction that its shares are non-transferable within one year from the listing date (i.e. 28 September 2017).

Financial technology is transforming our everyday life. The insurance industry is now abuzz with phrases such as insurtech, big data and digitization as insurance companies start to put greater emphasis on developing online platforms. Undoubtedly, insurers respond to the trend of digitization by focusing on developing online platforms. Digital channels enable insurers to get closer to their customers and offer them 24/7 access to their finances. Meanwhile, the industry uses big data and advanced analytics to learn more about their customers and anticipate their needs and product interests, thereby providing them with tailored services regarding market updates and other insurance-related news. We believe ZhongAn Online, as the leading insurtech company providing a full range of online insurance products and solutions in the PRC, is taking advantage of economic growth to seize the unique development opportunity in the market.

OTHER BUSINESSES

Other businesses of the Group include property, facility and project management. For the six months ended 30 June 2018, the Group recorded a revenue of HK$99.3 million from other businesses, representing a year-over-year increase of 18%.

JOINT VENTURE – ZHONGAN TECHNOLOGIES INTERNATIONAL GROUP LIMITED

As stated in the Company's announcement dated 8 December 2017, the Company entered into the Joint Venture Agreement with ZhongAn Information and Technology Services Co., Ltd. ("ZhongAn Technology Services"), a wholly-owned subsidiary of ZhongAn Online, pursuant to which the Company and ZhongAn Technology Services agreed to jointly invest in ZhongAn Technologies International Group Limited ("ZhongAn Technologies") whereby the Company can cooperate with ZhongAn Technology Services to explore international business development, collaboration and investment opportunities in the areas of fintech and insurtech in overseas markets. Pursuant to the Joint Venture Agreement, (a) the Company and ZhongAn Technology Services made a capital contribution of RMB60 million and RMB50 million in cash to ZhongAn Technologies at the consideration of its ordinary shares, respectively; and (b) the Company has conditionally agreed to make an additional capital contribution of RMB620 million in cash to ZhongAn Technologies at the consideration of redeemable preference shares. The Company and ZhongAn Technology Services own 49% and 51% of the voting interests in ZhongAn Technologies, respectively. On 14 December 2017, 49,000,000 ordinary shares of ZhongAn Technologies were issued to the Company at RMB60 million.

As at 16 August 2018, the Company subscribed for 482,438,000 redeemable preference shares of ZhongAn Technologies at total subscription amount of approximately RMB482.4 million.

PROSPECTS

Looking ahead to the second half of 2018, it is anticipated that the U.S. economy will be basically stable and rate hikes will continue at a regular pace while the trade dispute between the U.S. and China is very likely to escalate.

China's macroeconomy will face greater downside pressure on investment growth in the second half of 2018. Infrastructure investment growth in particular may hit rock bottom and then stay at that level. On the one hand, as stabilizing growth by infrastructure investment at the quality development stage becomes less effective, the growth rate will not substantially increase and hence is more likely to remain at a lower level. On the other hand, taking account of the current downside pressure on economic growth and the complex external environment, the authorities tend to adopt a more proactive approach to fiscal policy so as to deal with declining demand. In addition, the issuance of local government bonds in the first half of this year was slower than that in the previous year and the scale of issuance is expected to expand in the second half of this year. In the first half of this year, the contribution rate of consumption to economic growth steadily increased. It is expected that consumption will continue to show resilience and play a stabilizing role in the second half of the year.

In terms of business activities, while striving to balance the growth and profitability of the existing business, the Group will continue to pay attention to the opportunities arising from the rapid development of the financial technology industry in the hope that resource allocation for the relevant fields can bring sustainable growth and long-term shareholders' value to the Group.

FINANCIAL REVIEW

The Group's total borrowings decreased from HK$777.3 million as at 31 December 2017 to HK$764.7 million as at 30 June 2018. As at 30 June 2018, the Group's gearing ratio, calculated on the basis of total borrowings over shareholders' equity, was 8.9% as compared with 8.1% as at 31 December 2017. The Group remained financially strong with a net cash position.

Total assets pledged for securing the above loans had a carrying value of HK$545.1 million as at 30 June 2018. The borrowings of the Group are denominated in RMB. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments have been used for hedging purposes; however, the Board will continue to evaluate and closely monitor the potential impact of RMB and interest rate movements on the Group.

The Group's cash and bank balances amounted to HK$2,620.4 million (including pledged bank deposits, structured deposits, short-term bank deposits, long-term bank deposits, and cash and cash equivalents) as at 30 June 2018, mostly denominated in RMB, HK$ and USD.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had capital commitments of HK$64.8 million in respect of properties under development.

CONTINGENT LIABILITIES

As at 30 June 2018, guarantees offered to banks as security for the mortgage loans arranged for the Group's property buyers amounted to HK$18.9 million.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2018, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the associated companies as at 30 June 2018 is presented as follows:

	HK$'000
Non-current assets	5,853,130
Current assets	1,409,541
Current liabilities	(833,149)
Non-current liabilities	(7,626,595)
Net liabilities	(1,197,073)

The Group's attributable interest in the associated companies as at 30 June 2018 comprised net liabilities of HK$538,605,000.

The proforma combined statement of financial position of the associated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as 30 June 2018.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2018 (2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed approximately 767 full time employees for its principal activities. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Group.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2018.

CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Listing Rules save as disclosed below.

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period, Mr. Xiang Ya Bo has undertaken both the roles of the Chairman of the Board and the Chief Executive Officer of the Group. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Xiang Ya Bo acting as both the Chairman of the Board and the Chief Executive Officer of the Group is acceptable and in the best interest of the Group. There are adequate balance of power and safeguards in place. The Board will review and monitor this situation periodically and would ensure that the present structure would not impair the balance of power of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2018, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and supervising over the Group's financial reporting processes and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Xin Luo Lin, Dr. Xiang Bing and Mr. Tian Jin. The Audit Committee meets regularly with the Company's senior management and the Company's external auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2018 had not been audited, but had been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu and the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
SINOLINK WORLDWIDE HOLDINGS LIMITED
XIANG Ya Bo
Chairman and Chief Executive Officer

Hong Kong, 21 August 2018

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

		Interest in shares						
Name of Directors	**Capacity**	**Personal interest**	**Corporate interest**	**Family interest**	**Total interest in shares**	**Interest in underlying shares pursuant to share options**	**Aggregate interest**	**Approximate percentage of the issued shares of the Company as at 30.6.2018**
Chen Wei	Beneficial owner	13,500,000	–	–	13,500,000	3,000,000	16,500,000	0.46%
Ou Yaping	Joint interest and interest of controlled corporation	–	1,590,283,250 *(Note)*	7,285,410	1,597,568,660	–	1,597,568,660	45.11%
Tang Yui Man Francis	Beneficial owner	21,375,000	–	–	21,375,000	35,000,000	56,375,000	1.59%
Tian Jin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xiang Bing	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%
Xiang Ya Bo	Beneficial owner	–	–	–	–	35,000,000	35,000,000	0.98%
Xin Luo Lin	Beneficial owner	–	–	–	–	2,000,000	2,000,000	0.05%

Note: These 1,590,283,250 shares of the Company are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO.

Details of the share options granted to the above Directors are set out in the below section headed "Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation".

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to Section 352 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2012, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 30 June 2018 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of shares subject to outstanding options as at 1.1.2018	Number of shares subject to outstanding options as at 30.6.2018	Percentage of the issued shares of the Company as at 30.6.2018
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.37	1,500,000	1,500,000	0.04%
		15.05.2016-14.05.2025	1.37	1,500,000	1,500,000	0.04%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	17,500,000	0.49%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	17,500,000	0.49%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	1,000,000	0.02%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

Other than the share option scheme of the Company mentioned below, at no time during the period was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DISCLOSURE OF CHANGE OF DIRECTORS' INFORMATION

As at the date of this interim report, the Company is not aware of any change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEME OF THE COMPANY

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years from the date of its adoption. Movement of options granted under the 2012 Share Option Scheme were set out below.

Details of specific categories of options are as follows:

Option type	**Date of grant**	**Exercise period**	**Exercise price**
			HK$
2015A Option	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
2015B Option	15.05.2015	15.11.2015-14.05.2025	1.37
	15.05.2015	15.05.2016-14.05.2025	1.37
	15.05.2015	15.11.2016-14.05.2025	1.37

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the period:

	Option types	Outstanding at 1.1.2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2018
Category 1: Directors						
Chen Wei	2015A Option	3,000,000	–	–	–	3,000,000
Tang Yui Man Francis	2015A Option	35,000,000	–	–	–	35,000,000
Tian Jin	2015A Option	2,000,000	–	–	–	2,000,000
Xiang Bing	2015A Option	2,000,000	–	–	–	2,000,000
Xiang Ya Bo	2015A Option	35,000,000	–	–	–	35,000,000
Xin Luo Lin	2015A Option	2,000,000	–	–	–	2,000,000
Total for Directors		79,000,000	–	–	–	79,000,000
Category 2: Employees						
	2015B Option	35,000,000	–	–	–	35,000,000
Total for employees		35,000,000	–	–	–	35,000,000
All categories		114,000,000	–	–	–	114,000,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. During the period, no options were granted, exercised, lapsed or cancelled under the 2012 Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued shares of the Company:

Long positions and short positions in shares or underlying shares of the Company

Name of shareholder	Capacity/ Nature of Interest	Interest in Shares	Interest in Derivatives	Total Interests	Approximate percentage of the Company's issued shares at 30.6.2018
Asia Pacific *(Note 1)*	Beneficial owner/ Beneficial interest	1,590,283,250 (Long)	–	1,590,283,250	44.90%
Karst Peak Capital Limited *(Note 2)*	Investment Manager/ Other interest	171,988,000 (Long)	150,998,000 (Long)	322,986,000	9.12%
Adam Gregory LEITZES *(Note 2)*	Interest in controlled corporation/ corporate interest	171,988,000 (Long)	150,998,000 (Long)	322,986,000	9.12%

Notes:

1. The 1,590,283,250 shares of the Company are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific under the SFO. Mr. Ou's interests had been disclosed in the section headed "Directors' Interests or Short Positions in Shares and Underlying Shares" above.

2. Karst Peak Capital Limited ("Karst Peak"), as investment manager through a number of 100% controlled funds, holds these 322,986,000 shares of the Company, including unlisted derivative interests of 150,998,000 shares of the Company with cash settled. Adam Gregory LEITZES controlled 100% interests in Karst Peak. Accordingly, Adam Gregory LEITZES is deemed to be interested in those shares of the Company held by Karst Peak under the SFO.

Save as disclosed above, as at 30 June 2018, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

To The Board of Directors of Sinolink Worldwide Holdings Limited
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 76, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	NOTES	Six months ended 30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
Revenue			
Interest revenue from financing services business		**55,144**	–
Revenue from operating activities		**238,122**	181,091
Total revenue	3	**293,266**	181,091
Cost of services		**(130,773)**	(87,593)
Gross profit		**162,493**	93,498
Other income	4	**54,567**	48,244
Selling expenses		**(1,941)**	(1,026)
Administrative expenses		**(68,363)**	(63,499)
Other gains and losses	4	**11,251**	(30,934)
Increase in fair value of investment properties	11	**31,902**	4,535
Fair value (loss) gain on other financial assets at fair value through profit or loss ("FVTPL") and derivative financial instruments		**(8,616)**	19,530
Share of results of associates		**22,241**	(17,499)
Finance costs	5	**(15,767)**	(1,913)
Profit before taxation		**187,767**	50,936
Taxation	6	**(38,217)**	(25,089)
Profit for the period	7	**149,550**	25,847
Attributable to:			
Owners of the Company		**123,871**	14,302
Non-controlling interests		**25,679**	11,545
		149,550	25,847
		HK cents	*HK cents*
Earnings per share	9		
Basic		**3.50**	0.40
Diluted		**3.50**	0.40

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**149,550**	25,847
Other comprehensive (expense) income		
Items that will not be reclassified to profit or loss:		
Exchange differences arising on translation	**(71,491)**	198,669
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**(959,438)**	–
Other comprehensive (expense) income for the period, net of tax	**(1,030,929)**	198,669
Total comprehensive (expense) income for the period	**(881,379)**	224,516
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(703,766)**	184,969
Non-controlling interests	**(177,613)**	39,547
	(881,379)	224,516

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

	NOTES	**30.6.2018** ***HK$'000*** **(unaudited)**	31.12.2017 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	10	**287,197**	314,444
Prepaid lease payments		**61,336**	62,492
Investment properties	11	**2,707,155**	2,698,723
Amounts due from associates	12	**147,604**	170,744
Interests in associates		**179,809**	177,115
Available-for-sale investments	18	**–**	4,968,197
Equity instruments at FVTOCI	18	**3,654,063**	–
Other receivables	6	**158,399**	158,399
Loan receivables	13	**463,985**	466,091
Loan receivable from associates	14	**920,716**	1,207,906
Deferred tax assets		**2,936**	–
Long-term bank deposit		**62,873**	63,400
		8,646,073	10,287,511
Current assets			
Stock of properties	15	**880,992**	887,987
Trade and other receivables, deposits and prepayments	16	**81,422**	53,594
Loan receivables	13	**767,450**	600,560
Finance lease receivables	17	**222,630**	111,463
Derivative financial instruments		**1,109**	–
Other financial assets at FVTPL	19	**379,849**	256,720
Prepaid lease payments		**1,275**	1,285
Short-term bank deposits		**364,211**	382,177
Structured deposits	20	**965,599**	577,751
Pledged bank deposits		**624**	629
Cash and cash equivalents		**1,227,047**	1,928,596
		4,892,208	4,800,762

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

	NOTES	**30.6.2018** **HK$'000** **(unaudited)**	31.12.2017 HK$'000 (audited)
Current liabilities			
Trade and other payables, deposits received and accrued charges	21	**515,180**	543,982
Contract liabilities		**14,972**	–
Derivative financial instruments		**12,516**	–
Taxation payable		**721,951**	736,052
Borrowings – due within one year		**752,109**	752,572
		2,016,728	2,032,606
Net current assets		**2,875,480**	2,768,156
Total assets less current liabilities		**11,521,553**	13,055,667
Non-current liabilities			
Borrowings – due after one year		**12,574**	24,731
Deferred taxation		**1,268,185**	1,574,019
		1,280,759	1,598,750
Net assets		**10,240,794**	11,456,917
Capital and reserves			
Share capital	22	**354,111**	354,111
Reserves		**8,232,101**	9,269,937
Equity attributable to owners of the Company		**8,586,212**	9,624,048
Non-controlling interests		**1,654,582**	1,832,869
Total Equity		**10,240,794**	11,456,917

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	General reserves *HK$'000* (Note)	Contributed surplus *HK$'000*	Share option reserve *HK$'000*	Investments revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 31 December 2017 (audited)	354,111	1,824,979	689,378	182,802	367,782	79,300	2,731,713	3,393,983	9,624,048	1,832,869	11,456,917
Adjustments (note 2)	-	-	-	-	-	-	6,035	(340,105)	(334,070)	3,228	(330,842)
At 1 January 2018 (restated)	354,111	1,824,979	689,378	182,802	367,782	79,300	2,737,748	3,053,878	9,289,978	1,836,097	11,126,075
Profit for the period	-	-	-	-	-	-	-	123,871	123,871	25,679	149,550
Other comprehensive expense for the period	-	-	(60,355)	-	-	-	(767,282)	-	(827,637)	(203,292)	(1,030,929)
Total comprehensive (expense) income for the period	-	-	(60,355)	-	-	-	(767,282)	123,871	(703,766)	(177,613)	(881,379)
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	(3,902)	(3,902)
At 30 June 2018 (unaudited)	354,111	1,824,979	629,023	182,802	367,782	79,300	1,970,466	3,177,749	8,586,212	1,654,582	10,240,794
At 1 January 2017 (audited)	354,111	1,824,979	207,782	182,708	367,782	80,594	-	3,282,695	6,300,651	1,009,172	7,309,823
Profit for the period	-	-	-	-	-	-	-	14,302	14,302	11,545	25,847
Other comprehensive income for the period	-	-	170,667	-	-	-	-	-	170,667	28,002	198,669
Total comprehensive income for the period	-	-	170,667	-	-	-	-	14,302	184,969	39,547	224,516
At 30 June 2017 (unaudited)	354,111	1,824,979	378,449	182,708	367,782	80,594	-	3,296,997	6,485,620	1,048,719	7,534,339

Note: The general reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), which are not available for distribution.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash used in operating activities		
Operating cash flows before movements in working capital	**75,511**	42,050
Decrease in investment held for trading	**–**	86,678
Increase in financial assets at FVTPL	**(35,344)**	–
Increase in loan receivables	**(186,742)**	–
Increase in finance lease receivables	**(112,949)**	–
Increase in receivables from financing business, trade and other receivables, deposits and prepayments	**(14,762)**	(391,711)
(Decrease) increase in trade and other payables, deposits received and accrued charges	**(10,452)**	17,105
Other movements in working capital	**12,860**	3,031
Cash used in operations	**(271,878)**	(242,847)
Taxation paid	**(36,454)**	(21,496)
Interest received from financing services business	**38,397**	–
	(269,935)	(264,343)
Net cash used in investing activities		
Other interest received	**52,691**	43,738
Purchase of financial assets designated at FVTPL	**–**	(102,817)
Proceed on disposal of financial assets designated at FVTPL	**–**	72,625
Addition of loan	**–**	(115,207)
Dividend received	**385**	372
Placement of long-term bank deposits	**–**	59,220
Withdrawal of long-term bank deposits	**–**	(61,062)
Placement of short-term bank deposits	**(377,232)**	(637,853)
Withdrawal of short-term bank deposits	**392,025**	405,363
Placement of structured deposits	**(965,599)**	(512,472)
Withdrawal of structured deposits	**572,954**	801,587
Purchase of property, plant and equipment	**(961)**	(886)
Purchase of available-for-sale investment	**–**	(11,809)
Purchase of equity instruments at FVTOCI	**(45,932)**	–
Net cash outflow on disposal of a subsidiary	**(7,389)**	–
Other investing cash flows	**(7,149)**	(6,950)
	(386,207)	(66,151)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net cash (used in) from financing activities		
New borrowings raised	**382,287**	164,399
Repayment of borrowings	**(388,453)**	(17,035)
Interest paid	**(15,767)**	(1,913)
	(21,933)	145,451
Net decrease in cash and cash equivalents	**(678,075)**	(185,043)
Cash and cash equivalents at beginning of the period	**1,928,596**	1,385,627
Effect of foreign exchange rate changes	**(23,474)**	73,519
Cash and cash equivalents at end of the period	**1,227,047**	1,274,103

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. GENERAL

Sinolink Worldwide Holdings Limited (the "Company") is a public limited company incorporated in Bermuda as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are property development, property management, property investment and financing services.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
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
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

In addition, the Group has applied Amendments to HKFRS 9 *Prepayment Features with Negative Compensation* in advance of the effective date, i.e. 1 January 2019. The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources:

- Property management fee income;
- Rental income;
- Interest income from financing business;
- Service income from finance leasing and loan financing services (including consultancy services for a period of time and research study services); and
- Hotel operation income from room rentals, food and beverage sales and other ancillary services.

Among the above revenue of the Group, rental income (within the scope of HKAS 17 "Leases") and interest income from financing business (within the scope of HKFRS 9 "Financial instruments") are not applied within the scope of HKFRS 15.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Difference at the date of initial application, if any, is recognised in the opening retained earnings or other components of equity, as appropriate and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Cont'd)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance 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.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Cont'd)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 *(Cont'd)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The Group recognises revenue under HKFRS 15 mainly from the (i) property management income; (ii) service income from finance leasing and financing services; (iii) consultancy service income from financing services; and (iv) hotel operation income.

Property management fee income/consultancy service income from financing services/hotel operation income

Under the terms of these contracts, the customer of the Group simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs and thus these income are recognised over time.

Service income from finance leasing and loan financing services

Service income from finance leasing and loan financing services is recognised at a point in time when the results from the services required by the customers of the Group have transferred.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Cont'd)*

2.1.2 Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017	Reclassification	**Carrying amounts under HKFRS 15 at 1 January 2018***
		HK$'000	*HK$'000*	***HK$'000***
Current liabilities				
Trade and other payables, deposits received and accrued charges	(a)	543,982	(13,450)	**530,532**
Contract liabilities	(a)	–	13,450	**13,450**

* The amounts in this column are before the adjustments from the application of HKFRS 9.

Note:

(a) As at l January 2018, advances from customers of HK$13,450,000 in respect of property management contracts previously included in trade and other payables, deposits received and accrued charges were reclassified to contract liabilities.

The following tables summaries the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Cont'd)*

2.1.2 Summary of effects arising from initial application of HKFRS 15 *(Cont'd)*

Impact on the condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current Liabilities			
Trade and other payables, deposits received and accrued charges	515,180	14,972	530,152
Contract liabilities	14,972	(14,972)	–

There is no material impact on the revenue recognition on the timing and amounts of revenue recognised upon the application of HKFRS 15 on 1 January 2018.

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments*

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs and early applied Amendments to HKFRS 9 *Prepayment Features with Negative Compensation*. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and finance lease receivables and 3) general hedge accounting.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9 *(Cont'd)*

Classification and measurement of financial assets *(Cont'd)*

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9 *(Cont'd)*

Classification and measurement of financial assets *(Cont'd)*

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investments revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets al FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9 *(Cont'd)*

Classification and measurement of financial assets *(Cont'd)*

Financial assets al FVTPL (Cont'd)

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivables, finance lease receivables, long-term and short-term bank deposits, pledged bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and finance lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9 *(Cont'd)*

Impairment under ECL model *(Cont'd)*

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9 *(Cont'd)*

Significant increase in credit risk (Cont'd)

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9 *(Cont'd)*

Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer of the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower 's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate. Any recoveries made are recognised in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.1. Key changes in accounting policies resulting from application of HKFRS 9 *(Cont'd)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a finance lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 *Leases*.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment reversal or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at I January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets, and finance lease receivables for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in note 2.2.2.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.2 Summary of effect arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL assessment under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	Available-for-sale investments *HK$'000*	Equity instruments at FVTOCI *HK$'000*	Financial Assets at FVTPL required by HKAS 39/ HKFRS 9 *HK$'000*	Trade and other receivables, deposits and prepayment *HK$'000*	Loan receivables *HK$'000*	Finance lease receivables *HK$'000*	Loan receivable from associate *HK$'000*	Amounts due from associates *HK$'000*	Structured deposits *HK$'000*	Trade and other payables, deposits received and accrued charges *HK$'000*	Contract liabilities *HK$'000*	Deferred tax assets *HK$'000*	Deferred tax liabilities *HK$'000*	Investments revaluation reserve *HK$'000*	Retained earnings *HK$'000*	Non-controlling interests *HK$'000*
Closing balance at 31 December 2017 -HKAS 39		4,968,197	-	256,720	53,594	1,066,651	111,463	1,207,906	170,744	577,751	(543,982)	-	-	(1,574,019)	(2,731,713)	(3,393,983)	(1,832,869)
Effect arising from initial application of HKFRS 15		-	-	-	-	-	-	-	-	-	13,450	(13,450)	-	-	-	-	-
Effect arising from initial application of HKFRS 9:																	
Reclassification																	
From available-for-sale investments	(a)	(4,968,197)	4,873,878	80,808	13,511	-	-	-	-	-	-	-	-	-	-	-	-
From loans and receivables	(c)	-	-	1,956,401	-	-	-	(1,207,906)	(170,744)	(577,751)	-	-	-	-	-	-	-
Remeasurement																	
Impairment under ECL model	(d)	-	-	-	-	(2,631)	(120)	-	-	-	-	-	688	-	-	2,063	-
From cost less impairment to fair value	(a)	-	11,853	6,977	-	-	-	-	-	-	-	-	-	(5,381)	(6,035)	(4,186)	(3,228)
From amortised cost to fair value	(c)	-	-	(342,228)	-	-	-	-	-	-	-	-	-	-	-	342,228	-
Opening balance at 1 January 2018		-	4,885,731	1,958,678	67,105	1,064,020	111,343	-	-	-	(530,532)	(13,450)	688	(1,579,400)	(2,737,748)	(3,053,878)	(1,836,097)

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.2 Summary of effect arising from initial application of HKFRS 9 *(Cont'd)*

(a) Available-for-sale investments

From AFS equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of its equity investments previously classified as available-for-sale investments, of which HK$58,449,000 related to unquoted equity investments previously measured at cost less impairment and HK$4,815,429,000 related to unquoted equity investment previously measured at fair value under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$4,873,878,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gains of HK$11,853,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and investments revaluation reserve as at 1 January 2018. The fair value gain of HK$2,731,713,000 relating to those investments previously carried at fair value continued to accumulate in investments revaluation reserve. The deferred tax liabilities and non-controlling interests increased by HK$3,637,000 and HK$2,181,000, respectively. No deferred tax asset has been recognised in relation to HK$2,692,000 deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)

2.2.2 Summary of effect arising from initial application of HKFRS 9 *(Cont'd)*

(a) Available-for-sale investments *(Cont'd)*

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of HK$59,809,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value gains of HK$6,977,000 relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained earnings as at 1 January 2018. The deferred tax liabilities and non-controlling interests increased by HK$1,744,000 and HK$1,047,000, respectively. The Group's unlisted fund investments of HK$20,099,000, of which previously measured at fair value under HKAS 39, were reclassified from available-for-sale investments to financial assets at FVTPL.

(b) Financial assets at FVTPL and/or designated at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the coupon notes linked with listed equity securities, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of HK$131,655,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

Remaining investments are equity securities and debt instruments (representing the listed senior notes) which are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.2 Summary of effect arising from initial application of HKFRS 9 *(Cont'd)*

(c) Loans and receivables

Loan receivable from associates of HK$1,207,906,000 and amounts due from associates of HK$170,744,000 previously classified as loans and receivables were reclassified to FVTPL upon the application of HKFRS 9. In accordance with the investment agreement, the Group and the other shareholder contributed minimal amount of capital and substantially all portion of the associates' capital expenditures/operations were funded through loan receivable from associates and amounts due from associates by the Group. Loan receivable from associates and amounts due from associates represent an investment in the property project of the associates and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding.

Structured deposits of HK$577,751,000 previously classified as loans and receivables were also reclassified to FVTPL upon application of HKFRS 9 because their contractual cash flows do not represent solely the payments of principal and interest on the principal amount outstanding.

The related fair value losses of HK$342,228,000 was adjusted to financial assets at FVTPL and retained earnings as at 1 January 2018.

2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.2 Summary of effect arising from initial application of HKFRS 9 *(Cont'd)*

(d) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and finance lease receivables. To measure the ECL, trade receivables and finance lease receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of loan receivables, long-term and short-term bank deposits, pledged bank deposits and cash and cash equivalents, are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

For long-term and short-term bank deposits, pledged bank deposits and cash and cash equivalents, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12-month ECL is insignificant.

As at 1 January 2018, the additional credit loss allowance of HK$2,751,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective assets. The deferred tax assets increased by HK$688,000.

2. *PRINCIPAL ACCOUNTING POLICIES (Cont'd)*

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and related amendments (Cont'd)*

2.2.2 Summary of effect arising from initial application of HKFRS 9 *(Cont'd)*

(d) Impairment under ECL model *(Cont'd)*

All loss allowances for financial assets including loan receivable and finance lease receivables at amortised cost as at 31 December 2017 reconciled to the opening loss allowance as at 1 January 2018 is as follows:

	Loan receivables *HK$'000*	**Finance lease receivables** *HK$'000*
At 31 December 2017 – HKAS 39	–	–
Amounts remeasured	2,631	120
At 1 January 2018	2,631	120

3. REVENUE AND SEGMENT INFORMATION

(A) Revenue

Revenue primarily represents revenue arising from property management fee income, rental income, interest income from financing services business and other service income, after deducting discounts and other sales related taxes. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30.6.2018 *HK$'000* (unaudited)
Recognised over time under HKFRS 15:	
– Property management fee income	**62,618**
– Consultation service income from financing services business	**33,064**
– Others	**36,700**
Recognised at a point in time under HKFRS 15:	
– Service income from finance leasing and loan financing services	**5,903**
Recognised under HKFRS 15	**138,285**
Recognised under other HKFRSs:	
– Rental income	**99,837**
– Interest income from financing services business	**55,144**
	293,266

3. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(A) Revenue *(Cont'd)*

	Six months ended 30.6.2017 *HK$'000* (unaudited)
Property management fee income	57,538
Rental income	85,523
Interest income from financing services business	11,210
Others	26,820
	181,091

All the Group's revenue for both periods is generated from the PRC.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

Six months ended 30 June 2018 (unaudited)

	Property management ***HK$'000***	**Financing services** ***HK$'000***	**Others** ***HK$'000***
Revenue disclosed in segment information			
External customers	**62,618**	**94,111**	**36,700**
Recognised under other HKFRSs	**–**	**(55,144)**	**–**
Revenue from contracts with customers	**62,618**	**38,967**	**36,700**

3. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(B) Segment information

For management purposes, the Group is currently organised into the following operating divisions – property development and sale of properties ("property development"), property management, property investment and provision of finance leasing and loan financing services in the PRC ("financing services"). These divisions are the basis on which the Group reports to the executive directors of the Company, the Group's chief operating decision makers ("CODM"), for performance assessment and resource allocation.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2018 (unaudited)

	Property development *HK$'000*	Property investment *HK$'000*	Property management *HK$'000*	Financing services *HK$'000*	Total for reportable segments *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	-	99,837	62,618	94,111	256,566	36,700	293,266
RESULT							
Segment result	(1,629)	107,076	4,302	14,169	123,918	5,691	129,609
Other income							54,567
Unallocated corporate expenses							(29,371)
Other gains and losses							20,576
Fair value loss on other financial assets at FVTPL and derivative financial instruments							(8,616)
Share of results of associates							22,241
Unallocated finance costs							(1,239)
Profit before taxation							187,767

3. REVENUE AND SEGMENT INFORMATION *(Cont'd)*

(B) Segment information *(Cont'd)*

Six months ended 30 June 2017 (unaudited)

	Property development HK$'000	Property investment HK$'000	Property management HK$'000	Financing services HK$'000	Total for reportable segments HK$'000	Others HK$'000	Consolidated HK$'000
REVENUE							
External sales	-	85,523	57,538	11,210	154,271	26,820	181,091
RESULT							
Segment result	(1,255)	74,430	5,685	(1,337)	77,523	(24,081)	53,442
Other income							48,244
Unallocated corporate expenses							(19,934)
Other losses							(30,934)
Fair value gain on other financial assets at FVTPL and derivative financial instruments							19,530
Share of results of associates							(17,499)
Finance costs							(1,913)
Profit before taxation							50,936

Segment result represents the profit earned/loss incurred by each segment without allocation of other income, unallocated corporate expenses, other gains and losses, share of results of associates, fair value gain/loss on other financial assets at FVTPL and derivative financial instruments and certain finance costs.

No analysis of the Group's assets and liabilities by reportable and operating segments is disclosed as it is not regularly provided to the CODM for review.

4. OTHER INCOME/OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income comprises:		
Dividends from listed securities	**385**	372
Interest income on bank deposits	**46,134**	35,631
Interest income on other financial assets at FVTPL	**6,557**	8,107
Others	**1,491**	4,134
	54,567	48,244
Other gains and losses comprises:		
Net exchange gain (loss)	**18,801**	(30,934)
Provision for loss allowance		
– loan receivables	**(8,589)**	–
– finance lease receivables	**(736)**	–
Gain on disposal of a subsidiary (note)	**2,098**	–
Others	**(323)**	–
	11,251	(30,934)

Note: During the period ended 30 June 2018, the Group disposed 30% equity interests in Credence Online Group Limited ("Credence Online") to another existing shareholder of Credence Online at a cash consideration of HK$6,000,000 and resulted in a gain on disposal of HK$2,098,000. Upon the disposal, the Group has 40% equity interests in Credence Online and Credence Online becomes an associate of the Group.

5. FINANCE COSTS

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on borrowings	**15,767**	1,913

6. TAXATION

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Current tax		
PRC Enterprise Income Tax	**28,465**	21,688
Deferred taxation	**9,752**	3,401
	38,217	25,089

No provision for Hong Kong Profits Tax had been made in the condensed consolidated financial statements as the amount involved was insignificant for both periods.

Taxation for subsidiaries of the Group is calculated at the rate of 25% (six months ended 30 June 2017: 25%) of their assessable profits for the six months ended 30 June 2018 according to the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

In addition, Land Appreciation Tax ("LAT") shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon entering into pre-sales contracts of the properties, followed by final ascertainment of the gain at the completion of the properties development.

Deferred taxation charge for the period represents deferred tax arising from revaluation of investment properties and undistributed profits of subsidiaries. Deferred taxation on undistributed profits of subsidiaries has been recognised taking into account the dividends to be distributed from profits earned by the subsidiaries in the PRC starting from 1 January 2008 under the relevant tax rules and regulations of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders.

6. *TAXATION (Cont'd)*

Since prior years, Hong Kong Inland Revenue Department ("IRD") queried against a subsidiary of the Group regarding the chargeability of notional interest income received from an associate of the Group in the tax returns for the years of assessment 2005/06 to 2012/13. Up to 30 June 2018, the IRD has issued estimated/additional demanding final tax (the "Assessments") for the years of assessment 2006/2007 to 2012/2013 and the Group has purchased tax reserve certificates of approximately HK$134,750,000 for conditional standover order of objection against the notices of Assessments for the years of assessment 2006/2007 to 2012/2013 and the amount is presented as "other receivables" in the Group's condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group, that the IRD would put up the case for Commissioner's determination. Up to the date of issuance of these condensed consolidated financial statements, the statements of facts to be issued by commissioner are yet to be received. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant years of assessments and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

Also, since prior years, IRD queried against another subsidiary of the Group regarding the offshore income on the transactions between group entities in the tax return for the year of assessment 2007/2008. Up to 30 June 2018, the Group has purchased tax reserve certificate of approximately HK$23,649,000 for conditional standover order of objection and the amount is presented as "other receivables" in the Group's condensed consolidated statement of financial position. In 2016, the IRD issued a letter informing the Group, that the IRD would put up the case for Commissioner's determination. Up to the date of issuance of the condensed consolidated financial statements, the statements of facts to be issued by Commissioner are yet to be received. Having taken advices from tax representatives, the directors of the Company are of the view that there were ample grounds to contest the tax positions of the subsidiary of the Group for the relevant year of assessment and hence it is not probable that an outflow of resources will be required to settle this obligation and thus no provision is recognised.

7. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**26,454**	39,719
Release of prepaid lease payments	**659**	609
Fair value loss (gain) on other financial assets at FVTPL	**3,675**	(891)
Fair value loss (gain) on derivative financial instruments	**4,941**	(18,639)

8. DIVIDENDS

No dividends were paid, declared and proposed by the Company during the interim period (six months ended 30 June 2017: nil). The directors resolved that no dividend will be paid in respect of the interim period (six months ended 30 June 2017: nil).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**123,871**	14,302

	Number of shares	
	30.6.2018	30.6.2017
Number of ordinary shares for the purpose of basic and diluted earnings per share	**3,541,112,832**	3,541,112,832

The computation of diluted earnings per share for both periods has not assumed the exercise of the Company's share options as the exercise price was higher than the average market price of the Company's shares during the periods.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately HK$961,000 (six months ended 30 June 2017: HK$886,000).

In previous years, the Group has provided an accumulated impairment of HK$88,211,000 on the hotel buildings and related building improvement. As the actual results during the six months ended 30 June 2018 was approximate the previous budget, there is no impairment or reversal of impairment indicator being identified in current interim period.

11. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2018 (audited)	2,698,723
Exchange realignment	(23,470)
Increase in fair value of investment properties	31,902
At 30 June 2018 (unaudited)	2,707,155
Unrealised gain on property revaluation included in profit or loss	31,902
At 1 January 2017 (audited)	2,470,127
Exchange realignment	76,910
Increase in fair value of investment properties	4,535
At 30 June 2017 (unaudited)	2,551,572
Unrealised gain on property revaluation included in profit or loss	4,535

The fair values of the investment properties as at 30 June 2018 and 31 December 2017 have been arrived at on the basis of a valuation carried out on those dates by Messrs. Cushman & Wakefield Limited, independent qualified professional valuers not connected with the Group, and are the members of the Hong Kong Institute of Surveyors.

The fair value of investment properties was determined by making reference to comparable sales evidence as available in the relevant market, or where appropriate by the investment method by capitalising the net income derived from the existing tenancies with allowance for the reversionary income potential of the properties.

There has been no change from the valuation technique used in the prior year.

12. AMOUNTS DUE FROM ASSOCIATES

The amounts are unsecured, interest-free and repayable on demand. The directors of the Company do not expect that the repayment will take place within twelve months from the end of the reporting period, and hence the amounts are classified as a non-current assets. The directors of the Company have assessed the recoverability of the amounts due from the Group's associate, namely Rockefeller Group Asia Pacific, Inc. ("RGAP"), together with the loan receivable from RGAP amounting to HK$1,207,906,000 as at 31 December 2017. Upon application of HKFRS 9, the directors of the Company has assessed the fair value of the amounts due from RGAP together with the loan receivable from RGAP amounting to HK$920,716,000 as at 30 June 2018. Please refer to note 14 for the details.

13. LOAN RECEIVABLES

	30.6.2018 ***HK$'000*** **(unaudited)**	31.12.2017 *HK$'000* (audited)
Factoring loans receivables with recourse (note (i))	**279,534**	527,395
Purchased loans receivables (note (ii))	**352,456**	357,955
Designated loan receivable through a trust (note (iii))	**121,590**	119,617
Other loans receivables (note (iv))	**477,855**	61,684
Total	**1,231,435**	1,066,651

	30.6.2018 ***HK$'000*** **(unaudited)**	31.12.2017 *HK$'000* (audited)
The loan receivables analysed as follows:		
Current	**767,450**	600,560
Non-current	**463,985**	466,091
	1,231,435	1,066,651

13. LOAN RECEIVABLES *(Cont'd)*

Notes:

(i) The Group granted factoring loans receivables to independent third parties, which the independent third parties have a portfolio of the receivables from providing loan to the underlying customers. According to the factoring agreements signed between the independent third parties and the Group, the legal title of the receivables of the underlying customers were transferred to the Group and the independent third parties are responsible for the management of the underlying customer receivables, including the collection of receivables from the underlying customers. Also, such receivable is guaranteed by the independent third parties and repayable by instalment based on the terms of the factoring agreement. In the event of default of repayment by the underlying customers, the Group has the right to request independent third parties to repurchase the outstanding receivables of the underlying customers plus accrued interest. The independent third parties are obliged to repay to the Group within 5 days upon their collection of money from the underlying customers, and the Group expects to realise such amounts by collecting the repayments from the independent third parties. The effective interest rates of the factoring loans receivables range mainly from 7.6% to 11.4% (31 December 2017: 6.4% to 14.6%) per annum as at 30 June 2018. The management of the Group reviews and assesses for impairment individually and continues to monitor whether there are any significant changes.

As at 30 June 2018 and 31 December 2017, entire factoring loans receivables are not past due.

(ii) During the year ended 31 December 2017, the Group purchased a portfolio of unsecured receivables from providing loan to the underlying customers with the principal amount of RMB230,000,000 from an independent third party without recourse at a cash consideration of RMB230,000,000 (equivalent to HK$272,835,000). The portfolio of the loans receivables is managed by a financial institution. The financial institution acted as the trustee and charged 0.1% per month on the loans receivables as trustee fee. This portfolio of loans receivables carried fixed interest rate ranged from 6.5% to 18.0% per annum and is repayable by instalments within 1 year. Based on the purchase agreement, the independent third party guaranteed the Group interest return of 6.5% per annum. The credit risk of this unsecured loan receivable is insured by ZhongAn Online.

Also, the Group purchased a portfolio of loans receivables to the underlying customers with the principal amount of RMB69,250,000 from an independent third party without recourse at a cash consideration of RMB69,250,000 (equivalent to HK$82,147,000). This portfolio of loans receivables, secured by the properties held by underlying customers, carried fixed interest rate of 7.5% per annum and is repayable by instalment within 1 year. The credit risk of loans receivables is insured by ZhongAn Online. Upon the transfer, the title of insured person is then transferred to the Group.

13. LOAN RECEIVABLES *(Cont'd)*

Notes: *(Cont'd)*

(iii) During the year ended 31 December 2017, the Group entered into a trust loan agreement with a trustee, which is an independent third party. Pursuant to the agreement, the Group entrusted an amount of RMB100,000,000 (equivalent to HK$118,624,000) to a specific corporate borrower, which is also an independent third party, at an interest rate of 7.0% per annum. The trustee charged 0.1% per month on the loan receivable as trustee fee. This loan receivable is unsecured and will be matured in September 2019.

(iv) Other loans receivables to independent third parties are unsecured and carried interest rate ranged from 6.5% to 27.0% (31 December 2017: 6.0% to 16.0%) per annum.

As part of the Group's credit risk management, the Group applies internal classification of credit risk for its customers. The debtors are grouped under a provision matrix into three buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. The following table provides information about the exposure to credit risk and ECL for loan receivables, which are assessed collectively based on provision matrix as at 30 June 2018.

Internal classification of credit risk	Average loss rate	Gross carrying amount *HK$'000*	Impairment loss allowance *HK$'000*
Low risk	0.2%	778,953	1,423
Medium risk	1.0%	388,493	3,915
High risk	7.4%	74,902	5,575
		1,242,348	10,913

13. LOAN RECEIVABLES *(Cont'd)*

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the current interim period, the Group provided HK$8,589,000 impairment allowance.

The movement in the allowance for impairment in respect of loan receivables during the current interim period was as follows.

	HK$'000
Balance at 1 January 2018*	2,631
Impairment loss recognised	8,589
Exchange realignment	(307)
Balance at 30 June 2018	10,913

* The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

14. LOAN RECEIVABLE FROM ASSOCIATES

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Shareholder's loan receivable		
– measured at amortised costs	**–**	1,771,260
– measured at FVTPL	**1,459,321**	–
Less: Share of loss and other comprehensive expenses of associate in excess of cost of investment	**(538,605)**	(563,354)
	920,716	1,207,906

The amount represents a shareholder's loan receivable from RGAP for financing a property development and property investment project in Shanghai, which carries a 20% coupon interest rate per annum and forms part of the net investment in RGAP. As the loan receivable is considered as a net investment, the Group has recognised its share of loss of RGAP in excess of the cost of investment against the loan receivable. The loan receivable including principal and interest is unsecured and has no fixed repayment terms. The directors of the Company consider that the loan receivable will not be repayable within one year from the end of the reporting period, it is classified as non-current asset accordingly.

Upon the application of HKFRS 9 as at 1 January 2018, loan receivable from associates as well as the amounts due from associates as stated in note 12 represent an investment in the project of RGAP as detailed in note 2.2.2 (c) and hence the contractual cash flows are not solely payments of principal and interest on the principal amount outstanding and loan receivable from associates as well as the amounts due from associates are both measured at FVTPL. The directors of the Company assessed the fair value of the loan receivable from associates and amounts due from associates by taking into consideration the estimated future cash flows and timing of such cash flows discounted at market interest rate. Details of the valuation techniques and key inputs are stated in note 28.

15. STOCK OF PROPERTIES

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Properties under development	**880,992**	887,987

As at 30 June 2018, properties under development of HK$880,992,000 (31 December 2017: HK$887,987,000) represent the carrying amount of the properties expected to be completed within one year from the end of the reporting period.

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**1,898**	2,241
Trade receivables from financing services	**34,008**	11,694
Interest receivables from bank deposits	**8,975**	9,393
Other receivables, deposits and prepayments	**36,541**	30,266
	81,422	53,594

16. *TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)*

The Group allows an average credit period ranging from 0 to 60 days to its customers of property management and property investment business from invoices issuance dates. The following is an aged analysis of trade receivables from property management and property investment services presented based on invoice dates at the end of reporting period.

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Aged:		
0 to 60 days	**1,681**	1,960
61 to 180 days	**197**	263
Over 181 days	**20**	18
	1,898	2,241

The Group allows a credit period of 30 days to its customers receiving services from financing services business. The following is an aged analysis of trade receivables from financing services presented based on invoice dates at the end of reporting period.

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Aged:		
0 to 30 days	**34,008**	11,694

Upon application of HKFRS 9 on 1 January 2018, the Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics. The ECL of trade receivables as at 1 January 2018 (upon the application of HKFRS 9) and 30 June 2018 was insignificant based on the counterparties' past repayment history.

17. FINANCE LEASE RECEIVABLES

Certain of the Group's equipment are leased out under finance leases. All leases are denominated in Renminbi ("RMB"). The term of finance leases entered into is one year.

	Minimum lease payments		Present value of minimum lease payments	
	30.06.2018	31.12.2017	**30.06.2018**	31.12.2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Not later than one year	**241,839**	117,893	**223,460**	111,463
Less: Unearned finance income	**(18,379)**	(6,430)	**–**	–
Present value of lease obligations	**223,460**	111,463	**223,460**	111,463
Less: Impairment loss allowance	**(830)**	–	**(830)**	–
	222,630		**222,630**	

The Group's finance lease receivables are denominated in RMB. The effective interest rates of the finance leases as at 30 June 2018 range from 8.7% to 19.3% (31 December 2017: 8.7% to 10.6%) per annum.

As at 30 June 2018 and 31 December 2017, entire finance lease receivables were guaranteed by related parties of customers and secured by the leased assets and customers' deposits. The title of the leased assets will be transferred to the customers with minimal consideration at the end of the term of leases.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

Deposits of HK$37,829,000 (31 December 2017: HK$15,431,000) have been received by the Group to secure certain finance lease receivables and classified into current liabilities based on the final lease instalment due date stipulated in the finance lease agreements. The deposits are non-interest bearing. In addition, the finance lease receivables are secured over the leased assets, mainly machinery leased, as at 30 June 2018 and 31 December 2017. The Group is not permitted to sell, or repledge the collateral of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

17. *FINANCE LEASE RECEIVABLES (Cont'd)*

The finance lease arrangements permits customers to prepay the finance lease receivables before maturity with mutual agreement from the Group and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding.

Fair value of collateral are estimated during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is reassessed by reference to market value such as recent transaction price of the assets.

The finance lease receivables at the end of the reporting period are not past due.

Upon application of HKFRS 9 on 1 January 2018, the Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of finance lease receivables, finance lease receivables have been grouped based on the shared credit risk characteristics.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors, the realisation of collateral and guarantee and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in the PRC, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The debtors are grouped under a provision matrix into three internal credit rating buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtors.

The customers of financial lease receivables as at 1 January 2018 and 30 June 2018 are categorised as low risk based on the internal crediting rating and the estimated loss rate of 0.1% to 0.3% is applied. As at 1 January 2018, the Group has provided HK$120,000 impairment allowance on finance lease receivables upon the application of HKFRS 9. Under the transition provision chosen, comparative information is not restated. During the current interim period, the Group has provided HK$736,000 impairment allowance.

18. EQUITY INSTRUMENTS AT FVTOCI/AVAILABLE-FOR-SALE INVESTMENTS

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Equity instruments at FVTOCI comprise:		
Domestic shares of an entity listed in Hong Kong, at fair value (note i)	**3,534,982**	–
Unlisted equity securities in Hong Kong, the PRC and overseas, at fair value (note ii)	**119,081**	–
Total	**3,654,063**	–
Available-for-sale investments comprise:		
Domestic shares of an entity listed in Hong Kong, at fair value (note i)	**–**	4,807,679
Unlisted equity securities in Hong Kong and the PRC, at cost	**–**	118,257
Unlisted fund investments in overseas, at fair value	**–**	28,750
Club debentures, at fair value	**–**	13,511
Total	**–**	4,968,197

Notes:

(i) The Group held domestic shares of ZhongAn Online P&C Insurance Co., Ltd. ("ZhongAn Online"), which the marketability of domestic shares is different from the publicly-traded ordinary share capital of ZhongAn Online ("ZhongAn Online H Shares"). Also, pursuant to the Company Law of the PRC, the shares of ZhongAn Online issued prior to its listing shall not be transferred within one year from the listing date (i.e. 28 September 2017). The fair value of investment in Zhong An Online at 30 June 2018 and 31 December 2017 has been arrived at on the basis of a valuation carried out by an independent professional valuer not connected with the Group. Details of the fair value estimation are set out in note 28.

(ii) At the date of initial application of HKFRS 9 at 1 January 2018, the Group has made an irrevocable election to designate these investments in equity instruments as at FVTOCI.

19. OTHER FINANCIAL ASSETS AT FVTPL

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Equity securities listed in Hong Kong	**5,467**	24,418
Equity securities listed in the PRC	**77,060**	39,116
Senior notes listed in Hong Kong	**7,052**	24,085
Senior notes listed overseas	**13,968**	37,446
Coupon notes linked with listed equity securities	**53,663**	131,655
Unlisted fund investments in the PRC and overseas	**222,639**	–
	379,849	256,720

Details of the fair value estimation are set out in note 28.

20. STRUCTURED DEPOSITS

The Group entered into deposit placements with banks in the PRC. The bank guaranteed 100% of the invested principal amount and returns of which are determined by reference to the change in certain exchange rates or interest rates quoted in the market or the performance of financial indicator as specified in the relevant deposit placements.

Major terms of the structured deposits at the end of the reporting period are as follows:

At 30 June 2018

Principal amount	**Maturity**	**Annual coupon rate**	Note
RMB814,000,000	July 2018 to August 2018	from 0.3% to 4.4%	(i)

At 31 December 2017

RMB483,000,000	January 2018 to March 2018	from 1.1% to 4.6%	(i)

Note:

(i) The annual interest rate is dependent on whether 3 month London Inter Bank Offered Rate for deposits in United States Dollar falls within ranges as specified in the relevant deposit placements during the period from inception date to maturity date of the relevant agreements.

At 31 December 2017, the varying coupon payment of the structured deposits is regarded as a non-closely related derivative embedded in the host contract but the fair value of the embedded derivative has not been separately disclosed in the condensed consolidated statement of financial position as the directors of the Company consider that its value is insignificant at initial recognition and the end of the reporting period.

Upon application of HKFRS 9 at 1 January 2018, because the contractual cash flows of structured deposits do not represent solely the payments of principal and interest on the principal amount outstanding, structured deposits of HK$577,751,000, previously classified as loans and receivables were reclassified and measured at FVTPL.

21. TRADE AND OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Trade payables	39,947	47,798
Other payables for construction work	192,266	205,545
Deposits and receipts in advance for rental and management fee	99,382	111,040
Deposits received from customer of loan receivables	23,998	33,543
Deposits received from customer of finance lease receivables	37,829	15,431
Other tax payables	21,034	25,097
Salaries payables and staff welfare payables	50,052	52,740
Other payables and accrued charges	50,672	52,788
	515,180	543,982

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Aged:		
0 to 90 days	4,454	11,926
91 to 180 days	1,287	1,783
181 to 360 days	1,743	3,582
Over 360 days	32,463	30,507
	39,947	47,798

22. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2017, 31 December 2017 (audited) and 30 June 2018 (unaudited)	6,000,000,000	600,000
Issued and fully paid:		
At 1 January 2017, 31 December 2017 (audited) and 30 June 2018 (unaudited)	3,541,112,832	354,111

23. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

		Six months ended	
Name of related party	**Nature of transaction**	**30.6.2018**	30.6.2017
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Associate:			
Shanghai Bund de Rockefeller Group Master Development Co., Ltd.	Project management fee income	**13,098**	13,098

During the current interim period, the emoluments of key management personnel were HK$8,514,000 (six months ended 30 June 2017: HK$9,153,000).

24. CONTINGENT LIABILITIES

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**18,907**	20,220

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts at initial recognition were not significant and it is not probable that the counterparties would default on the relevant loans.

25. COMMITMENTS

	30.6.2018 HK$'000 (unaudited)	31.12.2017 HK$'000 (audited)
Commitments in respect of properties under development for sale:		
– contracted for but not provided in the condensed consolidated financial statements	**64,824**	50,949

26. PLEDGE OF ASSETS

At 30 June 2018, bank deposits of HK$624,000 (31 December 2017: HK$629,000) and investment properties with an aggregate carrying amount of HK$544,484,000 (31 December 2017: HK$543,062,000) were pledged to banks to secure general banking facilities granted to the Group.

27. SHARE-BASED PAYMENTS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years. On 15 May 2015, the Group granted 79,000,000 share options to the directors of the Company and 40,000,000 share options to the employees of the Group with exercise period from 15 May 2015 to 15 May 2025.

The table below discloses movement of the Company's share options held by the directors and the employees:

	Number of share options
At 1 January 2017 (audited) and 30 June 2017 (unaudited)	116,000,000
At 1 January 2018 (audited) and 30 June 2018 (unaudited)	114,000,000
Exercisable at 30 June 2018	114,000,000

In relation to the options granted to directors of the Company, 50% of the options will vest six months after the grant date and remaining 50% of the options will vest twelve months after the grant date. In relation to the options granted to employees, 50% of the options will vest 6 months after the grant date, 25% of the options will vest twelve months after the grant date and remaining 25% of the options will vest eighteen months after the grant date. The share option is exercisable from the completion of vesting period to 14 May 2025 with exercise price of HK$1.37.

As at 30 June 2018, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 114,000,000 (31 December 2017: 114,000,000), representing 3.2% (31 December 2017: 3.2%) of the shares of the Company in issue at that date.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Cont'd)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Cont'd)

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)
	30.6.2018	31.12.2017		
	HK$'000	*HK$'000*		
	(unaudited)	(audited)		
Domestic shares of an entity listed in Hong Kong classified as equity instruments at FVTOCI	**3,534,982**	4,807,679	Level 3	Average-price Asian Put Option model (note i)
Unlisted equity securities classified as equity instruments at FVTOCI	**119,081**	N/A	Level 2	Net asset value of the entity (i.e. fair value of the portfolio included in the entity)
Unlisted fund investments classified as financial assets at FVTPL	**222,639**	28,750	Level 2	Net asset value of fund (i.e. fair value of the portfolio included in the fund)
Investments in listed equity securities held for trading	**82,527**	63,534	Level 1	Quoted bid prices in an active market
Investments in listed senior notes	**21,020**	61,531	Level 2	Recent transaction price
Coupon notes linked with listed equity securities classified as financial assets at FVTPL	**53,663**	131,655	Level 3	Quoted prices from financial institutions
Structured bank deposits	**965,599**	N/A	Level 3	Quoted prices from financial institutions
Derivative financial instruments	**Assets: 1,109 Liabilities: 12,516**	–	Level 3	Quoted prices from financial institutions
Loan receivable from associates	**920,716**	N/A	Level 3	Discounted cash flow based on the estimated future cash flows (including the key input of 3% growth rate) that are expected to received by the Group as well as the estimated timing of such receipts, discounted at a rate that reflects the credit risk of the associates of 17.6% (note ii)
Amounts due from associates	**147,604**	N/A	Level 3	

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Cont'd)*

Notes:

(i) The key inputs of valuation of available-for-sale investments at fair value included (i) share price of ZhongAn Online H Shares as at 30 June 2018 of HK$49.6 (31 December 2017: HK$69.3) per share; and (ii) discount for lack of marketability. The discount for lack of marketability is determined based on Average-price Asian put option model with unobservable inputs of (i) expected time for conversion of domestic shares to listed shares of 3 years (31 December 2017: 3 years), (ii) volatility of comparable entities in the same industry of ZhongAn Online of 32% (31 December 2017: 35%); and (iii) expected dividend yield of 0% (31 December 2017: 0%). The higher of expected volatility caused, the lower the fair value. An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the fair value on ZhongAn Online's domestic shares, and vice versa. An 1% increase in the discount for lack of marketability holding all other variables constant would decrease (31 December 2017: decrease) the fair value on ZhongAn Online's domestic shares by HK$40,174,000 (31 December 2017: HK$55,903,000).

(ii) A 0.5% increase in the growth rate holding all other variables constant would increase the fair value on loan receivable from associates and amounts due from associates by HK$70,296,000 and HK$7,110,000, respectively. A 0.5% increase in the discount rate holding all other variables constant would decrease the fair value on loan receivable from associates and amounts due from associates by HK$61,987,000 and HK$6,270,000, respectively.

There were no transfers between Level 1, 2 and 3 during the current period.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate their fair values.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

	Loan receivables from associates *HK$'000*	Amounts due from associates *HK$'000*	Other financial assets at FVTPL *HK$'000*	Financial assets at FVTOCI *HK$'000*	Structured bank deposits *HK$'000*	Derivative financial instruments – (liabilities) assets *HK$'000*	Total *HK$'000*
At 1 January 2018 (audited)	-	-	131,655	-	-	-	131,655
Reclassification upon application of HKFRS 9	1,771,260	170,744	-	4,807,679	577,751	-	7,327,434
Remeasurement from amortised cost to fair value upon application of HKFRS 9	(311,939)	(30,289)	-	-	-	-	(342,228)
Purchase	-	-	217,808	-	-	-	217,808
Disposal/Settlement	-	-	(294,942)	-	-	(6,994)	(301,936)
Placement of structured deposits	-	-	-	-	965,599	-	965,599
Withdrawal of structured deposits	-	-	-	-	(572,954)	-	(572,954)
Advance to associates	-	7,149	-	-	-	-	7,149
Exchange realignment	-	-	-	2,431	(4,797)	-	(2,366)
Fair value change to profit or loss	-	-	(858)	-	-	(4,413)	(5,271)
Fair value change to other comprehensive income	-	-	-	(1,275,128)	-	-	(1,275,128)
At 30 June 2018 (unaudited)	1,459,321	147,604	53,663	3,534,982	965,599	(11,407)	6,149,762