YIDA 亿达

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

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

股份代號 Stock Code：3639.HK

2018 INTERIM REPORT
中期報告

Zhengzhou Yida Science and Technology New City

CONTENTS

CORPORATE OVERVIEW

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

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

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

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

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

Wuhan First City

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Xiuwen *(Chairman and Chief Executive Officer)*
Mr. Chen Donghui
Ms. Ma Lan
Mr. Yu Shiping
Ms. Zheng Xiaohua

Non-executive Directors

Mr. Zhao Xiaodong
Mr. Chen Chao
Mr. Wang Gang

Independent Non-executive Directors

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

JOINT COMPANY SECRETARY

Ms. Wang Huiting
Ms. Kwong Yin Ping Yvonne

AUTHORISED REPRESENTATIVES

Ms. Ma Lan
Ms. Wang Huiting

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

REGISTERED OFFICE

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Cayman Islands

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

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong Law
Sidley Austin

As to PRC Law
Commerce & Finance Law Offices

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

PRINCIPAL BANKERS

Bank of Dalian
China Bohai Bank
Industrial and Commercial Bank of China
Bank of Communications
Shanghai Pudong Development Bank

STOCK CODE

3639

COMPANY'S WEBSITE

www.yidachina.com

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present you the Group's interim results for the six months ended 30 June 2018 (the "Period").

Jiang Xiuwen

Yida China Holdings Limited
Chairman and chief executive officer

During the Period, the Group recorded revenue of RMB2,139 million, of which residential properties within and outside business parks and office properties sales income was RMB1,564 million; rental income of business parks was RMB212 million; business park operation and management income was RMB16 million; construction, decoration and landscaping income was RMB118 million; and property management income was RMB230 million. Gross profit margin was 25.7%, and net profit attributable to shareholders of the Company was RMB462 million.

REVIEW OF THE FIRST HALF OF 2018

In 2018, national policies for financial deleveraging and restrictions on property purchase in the PRC continued to ferment. More significant industry consolidation and deepened differentiation brought challenges to small and medium-sized property developers. In the meantime, with China's economic transformation and upgrade and the continuous optimisation of and adjustment to its industrial structure, the government's support for the integrated development of industry and city and innovative industrial development has been growing. Large property developers generally have increased their portfolio of properties for holding and strengthened their presence in such area with the support of financial products such as asset securitization, which enabled their increasingly in-depth cooperation with professional property developers in terms of area, depth and scope. All these had brought historical opportunities for a new round of evolutionary development for property developers with the characteristic of city-industry integration and operation, business solicitation and local resources.

This year is a year of milestone of the 20th year of the Group's development in the business park market, and also a key year for the Group to implement its plan of national presence. Starting with Dalian, it now operates 31 business park projects with self-owned and asset-light business model in 18 cities; from focusing on service outsourcing to engaging in eight major segments; from soliciting business for business parks to providing whole industrial chain integrated solutions. Over the past two decades, the Group has always been adhering to its business philosophy of "promoting the development of city through industry integration while creating value together through coordinated development", committed to replicating and creating successful business models in more cities, and establishing an industrial and city ecological system, with scientific innovations taking the lead, high-end industries clustering, green ecological model and human interaction and common growth.

In the face of the macro-economic situations of the co-existence of opportunities and challenges and with its 20-year experience in development and operation, the Company managed to achieve a number of strategic development objectives during the Period and laid a solid foundation for the fulfilment of its performance target for the year.

1. Adhered to the strategy of city-industry integration, widened national presence to strengthen the core competitiveness of business parks

Under its asset-heavy business model, the Company firmly implemented its development strategy of "consolidating market position in Dalian, gearing-up development effort in Wuhan and expanding business coverage nation-wide". With the strategic objective of serving and constructing an "innovative country", the Company focused on emerging industries, established an intelligent Yida industry development system to support the construction of local industrial clusters, and formed an in-depth presence of asset-heavy business parks. During the Period, the Company acquired Changsha Meixihu International New City – Yida Health Science and Technology Industrial Park project, Changsha Wangcheng National Economic and Technological Development Zone Intelligent Manufacturing Industry Town project, Zhengzhou Yida Science and Technology New City project and Chongqing Beibei Yida Innovation Square project, which provided additional land bank of approximately 1 million square metres and formed a new strategic land resource reserve.

Dalian BEST City

2. **Successfully completed the acquisition of Dalian Tiandi, receiving market recognition for its comprehensive operation and making positive contribution to middle- and long-term growth**

   During the Period, the acquisition of equity interests in Dalian Tiandi, a flagship project drawing wide attention in the PRC and overseas, was completed, and the residential properties of two phases of "Dalian Tiandi – Hekou Bay" were sold out by the Company immediately after launch with positive market response. The Company entered into a strategic cooperation framework agreement with Longfor group, a leading property developer, pursuant to which the Company sold the undeveloped land of the Dalian Tiandi project with an area of approximately 250,000 square metres to Longfor group at a consideration of approximately RMB2.6 billion. The Company will make use of its advantages in integrated development, business solicitation and operation of industrial parks, maintain general control over the direction and pace of development, better meet local strong demand for properties and the demand for the lease of business parks. Longfor group will make use of its ability to build and serve different properties such as residential and commercial properties, conduct in-depth coordination in business parks, improve overall values of the region, provide diversified products to property buyers, and, together with the Company, optimise the ancillary facilities and business environment.

3. **Firmly adhered to the strategic policy of "leading the development of asset-light business to actuate asset-heavy business", fanned out from a point to an area, significantly increased the coverage of asset-light business**

   For the asset-light business, the Group firmly implemented the strategic policy of "asset-light first to actuate asset-heavy business". The number of its entrusted operation and management projects increased to 25 with a total area of approximately 5.60 million square metres. It entered new cities including Xiangtan, Luzhou, Taizhou and Huzhou, currently covering 17 cities across the PRC. A highly-efficient business model with economies of scale has formed, with key cities driving surrounding ancillary cities and industries and services clustering. Its asset-light and asset-heavy project teams conducted in-depth cooperation with local governments and platform enterprises. Through customised planning, designing, teambuilding, market understanding and resources allocation, they continued to conduct in-depth communication with governments, tenants and consumers, improved the quality of development and operation, introduced local advantageous resources and external supplementary advantages, and eventually realized the improvement in regional value, performance of social responsibility and long-term returns investment.

OUTLOOK OF THE SECOND HALF OF 2018

The report of 19th National Congress of the Communist Party of China expressly states that, "the government will create networks of cities and towns based on city clusters, enabling the coordinated development of cities of different sizes and small towns, and speed up work on granting permanent urban residency to people who move from rural to urban areas". The comprehensive development of industrial business parks in the cities is an optimal way to facilitate, improve and upgrade China's urbanization. In particular, in economically active areas in the PRC such as the Bohai Rim, the Yangtze River Delta and the Pearl River Delta, the continuous industrial optimisation and upgrading coordinated development focusing on business parks will facilitate the comprehensive improvement in the values of national industrial chains. The booming demand from local governments, enterprises and employees in the business parks will create in-depth development opportunities for property developers with principal activities of industrial integration in business parks. It is expected that in the second half of 2018, through deleveraging and market control, more and more opportunities for mergers and acquisitions will emerge, creating a new round of opportunities for enterprises having strong resources and presence and being good at operation. The Company will continue to adhere to its development strategy of "leading the development of asset-light business to actuate asset-heavy business, developing asset-light and asset-heavy simultaneously, integration of industry and finance". Under the guidance of the "year of systematic management", the Company will comprehensively improve its operation and management capability and leverage its internal and external resources to improve its annual results.

1. **Improve the core competitiveness of development and operation of business parks, leverage the resources for large-scale development**

   As the plans for local industries, residential and commercial properties in the key cities where the Company operates become more refined, reasonable and diversified, a new round of opportunities for obtaining business park and industrial integrated development projects and related joint venture and cooperation will arise. The Company will continue to improve the coverage, depth and compatibility of resource integration in the services of business parks, strive to realize coordinated development of asset-light and asset-heavy business, and establish a platform for generating core competitiveness. By making full use of the differentiation advantage, the Company will pursue a model of vertical cooperation with industry and regional leaders, actively seek investment opportunities for mergers and acquisitions, and increase land bank in its key cities in a prudent manner.

2. **Improve management efficiency, revitalize existing assets, and accelerate asset turnover**

   The Company will conduct a comprehensive review of its assets, divide them into core assets for long-term holding, high-quality assets for sale at premium and low-efficiency assets, and conduct comprehensive optimisation and portfolio allocation, in order to meet the management objective of taking the lead in operating core assets and selling high-quality assets while disposing of low-efficiency assets in a reasonable manner. It will seek out diversified asset optimisation and management plans, including working with leading enterprises in the industry to operate and manage assets, assets securitization and asset disposal, recovering capital for investment in middle- and long-term city-industry integration projects with sustainable turnover.

3. **Expand financing channels, conduct in-depth cooperation with leading property investment funds, steadily implement various financing plans**

   Under the environment of tight capital supply in the market, the Company will actively expand its financing channels, develop reasonable capital utilisation plans, emphasize sales cash flow management, steadily implement refinancing plans, realize normal and sufficient loan exchange for loans from financial institutions, and obtain proper additional financing. The Company will explore opportunities for cooperation with renowned property funds for certain projects, implement comprehensive cooperation for domestic and overseas equity and debt financing, provide strong capital support for its future operation and development, and boost the market's confidence in investing in the Company.

Since the commencement of the period of the "13th Five-Year Plan", China's economy has entered a "new normal". The government expects to revitalize the real economy, and the transformation of the industrial structure has become inevitable. The business parks, which support the development of industrial clusters, will play an important role in supporting and facilitating industrial upgrade and transformation. With the restructuring and shuffling of the global trade system, the new trade orders and division will force China to complete such process as soon as practicable based on its existing presence and enter the expressway of development of new economy. As a result, the Company will unswervingly adhere to its development vision of "being China's leading business park operator" and its development strategy of "developing asset-light and asset-heavy businesses simultaneously" and "national expansion", consolidating its core competitiveness of the development and operation of business parks, gradually achieving the joint development of each business sector and creating greater value for our shareholders and the society.

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

Jiang Xiuwen

Yida China Holdings Limited
Chairman and chief executive officer

16 August 2018

Dalian BEST City

MAJOR EVENTS

JANUARY

The Changsha Project Company of the Group acquired the Changsha Meixihu plot with a gross floor area of 310,000 square meters, and will build the Yida Science and Technology Health Industrial Park project in Meixihu International New City with high-end modern service industry clusters such as smart healthcare, software information technology and technology intelligence.

The Group entered into a contract with Hefei Luyang State-owned Assets Investment Holding Group Co., Ltd. (合肥廬陽國有資產投資控股集團有限公司) to provide entrusted operation and management services for the Luyang Big Data Industrial Park. With a gross floor area of approximately 336,300 square meters, the Luyang Big Data Industrial Park is the first big data professional industrial park in Hefei supported by the Hefei Municipal Government and built by the Luyang District Government.

The Group was awarded the "2017 Most Valuable Real Estate Company Listed in Hong Kong" by the "Insight into New Values of Hong Kong Stocks" Summit cum Golden Hong Kong Stocks Awards 2017 jointly hosted by Zhitong Finance and RoyalFlush Information.

FEBRUARY

The Zhengzhou Project Company of the Group acquired a land for industrial use in Zhengzhou High-tech Zone with a gross floor area of 330,000 square meters for the Zhengzhou Software Park Project, which was listed as a class A key construction project of Henan Province for 2018.

MARCH

The "2018 Yida for Better" Press Conference was held for the "Dalian Tiandi – Hekou Bay (河口灣)" Project, the first project offered by the Group, setting a new model for City-Industry integration of the Group with eight focuses of administration, transportation, education, marina, commercial, living, leisure and industry.

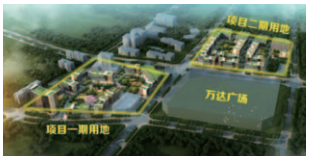
APRIL

The Changsha Project Company of the Group acquired the Changsha Wangcheng District plot with a gross floor area of 250,000 square meters for the intelligent manufacturing village project, being the first 4A industrial and technological tourist attraction in the PRC.

The Group entered into an entrusted operation agreement with the management committee of the Sichuan Luzhou Aeronautics and Astronautics Industrial Park (四川瀘州航空航天產業園區), marking a strategic breakthrough of the Group in aeronautics and astronautics industrial parks. With a gross floor area of approximately 700,000 square meters, the Sichuan Luzhou Aeronautics and Astronautics Industrial Park Project comprises an aeronautics and astronautics equipment manufacturing industrial park, aeronautics and astronautics industry incubator center, the "China Oil Kunlun" project and other projects.

The Group entered into an agreement with the management committee of Xiangtan Economic and Technological Development Zone (湘潭經濟技術開發區) for the provision of entrusted business solicitation and operation services for Xiangtan Jiuhua Innovation Venture Park (湘潭九華創新創業園). Besides the strategic deployment in Changsha, this is another major initiative of the Group's in-depth exploration of the Changsha-Zhuzhou-Xiangtan City Cluster.

MAY



The Group acquired the A24-1-2/04 plot of Beibei Cluster, Beibei District, Chongqing with a gross floor area of 100,000 square meters. The Group will set up the Chongqing Yida Chuangzhi Plaza Project in Beibei New Town. The acquired plot is adjacent to the district government, subway station, commercial pedestrian street, Southwest University, and surrounded by wide-ranging living, education, transportation and commercial facilities. The plot is being the political and commercial center of Beibei District.

The Group completed the acquisition of the Dalian Tiandi Project and indirectly held 100% equity interest in the Richcoast Group, whose financial results were consolidated into the Group's financial statements.

Dalian Tiandi is positioned as an international business park, providing exclusive office space for enterprises. The park has an industrial ecosystem integrating business exhibitions, software development, technology research and development, information services, and education and training. Regarding the future of the project, Mr. Jiang Xiuwen, the chairman of the Group, stated after signing the contract that he hopes to take this opportunity to increase core land reserves in Dalian and be fully prepared for performance improvement in 2018.

The Group was included into "2018 China's Top 100 Listed Real Estate Companies in Comprehensive Strength" and "2018 China's Top 5 Listed Real Estate Companies in Innovation Capability" launched by the China Real Estate Association and Shanghai E-House Real Estate R&D Institute (上海易居房地產研究院).

Through in-depth study of 207 real estate listed companies, this assessment comprehensively measured the comprehensive strength of real estate listed companies and conducted evaluation and in-depth research to explore the outstanding real estate enterprise groups with strong comprehensive strength and development potential in the industry, which can lead the industry to develop in depth and enhance the professional level of the entire real estate industry, and effectively promote the healthy competition and healthy development of real estate enterprises and the entire industry. This assessment is a strong guide for the future development of the real estate market.

JUNE

The Group was awarded the "Outstanding Contribution Award for City-Industry Integration" in the 15th China Blue Chip Real Estate Annual Conference (2018) hosted by the Economic Observer.

"2018 China's Blue Chip Real Estate Election" (2018年中國藍籌地產評選) recognised the most representative "China's Blue Chip Real Estate Enterprises" for the year based on three criteria, namely "excellence, stability and innovation". The Group won the "Outstanding Contribution Award for City-Industry Integration" by virtue of its fruitful achievements in the field of "city-industry integration" over the past two decades, such as technological innovation, high-end industrial agglomeration, green ecological demonstration and humanistic interaction.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operation of Business Parks Owned by the Group

During the Period, the Group's wholly-owned business parks included Dalian Software Park, Dalian BEST City, Yida Information Software Park and Dalian Tiandi; the Group's partially owned business parks included Wuhan First City (50% stake) and Dalian Ascendas IT Park (50% stake). The total completed gross floor area in above parks was approximately 1,574,000 square metres, and an area available for leasing was approximately 1,570,000 square metres. During the Period, the Group recorded a rental income of approximately RMB212 million, which increased by 13.4% to that of the corresponding period of 2017.

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

Business Parks	Equity Interests Held by the Group	Completed Gross Floor Area	Leasable Area				Occupancy Rate at the End of the Period
			Office Buildings	Apartments	Shops	Parking Spaces	
Dalian Software Park	100%	637	391	180	33	42	94%
Dalian BEST City	100%	147	99	–	7	41	84%
Yida Information Software Park	100%	91	66	–	4	20	100%
Dalian Tiandi	100%	334	207	37	41	38	83%
Wuhan First City	50%	161	161	–	–	–	41%
Dalian Ascendas IT Park[1]	50%	204	178	–	–	25	85%
Total		1,574		1,570			

Note:

1. The financial statements of Dalian Ascendas IT Park are not consolidated, therefore the rental income of the Group excludes the rental income from such park.

During the Period, new tenants of Dalian Software Park include Fortune Global 500 companies including VF Corporation, and domestic top 100 companies in the big data research and development and intelligent medical industries. The park generally showed a trend of clustering of high-end intelligence enterprises with no pollution, high added-value, low energy consumption and combination of intelligence and talents. The park is fully covered with intelligent management system and has completed key assets maintenance such as buildings to explore areas of improvement in service value. A structure of "3 platforms + 4 carriers + N layers" has been formed, including: the establishment of a talent reserve station by enterprises in the park together with local colleges, the establishment of technology enterprise information database and technological service resource database, and the development of "IT Home", a building party and mass service front, etc, which has established a closed loop serving enterprises to meet their diversified needs throughout their full life cycle.

During the Period, India NASSCOM (Dalian) IT Industry Corridor was formally launched at Dalian BEST City. The first few Indian companies had moved in. The IT Industry Corridor will become an engine for opening up new space of the development of software service industries in the PRC and India. ITL Group has established the ITL College at Dalian BEST City, which partners with colleges and universities across China to conduct cooperation in respect of discipline development and allocation of teachers and resources and provide lecturer resources and course design services for SAP and AI. Dalian BEST City is diversified in different segments, this realizes a multi-layered and multi-dimensional development layout that makes it stronger in market expansion and more competitive in the industry.

During the Period, the Group completed the acquisition of 100% equity interest in Dalian Tiandi, which comprises two areas being Huangnichuan (黃泥川) and Hekou Bay (河口灣). Located at the Lvshun South Road Industry Belt in Dalian, Huangnichuan office area is designed by top international design firms such as Palmer & Turner and comprises office buildings with a gross floor area of nearly 210,000 square metres. Fortune Global 500 Companies including IBM joined Huangnichuan in 2010, and have become the best model for "City-Industry Integration" in Dalian and across the country by relying on the foreign language advantage and the cluster effect of service outsourcing industry and recruiting fresh college graduates in Dalian each year.

Dalian Tiandi – Huangnichuan

Dalian Ascendas IT Park

Dalian Software Park

Sale of Properties

During the Period, the Group achieved contracted sales of RMB4,050 million, representing an increase of 10.6% over the corresponding period last year, mainly due to the increase in the sales volume of properties under Dalian Tiandi, which was acquired by the Group during the Period. The average contracted sales price was RMB14,713 per square metre, representing an increase of 28.1% over the corresponding period last year, mainly due to the overall increase in the average selling price of properties in the Dalian market during the Period. The major sales projects were mostly located in Dalian (93.5% of total contracted sales) and Wuhan (2.8% of total contracted sales), with residential property sales as its main form, which accounted for 97.1% of the total contracted sales.

During the Period, the segment recorded revenue of RMB1,563.68 million, representing a decrease of 38.1% from the corresponding period last year. The average sales price was RMB12,792 per square metre, representing a year-on-year increase of 13.2%, mainly due to the overall increase in the average selling price of properties in the Dalian market. The projects carried forward during the Period were mainly ordinary residential properties. Revenue-recognised projects were mainly located in Dalian (89.3% of revenue), Wuhan (5.1% of revenue) and some other cities.

Dalian

In order to accelerate the sales of residential properties in surrounding urban areas, Dalian government introduced a moderate property purchase restriction policy for central urban areas during the Period. The residential property sales cycle dropped to the lowest in 5 years. As the supply of residential properties was lower than the demand, their sales volume remained stable and prices increased. Improvement demand gradually replaced rigid demand, becoming the main factor driving the market. Property developers continued to be keen in land acquisition, showing an obvious trend of joint development, however, it had been hard to acquire land. In May 2018, the Group completed the acquisition of the Dalian Tiandi project, recording strong sales of residential properties at its launch and making significant contribution to the results of the Group for the first half of the year.

It is expected that in the second half of 2018, with a consistent restriction policy, the volume and price of properties in the Dalian market will remain in a reasonable range driven by both “different policies for different regions” and market demand.

Wuhan

During the Period, Wuhan maintained its property purchase restrictions and raised the percentage of down payment for property purchases. In the same time, Wuhan relaxed property purchase restrictions for talents introduced. Residential properties meeting rigid demand remained popular in the market with short supply. The market gradually returned to rationality, showing a general trend of polarization in terms of location and purchase demand. The Wuhan Government has been cultivating new drivers supporting emerging industries and economic development and actively establishing industrial parks to realize the advantages of combining policies, talents, technologies and clusters.

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

Wuhan First City

Contracted Sales Details

	Sales Floor Area (sq.m.)	Sales Amount (RMB in ten thousand)	Average Sales Price (RMB/sq.m.)	Percentage of the Contracted Sales Amount
Dalian	240,818	378,478	15,716	93.5%
Wuhan	17,959	11,272	6,276	2.8%
Chengdu	9,591	9,548	9,955	2.3%
Shenyang	6,897	5,688	8,248	1.4%
Total	275,265	404,986	14,713	100.0%
Dalian Software Park	1,019	2,312	22,679	0.6%
Dalian BEST City	9,776	16,907	17,294	4.2%
Yida Information Software Park	19,408	19,811	10,207	4.9%
Wuhan First City	17,959	11,272	6,276	2.8%
Dalian Tiandi	173,332	289,714	16,714	71.5%
Residential properties outside business parks	53,771	64,970	12,083	16.0%
Total	275,265	404,986	14,713	100.0%
Residential Properties	257,062	393,286	15,299	97.1%
Office Properties	18,203	11,700	6,427	2.9%
Total	275,265	404,986	14,713	100.0%

Dalian Tiandi – Hekou Bay (河口灣)

Dalian Lvshun “Blue Bay Town (藍灣鎮)”

Dalian BEST City

Business park operation and management

At the end of the Period, the Group's business parks had a total of 25 operation and management projects, and the total area of entrusted operations and management was approximately 5.6 million square metres, representing an increase of 35.1% from 31 December 2017. During the Period, five new business park operation and management projects were added. Revenue was RMB15.75 million, representing a year-on-year decrease of 55.9%, mainly due to the fact that new operation projects for the Period were in development stage and revenue was not yet recognized.

During the Period, the business team of the Group used the ways of sales agent, business solicitation, operation, consultation and brand output, etc. to enhance the value of the business parks. Among which, projects such as Changsha Meixihu Innovation Center, Changsha Technology New Park, Shenzhen Haikexing Sinovac Strategic Emerging Industrial Park, Chengdu Western Geography Information Technology Industrial Park, Phase One of Mianyang Technology City Software Industry Park, Shanghai Yida North Hongqiao Entrepreneur Park, etc. had completed business solicitation and enter into stable operation period. The business solicitation for certain projects and new projects in Beijing, Tianjin, Hefei, Xi'an and Suzhou were fully commenced.

Changsha Meixihu Innovation Center became the benchmark e-commerce industrial park in Central China. During the Period, a number of Fortune Global 500 companies settled in the innovation center. The overall occupancy rate was nearly 100%. Our business team strengthened the scientific management of building space and ensured the cluster effect of high-tech Internet companies; improved service quality, improved business service platform and administrative service platform; and introduced value-added service content such as customer circle activities.

Shenzhen Haikexing Sinovac Strategic Emerging Industrial Park is the gathering place of biomedical enterprises in South China. During the Period, the top ten companies of medical device industry entered into the industrial park. The overall occupancy rate was nearly 95%. Our business team actively improved the construction and operation of production and living services in the park, and built a cluster ecology of industries such as smart manufacturing, biomedicine, information technology, etc., and combined with Shenzhen's investment, talent, incubation and innovation, to provide one-stop all-round service for the enterprises that entered the park.

Suzhou Yida Shangjinwan Headquarters Economic Park is the headquarters of high-quality small and medium-sized enterprises in Eastern China. During the Period, the headquarters and regional headquarters of a number of leading enterprises of electronic technology, logistics technology, architectural decoration, and smart homes had entered into the park. Our business team connected to the leading enterprises at the headquarters level and established a one-stop enterprise service platform. In particular, our business team strengthened the consultation and assistance for corporate patent applications, attracted high-tax enterprises to settle down in the park, completed specific industry gatherings, and made outstanding contributions to regional value enhancement.

Chengdu Western Geography Information Technology Industrial Park is the largest geographic information Beidou navigation industrial park in Western China. During the Period, a number of listed companies and top 100 enterprises in the information technology and geographic information industries entered into the park. Based on the characteristics of the industrial clusters in the park, our business team actively cooperated with the Jinniu District Government to implement the preferential policies of the park, accelerated the progress of business solicitation, and built a park service center integrating government affairs services, geographic information professional services and project declaration services. By the end of the year, the intelligent service platform system of smart business park will be introduced.

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

	Status	District	Project Name	Contracted Area ('000 sq.m.)	Operation Model
1	Opening Stock	Wuhan	Wuhan First City Phase 1.1	168	Business solicitation and operation
2		Shanghai	YIDA North Hongqiao Entrepreneur Park	48	Business solicitation and operation
3		Suzhou	Suzhou Gaotie First City	203	Business solicitation and operation and incubator
4		Suzhou	Yida Shangjinwan Headquarters Economic Park	401	Business solicitation and operation
5		Shenzhen	Haikexing Sinovac Strategic Emerging Industrial Park	70.6	Business solicitation and operation
6		Changsha	Meixihu Innovation Center	52	Business solicitation and operation
7		Chengdu	Guo Bin Headquarters in Chengdu	81.7	Business solicitation and operation
8		Chengdu	Chengdu Western Geography Information Technology Industrial Park	700	Business solicitation and operation
9		Xi'an	Collaborative Innovation Port of Feng Dong New Town	200	Sales agent, business solicitation and operation
10		Hefei	Yaohai City Science and Technology Park	425	Business solicitation and operation
11		Hefei	Hefei City Luyang Big Data Industry Park	242.6	Business solicitation and operation
12		Mianyang	Phase One of China (Mianyang) Technology City Software Industry Park	62.6	Business solicitation and operation
13		Tianjin	Xiangyi Square	10	Business solicitation and operation
14		Harbin	Harbin-Israel International High & New Technology Incubator Complex Industrial Park	89	Business solicitation and operation
15		Beijing	Yida Lize Center	41	Charter
16		Shanghai	Yida Waigaoqiao Business Park	13.9	Charter
17		Changsha	Changsha Technology New Park	540	Sales agent, business solicitation and operation
18		Chongqing	Liangjiang Science and Technology City (Phase I)	195.3	Sales agent, business solicitation and operation
19		Chongqing	Liangjiang Science and Technology City (Phase II)	210	Sales agent, business solicitation and operation
20		Beijing	Mobile Silicon Valley Innovation Center	149	Sales agent, business solicitation and operation
21	Newly added in the Period	Suzhou	Suzhou Jianye Science Park	53	Business solicitation and operation
22		Xiangtan	Jiuhua Innovation and Entrepreneurship Center	320	Business solicitation and operation
23		Taizhou	Chuangmei Science and Technology Industrial Park	400	Business solicitation and operation
24		Huzhou	Zhejiang Huzhou Changxing National Economic Development Zone Project	223	Business solicitation and operation
25		Luzhou	Luzhou Aeronautics and Astronautics Industrial Park	700	Business solicitation and operation
		Total		5,598.7	

Suzhou Yida Shangjinwan Headquarters Economic Park

Beijing Yida Lize Center

Changsha Meixihu Innovation Center

Chengdu Beidou Industrial Park

Shenzhen Haikexing Sinovac Strategic Emerging Industrial Park

Construction, Decoration and Landscaping

The Group continued to strengthen its construction, decoration and landscaping business capabilities to support the development of internal projects of the Group and to achieve sustained and stable recurring revenue by undertaking external projects. Meanwhile, in line with the trend of specialized, customized and comprehensive industries and services in relation to construction, decoration and landscaping across the country, the Group enhanced the business standards and broadened the scope and coverage of business from the northeast China to the entire country. During the Period, the construction, decoration and landscaping businesses recorded revenue of RMB118 million, representing a decrease of 3.1% from the corresponding period of last year, mainly due to the elimination of revenue of Dalian Tiandi project in the consolidated financial statements as a result of the Group's acquisition of Dalian Tiandi project, a major project of this segment, during the Period.

During the Period, the major projects of this segment include Glory of the City, Haiyi Changzhou (海逸長洲), Dalian Ascendas IT Park, Government Warm House (政府暖房子) and Jinlongsi Commercial Street (金龍寺商業街) in Dalian as well as Dandong Royal Bay (丹東帝泊灣). A number of projects were recognized by the Government as the top three in terms of regional quality acceptance, effectively promoting the national layout of the Group's business segments.

Through prudent and dynamic control of project cost, the business team realized competitive bidding prices and maintained profit margin. It took advantage of market situations to develop external market, continued to track and provide services for the follow-up projects of our long-term partners across the country, actively strived for direct undertaking with competitive pricing, and comprehensively expanded the scope, coverage and geographical locations of construction for the projects undertaken. The business team implements a manager responsibility system, developed inspection and acceptance standards by item and monthly inspections to strictly control construction quality, effectively guarantee the market response and reputation of the contracted projects, and form a regional brand advantage together with other business segments. The Group strengthened the operation and management optimization of the nursery, and added industries such as livestock husbandry and agricultural products to improve land use efficiency. Also, the Group further broadened the coverage of the business modules and contract models and broke the common model of single segment for single business to facilitate the interactive operations among construction, decoration and landscaping businesses.




Projects undertaken across China

The Group attaches great importance to the quality of construction. This business segment will continue to be oriented for high quality, standards and efficiency and refine the quality control process with the strategy for excellence, so as to lay a solid foundation for undertaking more external projects.

Property Management

During the Period, the Group's property management business recorded revenue of RMB230 million, representing an increase of 33.7% for the corresponding period of last year, mainly due to the increase in the area of properties under management and the revenue from value-added property services.

Residential Property Management

During the Period, the Group operated 9 new residential property projects with an operation area of 768,000 square metres. Various income, such as property management fee, car parking fee and community operation income, recorded significant increase. The Group also actively sought for new growth drivers by carrying out community elderly care, community supermarket and after-school care business and building the Yida community service brand. In particular, Yida Elderly Care – Qingyun Yingshan Community Branch (億達養老－璞養芳華青雲映山社區店) is expected to commence operation in the second half of the year.

With the development strategy of "strengthening services, improving results and expanding operation", the Group strengthened its efforts to build an intelligent community cloud service platform, and promoted the community APP using multi-dimensional and vertical means to increase the number of registered property owners, which will provide data support for future property management and innovation and increase user loyalty. As at the end of the Period, the APP covered nearly 10,000 registered households, serving almost 100,000 property owners. Customer service demand meeting ratio was 95.3%, and feedback satisfaction ratio reached 94%, both leading in the industry.

The Group will leverage its advantages and experiences in property management to develop customer resources while expanding light and heavy resources through the provision of high-quality management services.

Office Property Management

During the Period, the Group acquired 6 new office property management projects with an area under management of 228,100 square metres, making its total gross floor area under operation reach 3.55 million square metres. The Group strengthened its presence in Dalian, Suzhou, Hangzhou, Chongqing, Wuhan and Mianyang, serving 932 enterprise customers and making steady progress towards its objective of national presence. With its 20 years of experience in developing and operating business parks, the Group continues to provide more refined, customised and modernised property management services to Fortune Global 500 tenants and has established a complete set of standard business park property management system.

By introducing third-party strategic consulting institutions, the Group will strive to build high-quality projects and technical research and development teams to ensure the utilisation and maintenance of various professional and customised equipment and provide reliable logistics services as support. In addition, it will establish an industrial park service platform which will, through online and offline combination, realize synergies among intelligent hardware system, customer terminals, management terminals and cooperation terminals and provide customers with diversified value-added services.

Puyang Fanghua Elderly Care Project (璞養芳華養老項目)

Yida Community Services

Land reserves

As at 30 June 2018, the total gross floor area of the Group's land reserves was approximately 9.21 million square metres. The gross floor area of the land reserves attributable to the equity of the Group was approximately 8.013 million square metres.

The core business of the Group is comprehensive city-industry development. The Group has successfully obtained 310,000 square metres commercial land at Meixihu, Changsha in January to construct Changsha Yida Meixihu Health Technology Industrial Park with a focus to develop three industry categories including smart healthcare, software information technology and technology intelligence which facilitate the transformation of Changsha industries. In February, the core zone of the Zheng Luoxin National Independent Innovation Demonstration Zone of the Group located in Zhengzhou obtained 330,000 square metres industrial land to construct Yida Zhengzhou Software Park with a focus to introduce industries such as software information services, promote innovation and further enhance the advantages and innovation capabilities of the intelligent industry cluster in Zhengzhou High-tech Zone. In the first half of this year, the Group accelerated the pace of national expansion. In April, the Group obtained 250,000 square metres residential land in Wangcheng District, Changsha to construct Yida Intelligent Industrial Town which integrated industry and city with "Industry + Culture". The Town will form a new highland of intelligent industry with supporting clusters, enterprise clusters and concentrated talent source, and become a model area for the construction of characteristic towns in Hunan Province. In May, the Group obtained 100,000 square metres land at the core of New City at Beibei District, Chongqing for the construction of project phase 1, so as to construct Chongqing Yida Chuangzhi Plaza with ecological, single, landmark high-rise office buildings and business support, aiming to become an important cluster for high-tech enterprises in Beibei District and even in Chongqing. The land for project phase 2 is expected to be granted in the second half of the year.

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

Wuhan First City

The following table sets forth a breakdown of the Group's land reserves as at 30 June 2018:

By city	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Dalian	7,092,329	77.0%	6,441,935	80.5%
Wuhan	971,144	10.6%	538,253	6.7%
Chengdu	138,826	1.5%	98,434	1.2%
Shenyang	18,222	0.2%	18,222	0.2%
Chongqing	103,250	1.1%	103,250	1.3%
Changsha	557,040	6.0%	483,229	6.0%
Zhengzhou	329,212	3.6%	329,212	4.1%
Total	9,210,023	100.0%	8,012,535	100.0%

By location	Total GFA of land reserves (sq.m.)	Proportion	Attributable GFA of land reserves (sq.m.)	Proportion
Within business parks	7,440,590	80.8%	6,747,019	84.2%
Outside business parks	1,769,433	19.2%	1,265,516	15.8%
Total	9,210,023	100.0%	8,012,535	100.0%

Business Parks/Multi-functional, Integrated Residential Community Projects	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Business Parks				
Dalian Software Park				
Office Building Area	100%	594,938	–	–
Residential Area	100%	89,204		
Subtotal	100%	684,142	–	–
Dalian BEST City				
Office Building Area	100%	98,873	182,317	491,888
Residential Area	100%	281,460	–	79,642
Subtotal	100%	380,333	182,317	571,530
Wuhan First City				
Office Building Area	50%	323,433	–	508,501
Residential Area	50%	5,648	133,562	–
Subtotal	50%	329,081	133,562	508,501
Yida Information Software Park				
Office Building Area	100%	149,014	–	118,798
Residential Area	100%	237,234	–	114,720
Subtotal	100%	386,248	–	233,518
Dalian Ascendas IT Park				
Office Building Area	50%	202,530	–	91,918
Subtotal	50%	202,530	–	91,918
Dalian Tiandi				
Office Building Area	100%	207,457	131,750	826,457
Residential Area	100%	183,770	270,884	1,024,287
Subtotal	100%	391,227	402,634	1,850,744

Business Parks/Multi-functional, Integrated Residential Community Projects	Equity Interests Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Chengdu Tianfu Intelligent Transportation Science and Technology City				
Office Building Area	60%	–	–	99,111
Subtotal	60%	–	–	99,111
Zhengzhou Software Park				
Office Building Area	100%	–	–	329,212
Subtotal	100%	–	–	329,212
Chongqing Beibei Project				
Office Building Area	100%	–	–	103,250
Subtotal	100%	–	–	103,250
Changsha Wangcheng Town				
Office Building Area	70%			
Residential Area	70%	–	–	246,040
Subtotal	70%	–	–	246,040
Changsha Meixihu Project				
Office Building Area	100%	–	–	311,000
Subtotal	100%	–	–	311,000
Business Parks Subtotal		2,377,254	718,513	4,344,823
Multi-functional, Integrated Residential Projects				
Dalian	25%-100%	564,923	16,959	1,129,615
Chengdu	80%-100%	35,979	–	3,737
Shenyang	100%	18,222	–	–
Multi-functional, Integrated Residential Projects Subtotal		619,123	16,959	1,133,351
Total		2,996,377	735,472	5,478,174

FINANCIAL REVIEW

Revenue

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

During the Period, the revenue of the Group was RMB2,139.26 million, representing a decrease of 29.7% from the corresponding period of last year.

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

	For the six months ended 30 June			
	2018		2017	
	Amount RMB'000	**% of total amount**	Amount RMB'000	% of total amount
Revenue from sales of properties	**1,563,678**	**73.1%**	2,527,951	83.0%
Rental income	**211,703**	**9.9%**	186,672	6.1%
Business park operation and management services income	**15,748**	**0.8%**	35,741	1.2%
Construction, decoration and landscaping income	**118,457**	**5.5%**	122,259	4.0%
Property management income	**229,678**	**10.7%**	171,751	5.7%
Total	**2,139,264**	**100%**	3,044,374	100.0%

(1) Revenue from sales of properties

The Group's revenue arising from sales of residential properties within and outside business parks and office properties for the Period was RMB1,563.68 million, representing a decrease of 38.1% from the corresponding period of last year, which was mainly attributable to the decrease in the projects completed and handed over to customers during the Period.

(2) Rental income

The Group's rental income derived from operation of business parks owned by the Group for the Period amounted to RMB211.70 million, representing an increase of 13.4% from the corresponding period of last year, which was mainly attributable to the increase in the leasable area in the first half of the year.

(3) Business park operation and management services income

During the Period, the income arising from business park operation and management services provided by the Group amounted to RMB15.75 million, representing a decrease of 55.9% from the corresponding period of last year, which was mainly attributable to the fact that new operation projects for the Period were in development stage and revenue was not yet recognised.

(4) Construction, decoration and landscaping income

During the Period, the income derived from construction, decoration and landscaping services provided by the Group amounted to RMB118.46 million, remaining substantially at the same level as that of the corresponding period of last year.

(5) Property management income

During the Period, the income derived from property management service provided by the Group amounted to RMB229.68 million, representing an increase of 33.7% from the corresponding period of last year, which was mainly attributable to the increase in property management projects and supporting service income.

Cost of Sales

The cost of sales of the Group during the Period amounted to RMB1,589.06 million, representing a decrease of 27.1% from the corresponding period of last year, which was mainly attributable to the decrease in the area of properties completed and handed over to customers in the first half of the year.

Gross Profit and Gross Profit Margin

The gross profit of the Group during the Period amounted to RMB550.21 million, representing a decrease of 36.4% from the corresponding period of last year; the gross profit margin decreased from 28.4% for the corresponding period of 2017 to 25.7% during the Period, which was mainly attributable to the decrease in the number of projects recognised during the Period and the different recognised product structure during the Period.

Other Income and Gains

Other income and gains of the Group include interest income, dividend income, government subsidy and other income. During the Period, other income and gains of the Group were RMB883.58 million, representing an increase of approximately RMB851.52 million as compared to the corresponding period of 2017, which was mainly attributable to the gain on bargain purchase arising from obtaining the control of a joint venture and the exchange gain.

Sales and Marketing Expenses

The sales and marketing expenses of the Group were RMB99.98 million, substantially remaining at the same level as that of the corresponding period of last year.

Administrative Expenses

The administrative expenses of the Group increased by 24.6% to RMB202.40 million for the Period from RMB162.45 million in the corresponding period of 2017, which was mainly attributable to the increase in office expenses as a result of business expansion and the provision for bad debts of receivables pursuant to HKFRS 9, a new accounting standard.

Other Expenses and Losses

Other expenses of the Group mainly include fair value loss of derivative financial instruments. During the Period, other expenses of the Group were RMB102.99 million, representing an increase of RMB5.31 million as compared to the corresponding period of 2017, which was mainly due to the increase in fair value losses on put options and call options.

Fair Value Gains on Investment Properties

The fair value gains on investment properties of the Group decreased from RMB59.69 million in the corresponding period of 2017 to RMB8.62 million during the Period, which was mainly due to the completion and lease of Anbo Valley Industrial Building in the corresponding period of last year, leading to the increase in fair value, whereas there was no such event during the Period.

Finance Costs

The finance costs of the Group increased by 135.4% to RMB409.97 million during the Period from RMB174.12 million in the corresponding period of 2017, which was primarily attributable to the increase in interest-bearing financings and the decrease in the number of capitalized projects during the Period.

Share of Profits and Losses of Joint Ventures

During the Period, the Group's share of losses of joint ventures was RMB32.15 million, which was mainly attributable to the loss on investment in Richcoast Group during the Period, as compared to share of profits of joint ventures of approximately RMB21.74 million for the corresponding period of 2017. Richcoast Group was an associate of the Group during the corresponding period of 2017.

Share of Profits and Losses of Associates

During the Period, the Group's share of profit of associates was nil, as compared to losses of RMB17.27 million for the corresponding period of 2017, which was mainly attributable to the loss on investment in Richcoast Group for the corresponding period of last year, which became a subsidiary of the Group during the Period.

Income Tax Expenses

The income tax expenses of the Group include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group decreased by 7.6% to RMB160.82 million during the Period from RMB174.02 million in the corresponding period of 2017, which was mainly attributable to the settlement of LAT and the decrease in taxable profits.

Profit for the Period

As a result of the foregoing, the profit before tax of the Group increased by 39.6% to RMB594.91 million during the Period from RMB426.10 million for the corresponding period of 2017.

The net profit of the Group increased by 72.2% to RMB434.09 million during the Period from RMB252.08 million for the corresponding period of 2017.

The net profit attributable to equity owners increased by 127.6% to RMB462.42 million during the Period from RMB203.16 million for the corresponding period of 2017.

The core net profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) increased by 187.9% to RMB455.10 million during the Period from RMB158.39 million for the corresponding period of 2017.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 30 June 2018, the Group had cash and bank balances of approximately RMB1,968.52 million (including restricted cash of approximately RMB1,443.13 million) (31 December 2017: cash and bank balances of approximately RMB3,363.68 million, including restricted cash of approximately RMB1,879.54 million).

Debts

As at 30 June 2018, the Group had bank and other borrowings of approximately RMB17,906.03 million (31 December 2017: approximately RMB16,985.73 million), of which:

(1) By Loan Type

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Secured bank loans	**8,951,301**	6,912,527
Secured other borrowings	**3,552,250**	5,041,800
Unsecured other borrowings	**5,402,475**	5,031,405
	17,906,026	16,985,732

(2) By Maturity Date

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year or on demand	**9,690,486**	6,912,232
In the second year	**5,274,451**	2,579,040
In the third to fifth year	**2,128,909**	6,611,156
Beyond five years	**812,180**	883,304
	17,906,026	16,985,732

Debt Ratio

The net gearing ratio (net debt, including interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash, divided by the total equity) of the Group was approximately 142.0% as at 30 June 2018, which increased by 15 percentage points as compared to 127.0% as at 31 December 2017.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 30 June 2018, the Group had cash and bank balances (including restricted cash) of approximately RMB1.94 million and approximately RMB6.85 million denominated in Hong Kong dollars and USD, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no foreign currency hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with PRC commercial banks to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (I) registration of mortgage interest to the bank, or (II) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 30 June 2018, the Group provided guarantees of approximately RMB406.58 million to commercial banks in the PRC in respect of mortgage loans granted to the customers of the Group (31 December 2017: approximately RMB454.93 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 1,803 full-time employees. The Group distributes remunerations to the staff based on the performances, work experiences of the employees and the current market salary level.

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

The 16th Dalian International Walking Event (第十六屆大連國際徒步大會)-Dalian BEST City Branch Venue

SOCIAL RESPONSIBILITY

Speech by Shri Rajesh Parihar (白君德), First Secretary of Embassy of India

On 25 May 2018, the opening ceremony of NASSCOM (Dalian) IT Corridor was held at Dalian BEST City. NASSCOM (Dalian) IT Corridor is a joint project between the National Association of Software and Services Companies and Dalian City, which was undertaken, constructed and operated by Dalian BEST City Core Area Business Park of the Group. The total planned area is 400,000 sq. m. It will focus on the development of industries such as artificial intelligence, key equipment, and high-end chips, as well as services such as cloud computing, big data, mobile internet, internet of things, and information security. Following the opening of NASSCOM (Dalian) IT Corridor, the Group will assist a group of Indian enterprises to enter the park. There will be not less than 30 Indian enterprises enter to the park in the next three years. The Group will continue to provide comprehensive and professional services and to provide a broader platform for Indian enterprises to develop in China, and to assume the responsibility of attracting investment, driving urban development and building a smart city.

The booth of Dalian Software Park in the Software & Information Service Fair

On 16 June 2018, with a theme of “New Intelligent Era Defined by Software”, the China International Software & Information Service Fair 2018 (the “Software & Information Service Fair”) was launched in Dalian. The Group assisted in organizing and hosting several forums and exchange activities of the Software & Information Service Fair. It was also the sixteenth consecutive years of the Group to participate in the fair. The Group’s booth presented the achievements of Dalian Software Park, as an important hub for urban software and information technology industry development, in terms of creating a professional development space, professional services platform and professional development environment and providing strong support for urban industrial innovation and upgrading over the past two decades in multiple dimensions and at multiple levels. It has demonstrated that the Group has been adhering to the business philosophy of “promoting city with industry, achieving city-industry integration, accomplishing coordinative development, and creating values together” for 20 years. It is committed to replicating and innovating successful business models in more cities, and actively undertake the social responsibility of creating industrial ecology and urban ecology with scientific and technological innovation, high-end industrial agglomeration, green ecological demonstration and humanistic interaction.

HONORS AND AWARDS

- On 18 January 2018, the Group was awarded the "2017 Most Valuable Real Estate Company Listed in Hong Kong" by the "Insight into New Values of Hong Kong Stocks" Summit hosted by Zhitong Finance and RoyalFlush Information.

- On 1 April 2018, the Group was awarded "China's Excellent Industrial Park Operator" by "New Era·New Opportunities –The 4th China Industrial Park Innovation and Development Summit" jointly hosted by China New Industrial Park Network and Xiong'an New District Development & Research Center.

- On 14 May 2018, the Group was awarded the "2017 Outstanding Contribution Award for Investment Promotion" by the "Advance Quality Development Conference on Learning and Implementing the Spirit of General Secretary Xi Jinping's Important Speech in Hubei Inspection cum Investment and Talent Attraction Awards Ceremony" held by Donghu High-tech Zone.

- On 16 May 2018, the Group was included in the "2018 China's Top 100 Listed Real Estate Companies" by Yihan Think Tank (億翰智庫).

- On 23 May 2018, the Group ranked 14th, 45th, 47th, 50th, 51st and 63rd on the leaderboards of listed real estate companies in 2017 in terms of net profit growth rate, gross profit margin, land reserves, average sales price, land value and sales growth, respectively, and ranked 66th on the leaderboard of China's listed real estate companies in 2017 in terms of net financing amount presented by the Financial Professional Committee of the China Real Estate Association.

- On 25 May 2018, the Group ranked 64th and 2nd among "2018 China's Top 100 Listed Real Estate Companies in Comprehensive Strength" and "2018 China's Top 5 Listed Real Estate Companies in Innovation Capability" launched by the China Real Estate Association and the China Real Estate Evaluation Center of Shanghai E-House Real Estate R&D Institute (上海易居房地產研究院中國房地產測評中心).

- On 5 June 2018, the Group was awarded the "Outstanding Contribution Award for City – Industry Integration" in the 15th China Blue Chip Real Estate Annual Conference (2018) hosted by the Economic Observer.

DISCLOSURE OF INTERESTS

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

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

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

Name of Director	Capacity/Nature of interest	Number of shares held[1]	Approximate percentage in the Company's issued share capital
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L)[2]	2.65%
Mr. Wang Gang	Interest of a controlled corporation	69,200,000(L)[3]	2.68%

Notes:

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

(2) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, Wonderful High Limited and Everest Everlasting Limited, which in total own 74.21% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source Limited.

(3) Mr. Wang Gang beneficially owns the entire issued share capital of Mighty Equity Limited, which in turn owns 34.52% of the issued share capital of Grace Sky Harmony Limited. Grace Sky Harmony Limited owns 2.68% of the issued share capital of the Company. By virtue of the SFO, Mr. Wang Gang is deemed to be interested in the Shares held by Grace Sky Harmony Limited.

(II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of Shares[1]	Percentage of the issued share capital of such associated corporation held
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	5,180(L)[2]	74.21%
Mr. Wang Gang	Grace Sky Harmony Limited	Interest of a controlled corporation	2,430(L)[3]	34.52%

Notes:

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

(2) These shares are held by Grace Excellence Limited with 3,000 shares, Everest Everlasting Limited with 180 shares and Wonderful High Limited with 2,000 shares, which are wholly owned by Mr. Jiang Xiuwen.

(3) These shares are held by Mighty Equity Limited which is wholly owned by Mr. Wang Gang.

(III) Interest in debentures of the Company

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

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 30 June 2018
Ma Lan	Beneficial owner	USD900,000	0.30%[1]
Guo Shaomu	Beneficial owner	USD200,000	0.07%[1]
Yip Wai Ming	Beneficial owner	USD200,000	0.07%[1]

Note:

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

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company and/or their respective associated persons had any personal, family, corporate or other interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO).

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

As at 30 June 2018, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held[1]	Approximate percentage in the Company's issued share capital
Jiayou (International) Investment Limited [2]	Beneficial owner	1,578,751,750(L)	61.11%
Jiahuang (Holdings) Investment Limited [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
Jiaxin Investment (Shanghai) Co., Ltd. [2]	Interest of corporation controlled by the substantial shareholder	1,578,751,750(L)	61.11%
Jiarui (Holdings) Investment Limited [3] [4]	Beneficial owner	339,130,000(L)	13.12%
Jialan (Shanghai) Corporate Management Co., Ltd. [3] [4]	Interest of corporation controlled by the substantial shareholder	339,130,000(L)	13.12%
China Minsheng Jiaye Investment Co., Ltd. [2] [3] [4]	Interest of corporation controlled by the substantial shareholder	1,917,881,750(L)	74.22%
China Minsheng Investment Corp., Ltd. [2] [3] [4]	Interest of corporation controlled by the substantial shareholder	1,917,881,750(L)	74.22%
Right Won Management Limited [5]	Beneficial owner	241,400,000(L)	9.34%
Sun Yinhuan [5]	Interest of corporation controlled by the substantial shareholder	241,400,000(L)	9.34%

Notes:

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

(2) China Minsheng Investment Corp., Ltd ("China Minsheng") owns 69.40% share equity of China Minsheng Jiaye Investment Co., Ltd ("CMIG Jiaye"). Jiaxin Investment (Shanghai) Co., Ltd. ("Jiaxin") is beneficially owned by CMIG Jiaye. Jiahuang (Holdings) Investment Limited ("Jiahuang") is beneficially wholly-owned by Jiaxin. Jiayou (International) Investment Limited ("Jiayou") is beneficially wholly-owned by Jiahuang. By virtue of the SFO, China Minsheng, CMIG Jiaye, Jiaxin and Jiahuang are deemed to hold equity in 1,578,751,750 shares held by Jiayou.

(3) Jiarui (Holdings) Investment Limited ("Jiarui") is beneficially wholly-owned by Jialan (Shanghai) Corporate Management Co., Ltd. ("Jialan"), which is wholly-owned by CMIG Jiaye. By virtue of the SFO, Jialan, China Minsheng and CMIG Jiaye are deemed to be interested in the 339,130,000 shares held by Jiarui.

(4) Pursuant to the subscription agreement entered into between the Company and Jiarui (Holdings) Investment Limited on 17 August 2017, Jiarui (Holdings) Investment Limited conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 339,130,000 shares of the Company. As at the date of this report, the subscription was not completed and lapsed on 17 August 2018.

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

Save as disclosed above, as at 30 June 2018, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the Period, except for the deviation from CG Code A.2.1 which provides that the roles of chairman and chief executive officer should be separate and not be performed by the same individual, the Company has complied with all the code provisions set out in the CG Code.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. With effect from 22 June 2018, Mr. Jiang Xiuwen serves as the chairman and chief executive officer of the Company and is responsible for overseeing the operations of the Group. The Board has considered the merits of separating the roles of the chairman and chief executive officer but is of the view that it is in the best interests of the Company to vest the two roles in Mr. Jiang Xiuwen. The Board will nevertheless review the structure from time to time in light of the prevailing circumstances. For further details, please refer to the announcement of the Company dated 22 June 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 14 November 2017, the Company and Many Gain International Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the first acquisition agreement with Innovate Zone Group Limited ("Vendor A") and Shui On Development (Holding) Limited ("Vendor A Guarantor"); and the Company and the Purchaser entered into the second acquisition agreement with Main Zone Group Limited ("Vendor B") and SOCAM Development Limited ("Vendor B Guarantor"). Pursuant to these two acquisition agreements, the Purchaser has conditionally agreed to acquire (1) 61.5% interest in Richcoast Group Limited (the "Target Company", together with its subsidiaries, the "Target Group") and all of Vendor A's benefits of and interests in offshore loans from Vendor A for a consideration of RMB3,160 million (the "First Acquisition"); and (2) 28.2% interest in the Target Company and all of Vendor B's benefits of and interests in offshore loans from Vendor B for a consideration of RMB1,300 million (the "Second Acquisition"). The acquisitions contemplated under the two acquisition agreements constitute a very substantial acquisition of the Company. On 28 December 2017, the Second Acquisition was completed. On 14 May 2018, the First Acquisition was completed. Upon completion of the First Acquisition, the Target Company became an indirect wholly-owned subsidiary of the Company.

Save as mentioned above, the Group did not have any other material acquisition and disposal during the Period.

SHARE OPTION SCHEME

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

AUDIT COMMITTEE

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

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 have been reviewed by the auditor of the Company, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The interim report of the Group for the six months ended 30 June 2018 has also been reviewed and approved by the Audit Committee.

CHANGES IN DIRECTORS' INFORMATION

Mr. Jiang Xiuwen, an executive Director and chief executive officer of the Company, has been appointed as the chairman of the board with effect from 22 June 2018. Save as disclosed, pursuant to Rule 13.51B(1) of the Listing Rules, there were no other material changes in the personal particulars of directors and chief executive during the Period.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

pwc

羅兵咸永道

TO THE BOARD OF DIRECTORS OF YIDA CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 36 to 84, which comprises the condensed consolidated statement of financial position of Yida China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the related condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
REVENUE	8	**2,139,264**	3,044,374
Cost of sales		**(1,589,059)**	(2,179,782)
Gross profit		**550,205**	864,592
Other income and gains	8	**883,583**	32,060
Selling and marketing expenses		**(99,983)**	(100,454)
Administrative expenses		**(202,400)**	(162,450)
Other expenses and losses		**(102,990)**	(97,681)
Fair value gains on investment properties		**8,617**	59,691
Finance costs	10	**(409,969)**	(174,122)
Share of profits and losses of:			
Joint ventures		**(32,151)**	21,735
Associates		**–**	(17,269)
PROFIT BEFORE INCOME TAX	9	**594,912**	426,102
Income tax expenses	11	**(160,822)**	(174,024)
PROFIT FOR THE PERIOD		**434,090**	252,078
Attributable to:			
Owners of the Company		**462,419**	203,163
Non-controlling interests		**(28,329)**	48,915
		434,090	252,078
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB per share)	13	**17.90 cents**	7.86 cents

The notes set out on pages 43 to 84 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**434,090**	252,078
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(59,268)**	32,614
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**374,822**	284,692
Attributable to:		
Owners of the Company	**403,151**	235,777
Non-controlling interests	**(28,329)**	48,915
	374,822	284,692

The notes set out on pages 43 to 84 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	**91,429**	88,044
Investment properties	15	**19,074,993**	12,244,622
Investments in joint ventures	16	**1,753,988**	2,585,466
Investments in associates		**20,699**	20,699
Prepayments for acquisition of land		**2,448,308**	2,297,438
Land held for development for sale	17	**504,564**	501,643
Prepayments and other receivables	18	**375,246**	705,094
Intangible assets		**15,776**	14,992
Available-for-sale investments		**–**	24,540
Deferred tax assets		**120,781**	124,892
Total non-current assets		**24,405,784**	18,607,430
CURRENT ASSETS			
Inventories		**49,943**	10,199
Land held for development for sale	17	**607,203**	607,203
Properties under development		**5,734,166**	1,670,574
Completed properties held for sale		**6,162,201**	6,121,194
Prepayments for acquisition of land		**774,623**	249,655
Contract assets		**174,362**	–
Gross amounts due from contract customers		**–**	162,463
Trade receivables	19	**737,612**	990,036
Prepayments, deposits and other receivables	18	**3,001,789**	5,131,013
Prepaid corporate income tax		**105,434**	30,851
Prepaid land appreciation tax		**150,712**	153,188
Restricted cash	20	**1,443,128**	1,879,540
Cash and cash equivalents	20	**525,393**	1,484,138
Total current assets		**19,466,566**	18,490,054

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
LIABILITIES			
CURRENT LIABILITIES			
Contract liabilities	21	**2,706,972**	–
Gross amounts due to contract customers	21	**–**	525,575
Receipts in advance	21	**–**	881,468
Trade payables	22	**3,897,181**	2,319,770
Other payables and accruals	23	**4,374,565**	1,935,900
Derivative financial instruments	25	**654,147**	591,065
Interest-bearing bank and other borrowings	24	**9,690,486**	6,912,232
Tax payable		**419,270**	454,604
Provision for land appreciation tax		**393,364**	382,116
Total current liabilities		**22,135,985**	14,002,730
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	24	**8,215,540**	10,073,500
Deferred tax liabilities		**2,299,827**	1,878,348
Total non-current liabilities		**10,515,367**	11,951,848
Net assets		**11,220,998**	11,142,906
EQUITY			
Equity attributable to owners of the Company			
Issued capital	26	**159,418**	159,418
Reserves		**10,763,731**	10,578,761
		10,923,149	10,738,179
Non-controlling interests		**297,849**	404,727
Total equity		**11,220,998**	11,142,906
NET CURRENT (LIABILITIES)/ASSETS		**(2,669,419)**	4,487,324
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,736,365**	23,094,754

The notes set out on pages 43 to 84 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company										
	Issued capital RMB'000	Share premium account RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Share based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)											
At 1 January 2018	159,418	1,495,452	512,580	352,979	(6,598)	81,000	(21,027)	8,164,375	10,738,179	404,727	11,142,906
Changes in accounting policies (Note 4)	–	–	–	–	–	–		(11,463)	(11,463)	–	(11,463)
Restated total equity at the beginning of the financial period	159,418	1,495,452	512,580	352,979	(6,598)	81,000	(21,027)	8,152,912	10,726,716	404,727	11,131,443
Profit for the period	–	–	–	–	–	–	–	462,419	462,419	(28,329)	434,090
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(59,268)	–	(59,268)	–	(59,268)
Total comprehensive income for the period	–	–	–	–	–	–	(59,268)	462,419	403,151	(28,329)	374,822
Transactions with owners in their capacity as owners:											
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	19,000	19,000
Transfer from retained profits	–	–	39,329	–	–	–	–	(39,329)	–	–	–
2017 final dividend	–	(206,718)	–	–	–	–	–	–	(206,718)	(97,549)	(304,267)
At 30 June 2018	159,418	1,288,734	551,909	352,979	(6,598)	81,000	(80,295)	8,576,002	10,923,149	297,849	11,220,998

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

The notes set out on pages 43 to 84 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	9	**594,912**	426,102
Adjustments for:			
Depreciation	9	**8,085**	6,978
Amortisation of intangible assets	9	**3,493**	2,516
Net (gain)/loss on disposal of items of property, plant and equipment		**(3,025)**	1,517
Fair value gains on investment properties	15	**(8,617)**	(59,691)
Fair value losses on derivative financial instruments		**63,082**	54,787
Share of profits and losses of joint ventures		**32,151**	(21,735)
Share of profits and losses of associates		**–**	17,269
Gains on re-measurement of the fair value of pre-existing interests in a joint venture to the date of obtaining control and acquisition	27	**(160,521)**	–
Gains on bargain purchase	27	**(630,438)**	–
Finance costs	10	**409,969**	174,122
Interest income	8	**(37,472)**	(27,988)
Dividend income	8	**–**	(1,254)
Net impairment losses on financial assets		**11,304**	–
		282,923	572,623
Increase in inventories		**(39,744)**	(4,572)
Decrease/(increase) in properties under development		**532,487**	(402,436)
Decrease in completed properties held for sale		**214,286**	1,853,401
Increase in prepayments for acquisition of land		**(675,838)**	(86,380)
Increase in gross amounts due from contract customers and contract assets	19	**(12,074)**	(9,155)
Decrease/(increase) in trade receivables		**304,234**	211,892
Decrease/(increase) in prepayments, deposits and other receivables		**3,171,876**	(93,356)
Increase/(decrease) in trade payables		**1,047,504**	(347,140)
Increase/(decrease) in other payables and accruals		**(4,369,813)**	(140,696)
Increase/(decrease) in receipts in advance, gross amounts due to contract customers and contract liabilities		**372,238**	(472,767)
Decrease in deferred income		**–**	(1,368)
Cash generated from operations		**828,079**	1,080,046
Interest received		**37,472**	27,988
PRC corporate income tax paid		**(168,479)**	(386,856)
PRC land appreciation tax refunded/(paid)		**(65,651)**	(69,387)
Net cash from operating activities		**631,421**	651,791

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in a joint venture		**–**	(1,040)
Increase in amounts due from joint ventures and associates		**(1,104,027)**	(129,680)
Purchases of property, plant and equipment		**(9,965)**	(1,397)
Purchases of intangible assets		**(4,199)**	(1,622)
Disposal of/(additions to) investment properties	15	**21,796**	(66,355)
Decrease/(increase) in restricted cash	20	**436,412**	(233,697)
Obtaining control and acquisition of subsidiaries		**(36,809)**	–
Dividends received		**–**	1,254
Net cash used in investing activities		**(696,792)**	(432,537)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from a non-controlling shareholder		**19,000**	980
Acquisition of non-controlling interests		**–**	(10,000)
Interest paid	10	**(672,727)**	(562,863)
Dividends paid		**–**	(98,351)
New bank and other borrowings		**3,020,794**	5,607,001
Repayment of bank and other borrowings		**(3,260,441)**	(3,524,792)
Net cash (used in)/from financing activities		**(893,374)**	1,411,975
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(958,745)**	1,631,229
Cash and cash equivalents at beginning of period		**1,484,138**	1,856,039
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**525,393**	3,487,268
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**525,393**	3,487,268

The notes set out on pages 43 to 84 are an integral part of these condensed consolidated financial statements.

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the six months ended 30 June 2018, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Tianjin, Zhengzhou, Hefei, Xi'an, Suzhou, Hangzhou, Shenzhen, Changsha and Chengdu, the People's Republic of China (the "PRC" or "Mainland China").

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

The unaudited condensed consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated and were approved and authorized for issue by the board of Directors on 16 August 2018.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2018 have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, investment properties and financial assets at fair value through other comprehensive income which are carried at fair value, and in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

As at 30 June 2018, the current liabilities of the Group exceeded its current assets by approximately RMB2,669,419,000. In preparing the condensed consolidated financial statements, the Directors have thoroughly assessed the going concern ability of the Group.

In light of the financing arrangements with certain commercial banks, the Group's funding raising history and the expected net operating cash flow in the next 12 months from 30 June 2018, the Directors believe that the Group can continuously gain access to adequate financing resources for operation, payment of matured debts and capital expenditure. Accordingly, the Directors believe that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

3. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those of the annual consolidated financial statements of the Company for the year ended 31 December 2017, as described in those annual financial statements, except for estimation of income tax for the interim periods using the tax rate that would be applicable to expected total annual earnings and the adoption of the new standards, amendments and interpretation of HKFRSs effective for the financial year ending 31 December 2018.

New standards, amendments and interpretation of HKFRSs effective for 2018

The following new standards of HKFRSs which are relevant to the Group's operations are effective for the first time for annual period beginning on 1 January 2018.

- HKFRS 9 Financial Instruments ("HKFRS 9").

- HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15").

The impact of the adoption of HKFRS 9 and HKFRS 15 are described in Note 4. The other newly effective standards, amendments and interpretation to existing standards did not have any impact on the Group's financial statements and did not require retrospective adjustments.

New standards, amendments and interpretation of HKFRSs not yet adopted

The Group has not early adopted any new accounting and financial reporting standards, amendments and interpretation to existing standards which have been issued but are not yet effective for the year ending 31 December 2018. Among these to-be-effective HKFRSs, the following new standard is considered as may have a significant impact to the Group's financial statements.

- HKFRS 16 Leases ("HKFRS 16").

HKFRS 16 is effective for annual period beginning from 1 January 2019. The Group is in the process of making assessments on the impacts of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. There are no other standards, amendments and interpretations to existing standards that are not effective and that would be expected to result in any significant impact on the Group's financial positions and result of operations. As disclosed in Note 30(ii), the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB750,868,000 and RMB826,476,000 as at 30 June 2018 and 31 December 2017, respectively. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognized as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognized, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

There are no other new standards, amendments and interpretation to existing standards that are not effective and that would be expected to result in any significant impact on the Group's financial position and results of operations.

4. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the comparative statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

In accordance with the transitional provisions in HKFRS 15, the Group has elected to apply the modified retrospective approach, under which comparative figures have not been restated.

The following tables show the adjustments recognised for each individual line item. The adjustments are explained in more detail standard by standard below.

Consolidated statement of financial position	31 December 2017 As originally presented RMB'000	HKFRS 9 RMB'000	HKFRS 15 RMB'000	1 January 2018 Restated RMB'000
Non-current assets				
Deferred tax assets	124,892	3,821	–	128,713
Current assets				
Trade receivables	990,036	(5,659)	–	984,377
Contract assets	–	(163)	162,463	162,300
Gross amounts due from contract customers	162,463	–	(162,463)	–
Prepayments, deposits and other receivables	5,131,013	(9,462)	–	5,121,551
Current liabilities				
Contract liabilities	–	–	881,468	881,468
Receipts in advance	881,468	–	(881,468)	–
Trade payables	2,319,770	–	525,575	2,845,345
Gross amounts due to contract customers	525,575	–	(525,575)	–
Equity				
Reserves	10,578,761	(11,463)	–	10,567,298

4. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Hedge accounting is however not applicable to the Group.

The total impact of HKFRS 9 on the Group's retained profits as at 1 January 2018 is as follows:

	Notes	2018 RMB'000
Closing retained profits – HKAS 39 as at 31 December 2017		**8,164,375**
Increase in provision for trade receivables and contract assets	(ii)	**(5,821)**
Increase in provision for other receivables	(ii)	**(9,462)**
Increase in deferred tax assets relating to impairment provisions	(ii)	**3,820**
Adjustments to retained profits from adoption of HKFRS 9 on 1 January 2018		**(11,463)**
Opening retained earnings – HKFRS 9 as at 1 January 2018 (before any impact from HKFRS 15)		**8,152,912**

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification as at 1 January 2018 are as follows:

	AFS RMB'000	FVOCI RMB'000
Closing balance as at 31 December – HKAS 39	24,540	–
Reclassify unlisted equity securities from available-for-sale ("AFS") to fair value through other comprehensive income ("FVOCI")	(24,540)	24,540
Opening balance as at 1 January 2018 – HKFRS 9	–	24,540

Investments in unlisted equity securities of RMB24,540,000 were reclassified from AFS to FVOCI on 1 January 2018.

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

4. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9 Financial Instruments – Impact of adoption (Continued)

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables
- contract assets relating to construction contracts
- other receivables (excluding prepayments)

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group's retained profits and equity is disclosed in the table above.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

This resulted in an increase of the loss allowances on 1 January 2018 by RMB5,659,000 for trade receivables and RMB163,000 for contract assets respectively.

The loss allowances increased by a further RMB10,774,000 to RMB35,693,000 for trade receivables and by RMB13,000 to RMB176,000 for contract assets during the six months ended 30 June 2018.

Other receivables (excluding prepayments)

The Group applies general approach for expected credit loss of other receivables, and considers the possibility of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses. Applying the expected credit risk model resulted in the recognition of a loss allowance of RMB9,462,000 for other receivables on 1 January 2018 (previous loss allowance for other receivables was nil) and a further increase in the loss allowances by RMB527,000 for other receivables during the six months ended 30 June 2018. Note 6 provides for details about the calculation of the allowances.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

4. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments into the following measurement category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

4. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018 (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applies general approach for expected credit loss prescribed by HKFRS 9. Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

(d) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In summary, the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 January 2018):

	HKAS 18/HKAS 11 carrying amount as at 31 December 2017* RMB'000	Re-classification RMB'000	HKFRS 15 carrying amount as at 1 January 2018 RMB'000
Contract assets	–	162,463	162,463
Gross amounts due from contract customers	162,463	(162,463)	–
Contract liabilities	–	881,468	881,468
Receipts in advance	881,468	(881,468)	–
Trade payables	2,319,770	525,575	2,845,345
Gross amounts due to contract customers	525,575	(525,575)	–

* The amounts in this column are before the adjustments from the adoption of HKFRS 9, including increase in the impairment loss allowance for trade receivables and contract assets and other receivables, see Note 4(b) above.

4. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (Continued)

Presentation of assets and liabilities related to contracts with customers

The Group has changed the presentation of certain amounts in the statement of financial position to reflect the terminology of HKFRS 15:

- Contract assets relating to construction contracts presented as gross amounts due from contract customers in prior periods were now reclassified to contract assets (1 January 2018, net of provision: RMB162,463,000);

- Gross amounts due to contract customers was now reclassified to trade payables (1 January 2018: RMB525,575,000);

- Contract liabilities relating to proceeds received from presale of property development presented as receipts in advance in prior periods were now reclassified to contract liabilities (1 January 2018: RMB881,468,000).

(e) HKFRS 15 Revenue from Contracts with Customers – Accounting policies

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties, construction and contracts services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below.

(i) Sales of properties

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

- provides all of the benefits received and consumed simultaneously by the customer; or

- creates and enhances an asset that the customer controls as the Group performs; or

- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

4. CHANGES IN ACCOUNTING POLICIES (Continued)

(e) HKFRS 15 Revenue from Contracts with Customers – Accounting policies (Continued)

(i) Sales of properties (Continued)

In determing the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers the properties to the customer and when the customer pays for that properties will be one year or less.

The Group recognised as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. As a practical expedient, the Group recognised the incremental costs of obtaining a contract as an expense of the assets that the Group otherwise would have recognised is one year or less.

(ii) Construction contracts

For construction contracts, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognised revenue over time, by reference to the progress of certified value of work performance to date.

(iii) Property management services

Revenue arising from property management services is recognised when the services are rendered.

(iv) Business park operation and management services

Revenue arising from business park operation and management services is recognised when the services are rendered.

(v) Rental income

Rental income is recognised on an straight line basis over the lease term.

(vi) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment has been established.

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimations.

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

In preparing these interim financial statements, the significant judgements and estimates made by management in applying to the Group's accounting policies and the key resources of estimation uncertainty were the same as those that applied to the Group's financial statements for the year ended 31 December 2017, except for the provision for impairment of trade receivables, contract assets and other receivables. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on the Group's historical observed default rates over the expected life of the trade receivables and contract assets and is adjusted for forward-looking estimates. Other receivables is considered 12-month expected credit losses. The Group assesses that the contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. In making the judgement, the Group's management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in the operating results of the customers, actual or expected significant adverse changes in business and customers' financial position. At each reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management.

The Group develops and sells residential and commercial properties in different countries. Revenue is recognised over time when 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; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue is recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts, the relevant local laws, the local regulators' views and obtained legal advice, when necessary.

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement and estimation are required in determining the completeness and accuracy of the budgets and the extent of the costs incurred and the allocation of cost to that property unit. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimation, the Group relies on past experience and work of contractors and surveyors.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the buyer obtains the physical possession or legal title of the completed property and the consideration amount is collected. The Group seldom provides long credit or payment terms to its property buyer.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial assets and liabilities comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial assets and liabilities is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial assets and liabilities are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's assets are predominantly in the form of land held for development for sale, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

The sensitivity analyses of fair value measurement of investment properties and derivative financial instruments are disclosed in Note 15 and Note 25 to the financial statements, respectively.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before income tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before income tax RMB'000
30 June 2018 (unaudited)		
RMB	**50**	**14,867**
RMB	**(50)**	**(14,867)**
31 December 2017 (audited)		
RMB	50	(24,312)
RMB	(50)	24,312

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term borrowings denominated in United States dollars and Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

As at 30 June 2018, if RMB had weakened/strengthened by 10% (31 December 2017: 10%) against the United States dollar ("USD"), which was considered reasonably possible by management, the Group's profit before income tax for the period would have been decreased/increased by RMB193,997,000 (31 December 2017: RMB163,787,000). Moreover, if RMB had weakened/strengthened by 10% (31 December 2017: 10%) against the Hong Kong dollars ("HKD"), the Group's profit before income tax for the period would have been decreased/increased by RMB46,367,000 (31 December 2017: RMB50,000). There would be no material impact on other components of the Group's equity.

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, receivable balances are monitored on an ongoing basis. Therefore, the credit risk from sales of properties is limited. There is no significant concentration of credit risk within the Group.

Trade receivables mainly represent receivables for contract works. Other receivables mainly comprise amounts due from related parties and advances to local government authorities in connection with primary land development. The Group closely monitors these trade receivables and other receivables to ensure actions are taken to recover these balances in case of any risk of default.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in Note 28, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these assets.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the same borrower
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

(i) Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowances for trade receivables and contract assets.

As at 30 June 2018, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

30 June 2018	Current RMB'000	More than 180 days past due RMB'000	More than 1 year past due RMB'000	More than 2 year past due RMB'000	Total RMB'000
Expected loss rate	0.82%	7.41%	50.00%	100.00%	
Gross carrying amount	733,148	–	20,887	19,270	773,305
Loss allowance	5,980	–	10,443	19,270	35,693

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

As at 1 January 2018, the loss allowance for trade receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

1 January 2018	Current RMB'000	More than 180 days past due RMB'000	More than 1 year past due RMB'000	More than 2 year past due RMB'000	Total RMB'000
Expected loss rate	**0.38%**	**7.00%**	**50.00%**	**100.00%**	
Gross carrying amount	**961,846**	**28,190**	**–**	**19,270**	**1,009,306**
Loss allowance	**3,685**	**1,974**	**–**	**19,270**	**24,929**

For contract assets, the expected credit losses of RMB176,000 as at 30 June 2018 and RMB163,000 as at 1 January 2018, were determined based on carrying amounts of RMB162,463,000 and RMB174,537,000 respectively at expected loss rate of 0.1%.

(ii) Other receivables (excluding prepayments)

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses	Gross carrying amount
Stage three	Receivables for which there is credit loss since initial recognition	Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(ii) Other receivables (excluding prepayments) (Continued)

As at 30 June 2018, the Group provides for loss allowance for other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	Stage one	1.70%	52,312	(889)	51,423
Receivables for primary land development	Stage one	0.10%	2,333,216	(2,333)	2,330,882
Others	Stage one	0.68%	1,001,495	(6,766)	994,729
			3,387,023	(9,989)	3,377,035

As at 1 January 2018, the Group provides for credit losses against other receivables as follows:

	Category	Expected credit loss rate	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of impairment provision)
Amounts due from related parties	Stage one	0.01%	2,328,609	(298)	2,328,311
Receivables for primary land development	Stage one	0.10%	2,425,327	(2,425)	2,422,902
Others	Stage one	0.62%	1,082,171	(6,739)	1,075,432
			5,836,107	(9,462)	5,826,645

The loss allowances for trade receivables, contract assets and other receivables as at 30 June 2018 are reconciled to the opening loss allowances as follows:

	Contract assets RMB'000	Trade receivable RMB'000	Other receivables RMB'000	Total RMB'000
Closing loss allowance as at 31 December 2017 calculated under HKAS 39	–	19,270	–	19,270
Amounts restated through opening retained profits	163	5,659	9,462	15,284
Opening loss allowance as at 1 January 2018 – calculated under HKFRS 9	163	24,929	9,462	34,554
Provision for loss allowance recognised in profit or loss during the period	13	10,764	527	11,304
Closing loss allowance as at 30 June 2018 – calculated under HKFRS 9	176	35,693	9,989	45,858

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	At 30 June 2018 (unaudited)				
	On demand or within 1 year RMB'000	**In the second year RMB'000**	**3 to 5 years RMB'000**	**Beyond 5 year RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings (note)	**10,142,076**	**5,946,129**	**2,487,232**	**1,167,351**	**19,742,788**
Trade payables (Note 22)	**1,750,954**	**1,616,320**	**–**	**–**	**3,367,274**
Other payables and accruals (Note 23)	**4,254,565**	**–**	**–**	**–**	**4,254,565**
Derivative financial instruments (Note 25)	**654,147**	**–**	**–**	**–**	**654,147**
	16,801,742	**7,562,449**	**2,487,232**	**1,167,351**	**28,018,774**
Financial guarantees issued: Maximum amount guaranteed (Note 28)	**406,587**	**–**	**–**	**–**	**406,587**

	At 31 December 2017 (audited)				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 year RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note)	7,364,788	2,757,459	7,074,400	926,849	18,123,496
Trade payables (Note 22)	1,805,833	513,937	–	–	2,319,770
Other payables and accruals (Note 23)	1,732,661	–	–	–	1,732,661
Derivative financial instruments (Note 25)	611,934	–	–	–	611,934
	11,515,216	3,271,396	7,074,400	926,849	22,787,861
Financial guarantees issued: Maximum amount guaranteed (Note 28)	1,450,902	–	–	–	1,450,902

note: The amounts of interest-bearing bank and other borrowings include future interest payments computed using contractual rates.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. There have been no breaches in the financial covenants during the period. No changes were made in the objectives, policies or processes for managing capital during the period.

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings and promissory notes, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting periods were as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Interest-bearing bank and other borrowings (Note 24)	**17,906,026**	16,985,732
Promissory notes included in other payables	**534,521**	534,521
Less: Cash and cash equivalents (Note 20)	**(525,393)**	(1,484,138)
Less: Restricted cash (Note 20)	**(1,443,128)**	(1,879,540)
Net debt	**16,472,026**	14,156,575
Total equity	**11,220,998**	11,142,906
Net debt ratio	**142%**	127%

7. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other independent third parties;

(d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects;

(e) the property management segment engages in the provision of management services to properties; and

(f) the others segment comprises corporate income and expense items.

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

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial liabilities, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

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

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

7. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2018 (unaudited)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	1,563,678	211,703	15,748	118,457	229,678	–	2,139,264
Segment results	145,172	109,101	3,588	4,283	18,487	(41,099)	239,532
Reconciliation:							
Interest income							37,472
Dividend income and unallocated gains							790,959
Corporate and other unallocated expenses							(63,082)
Finance costs							(409,969)
Profit before income tax							594,912
Income tax expenses							(160,822)
Profit for the period							434,090

For the six months ended 30 June 2017 (unaudited)

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

7. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

Geographical information is not presented since all of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

8. REVENUE, OTHER INCOME AND GAINS

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

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

	Notes	Six months ended 30 June **2018** **RMB'000** **(unaudited)**	 2017 RMB'000 (unaudited)
Revenue			
Sales of properties		**1,563,678**	2,527,951
Rental income		**211,703**	186,672
Construction, decoration and landscaping income		**118,457**	122,259
Property management income		**229,678**	171,751
Business park operation and management service income		**15,748**	35,741
		2,139,264	3,044,374
Other income			
Interest income		**37,472**	27,988
Dividend income		**–**	1,254
Government subsidies		**2,594**	1,430
Other gains			
Gains on remeasurement of the fair value of pre-existing interests in a joint venture to the date of obtaining control and acquisition	27	**160,521**	–
Gains on bargain purchase	27	**630,438**	–
Foreign exchange gain – net		**33,022**	–
Others		**19,536**	1,388
Total		**883,583**	32,060

9. PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	**1,197,481**	1,853,401
Cost of services provided	**301,306**	251,762
Depreciation	**8,085**	6,978
Amortisation of intangible assets	**3,493**	2,516
Fair value losses of derivative financial instruments	**63,082**	54,787
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**90,272**	74,619
Net impairment losses on financial assets	**11,304**	–

10. FINANCE COSTS

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank loans and other loans	**672,727**	551,472
Less: Interest capitalised	**(262,758)**	(377,350)
	409,969	174,122

11. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2018 and 2017. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the period.

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current:		
PRC corporate income tax	**80,465**	139,804
PRC land appreciation tax ("LAT")	**57,168**	88,425
Under/(over) provision of PRC LAT in prior years*	**43,733**	(91,340)
	181,376	136,889
Deferred:		
Current period	**(9,621)**	14,300
(Recognition)/reversal of deferred tax assets on PRC LAT underprovided/overprovided in prior years	**(10,933)**	22,835
	(20,554)	37,135
Total tax charge for the period	**160,822**	174,024

* During the six months ended 30 June 2018, the Group filed and agreed with the local tax bureau in the PRC the computation for the LAT of certain property development projects that had been completed and sold in prior years. As a result of the local tax bureau's assessments, the Group has recognised an under provision of LAT on the relevant property development projects of RMB43,733,000 (six months ended 30 June 2017: an over provision of RMB91,340,000) in the consolidated statement of profit or loss.

12. DIVIDEND

The Company resolved not to declare an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

The final dividend in respect of the year ended 31 December 2017 of RMB8 cents per ordinary share using the share premium account, amounting to approximately RMB206,718,000, was approved at the annual general meeting of the Company held on 14 June 2018. The dividend was not yet paid by the Company as at 30 June 2018 and was included in other payables (Note 23).

The dividend payable as at 30 June 2018 is RMB206,718,000 (31 December 2017: Nil).

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to the ordinary equity holders of the Company of RMB462,419,000 (six months ended 30 June 2017: RMB203,163,000), and the weighted average number of ordinary shares of 2,583,970,000 in issue during the period.

No adjustment has been made to basic earnings per share amounts presented for the six months ended 30 June 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during those periods.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment of RMB12,516,000 (six months ended 30 June 2017: RMB1,397,000).

15. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)			
At 1 January 2018	**10,531,950**	**1,712,672**	**12,244,622**
Additions arising from acquisition of subsidiaries	**1,030,450**	**5,813,100**	**6,843,550**
Other additions	**2,176**	**19,128**	**21,304**
Disposals	**(43,100)**	**–**	**(43,100)**
Net gains from fair value adjustments	**724**	**7,893**	**8,617**
At 30 June 2018	**11,522,200**	**7,552,793**	**19,074,993**

	Completed RMB'000	Under construction RMB'000	Total RMB'000
(Unaudited)			
At 1 January 2017	9,936,350	1,858,683	11,795,033
Additions	31,599	34,756	66,355
Transfers from investment properties under construction to completed investment properties	480,000	(480,000)	–
Net gains/(losses) from fair value adjustments	70,701	(11,010)	59,691
At 30 June 2017	10,518,650	1,402,429	11,921,079

As at 30 June 2018, certain of the Group's investment properties of RMB11,887,096,000 (31 December 2017: RMB11,949,268,000) were pledged to banks to secure the loans granted to the Group (Note 24).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in Note 30(i) of these financial statements.

The Group's completed investment properties and investment properties under construction, which were stated at fair value, were revalued on 30 June 2018 by DTZ Cushman & Wakefield Limited, independent professionally qualified valuers.

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

For investment properties under construction which were stated at fair value as at 30 June 2018, valuations were based on the residual approach and market approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

Investment properties which have been measured at cost included in the condensed consolidated statement of financial position as at 30 June 2018 were RMB485,492,000 (31 December 2017: RMB527,430,000).

15. INVESTMENT PROPERTIES (Continued)

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. The amount of the completed investment properties and investment properties under construction of the Group measured at fair value were RMB18,589,501,000 as at 30 June 2018 (31 December 2017: RMB11,717,192,000).

Unrealised fair value gains included in the condensed consolidated statement of profit or loss for completed investment properties for the six months ended 30 June 2018 amounted to RMB724,000 (six months ended 30 June 2017: RMB70,701,000).

Unrealised fair value gains included in the condensed consolidated statement of profit or loss for investment properties under construction for the six months ended 30 June 2018 amounted to RMB7,893,000 (six months ended 30 June 2017: loss of RMB11,010,000).

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

	Valuation technique	Significant unobservable inputs	Range (weighted average) 30 June 2018 (Unaudited)	31 December 2017 (Audited)
Completed	Income approach			
Retail		Estimated yearly rental value per square metre (RMB)	**714 – 2,016**	476 – 2,020
Office		Estimated yearly rental value per square metre (RMB)	**540 – 867**	539 – 865
Car park		Estimated yearly rental value per lot (RMB)	**3,526 – 5,306**	3,526 – 5,306
Retail		Capitalisation rate	**5.25%**	4.8% – 5.5%
Office		Capitalisation rate	**4.3% – 4.8%**	4.3% – 5.3%
Car park		Capitalisation rate	**3.8%**	3.8%
Under construction	Residual and market approach			
Office		Estimated yearly rental value per square metre (RMB)	**609 – 700**	604 – 697
Car park		Estimated yearly rental value per lot (RMB)	**3,726 – 4,946**	3,726 – 4,946
Office		Capitalisation rate	**4.8%**	4.8%
Car park		Capitalisation rate	**3.8%**	3.8%
Office and car park		Development profit	**4.5% – 25%**	4.5% – 25%

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

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

16. INVESTMENTS IN JOINT VENTURES

As at 30 June 2018, investments in joint ventures decreased from RMB2,585,466,000 as at 31 December 2017 to RMB1,753,988,000, mainly due to Richcoast Group Limited and its subsidiaries ("Richcoast Group") classified as joint ventures as at 31 December 2017 have become subsidiaries of the Group since May 2018 (Note 27).

17. LAND HELD FOR DEVELOPMENT FOR SALE

	Six months ended 30 June 2018 RMB'000 (Unaudited)	Year ended 31 December 2017 RMB'000 (Audited)
Carrying amount at beginning of period/year	**1,108,846**	1,337,624
Additions	**2,921**	803
Transfer to properties under development	**–**	(229,581)
Carrying amount at end of period/year	**1,111,767**	1,108,846
Current portion	**(607,203)**	(607,203)
Non-current portion	**504,564**	501,643

As at 30 June 2018, certain of the Group's land held for development for sale of RMB526,673,000 (31 December 2017: RMB461,673,000) were pledged to banks to secure the bank and other loans granted to the Group (Note 24).

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Prepayments	**592,345**	436,278
Deposits and other receivables (note (a))	**2,784,690**	5,399,829
Carrying amount at end of period/year	**3,377,035**	5,836,107
Current portion	**(3,001,789)**	(5,131,013)
Non-current portion	**375,246**	705,094

note:

(a) As at 30 June 2018, included in the Group's other receivables are advances of RMB2,330,882,000 (31 December 2017: RMB2,422,902,000) to certain local government authorities, in connection with the primary land development of certain land parcels in Dalian, the PRC, amounts due from joint ventures of RMB22,277,000 (31 December 2017: RMB2,299,293,000), which decreased significantly mainly due to the previous joint ventures Richcoast Group have become subsidiaries of the Group since May 2018 (Note 27), and amounts due from third-parties of RMB431,531,000 (31 December 2017: RMB677,634,000).

19. TRADE RECEIVABLES

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables – gross amount	**773,305**	1,009,306
Less: Allowances for impairment of trade receivables	**(35,693)**	(19,270)
	737,612	990,036

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

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within 1 year	**641,087**	792,132
1 to 2 years	**78,683**	167,086
Over 2 years	**53,535**	50,088
	773,305	1,009,306

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2018, a provision of RMB35,693,000 (1 January 2018: RMB 24,929,000) was made against the gross amount of trade receivables (Note 6).

20. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Cash and bank balances (notes)	**1,968,521**	3,363,678
Less: Restricted cash	**(1,443,128)**	(1,879,540)
Cash and cash equivalents	**525,393**	1,484,138

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB1,959,724,000 (31 December 2017: RMB3,198,477,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

notes:

(a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. As at 30 June 2018, such guarantee deposits amounted to RMB772,408,000 (31 December 2017: RMB1,082,292,000).

(b) According to the relevant construction safety regulation implemented by the local government, certain subsidiaries of the Group are required to place at designated bank accounts certain amounts as deposits for potential industrial accidents during construction works. As at 30 June 2018, such deposits amounted to RMB2,720,000 (31 December 2017: RMB20,248,000).

(c) As at 30 June 2018, certain of the Group's time deposits of RMB668,000,000 (31 December 2017: RMB777,000,000) were pledged to banks to secure the bank and other loans granted to the Group (Note 24).

21. CONTRACT LIABILITIES

Contract liabilities of the Group represented amounts received from buyers in connection with the pre-sale of properties and gross amounts due to contract customers as at the reporting period end.

22. TRADE PAYABLES

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Due within 1 year or on demand	2,280,861	1,805,833
Due within 1 to 2 years	1,616,320	513,937
	3,897,181	2,319,770

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

23. OTHER PAYABLES AND ACCRUALS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Accruals	77,383	368,313
Other payables (note (a))	4,297,182	1,567,587
Carrying amount at end of the period/year	4,374,565	1,935,900
Current portion	(4,374,565)	(1,935,900)
Non-current portion	–	–

note:

(a) As at 30 June 2018, included in Group's other payables are promissory notes issued by the Company with an aggregate principal amount of RMB534,521,000 on 28 December 2017, as part of the consideration for the acquisition of 28.21% equity interests in Richcoast Group. The promissory notes carries interest at a rate of 5% per annum payable annually and has a maturity period of one year after the date of issue.

As at 30 June 2018, included in Group's other payables are amounts due to Main Zone Group Limited and Innovate Zone Group Limited of RMB336,555,000 and RMB2,373,543,000 respectively, as part of the consideration for the acquisition of 28.21% and 61.54% equity interests in Richcoast Group. The payables due to Main Zone Group Limited and Innovate Zone Group Limited carry a late payment interest at a rate of 5% per annum respectively since 28 December 2017 and 14 May 2018.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2018 (Unaudited)			31 December 2017 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	**4.35 – 10.60**	**2018 – 2019**	**4,290,051**	2.24 – 7.50	2018	3,147,877
Other loans — secured	**6.70 – 10.50**	**2018 – 2019**	**1,973,750**	1.20 – 12.00	2018	2,732,300
Other loans — unsecured	**3.00 – 18.00**	**2019**	**3,426,685**	3.00 – 6.76	2018	1,032,055
			9,690,486			6,912,232
Non-current						
Bank loans — secured	**3.58 – 7.50**	**2019 – 2024**	**4,661,250**	3.58 – 7.50	2019 – 2030	3,764,650
Other loans — secured	**1.20 – 10.50**	**2019 – 2025**	**1,578,500**	1.20 – 10.60	2019 – 2025	2,309,500
Other loans — unsecured	**8.23**	**2020**	**1,975,790**	6.76 – 8.23	2020 – 2021	3,999,350
			8,215,540			10,073,500
			17,906,026			16,985,732

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**4,290,051**	3,147,877
In the second year	**2,058,661**	1,359,040
In the third to fifth years, inclusive	**1,807,909**	1,539,806
Beyond five years	**794,680**	865,804
	8,951,301	6,912,527
Other loans repayable:		
Within one year or on demand	**5,400,435**	3,764,355
In the second year	**3,215,790**	1,220,000
In the third to fifth years, inclusive	**321,000**	5,071,350
Beyond five years	**17,500**	17,500
	8,954,725	10,073,205
	17,906,026	16,985,732

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB3,000,000,000 (31 December 2017: RMB3,000,000,000). The first tranche of RMB1,000,000,000 and the second tranche of RMB2,000,000,000 of the corporate bonds was issued by Yida Development Company Limited ("Yida Development"), an indirectly wholly-owned subsidiary of the Company, on 24 September 2015 and 8 March 2016, respectively. At the end of third year, Yida Development shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to Yida Development. The corporate bonds with a principal amount of RMB3,000,000,000 is classified as a current liability as at 30 June 2018.

(b) Included in other loans of the Group are senior notes in a principal amount of USD300,000,000 (approximately RMB1,984,980,000) (31 December 2017: RMB1,960,260,000) issued by the Company in April 2017 (the "Senior Notes"). The net proceeds after deducting the issuance costs, amounted to approximately USD289,819,000 (approximately RMB1,998,876,000). The Senior Notes are unsecured, have a term of three years and bear interest at a rate of 6.95% per annum. The Senior Notes will mature on 19 April 2020.

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

    The Senior Notes of the Company are denominated in USD and are guaranteed by certain subsidiaries of the Group.

(c) Certain of the Group's bank and other loans are secured or guaranteed by:

    (i) pledges of the Group's properties under development with an aggregate carrying value as at 30 June 2018 of approximately RMB5,472,071,000 (31 December 2017: RMB1,243,299,000);

    (ii) pledges of the Group's investment properties with an aggregate carrying value as at 30 June 2018 of approximately RMB11,887,096,000 (31 December 2017: RMB11,949,268,000);

    (iii) pledges of the Group's land held for development for sale with an aggregate carrying value as at 30 June 2018 of approximately RMB526,673,000 (31 December 2017: RMB461,673,000);

    (iv) pledges of the Group's completed properties held for sale with an aggregate carrying value as at 30 June 2018 of approximately RMB3,770,209,000 (31 December 2017: RMB3,708,060,000);

    (v) pledge of a building and certain equipment of the Group with a carrying value as at 30 June 2018 of approximately RMB144,442,000 (31 December 2017: RMB50,721,000);

    (vi) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB11,148,934,000 as at 30 June 2018 (31 December 2017: RMB10,612,607,000);

    (vii) pledges of certain equity interests of the subsidiaries of the Company as at the end of the reporting period; and

    (viii) pledges of certain of the Group's time deposits with an aggregate carrying value of approximately RMB668,000,000 as at 30 June 2018 (31 December 2017: RMB777,000,000).

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

(d) Other than certain other borrowings with a carrying amount of RMB1,975,791,000 (31 December 2017: RMB2,603,370,000) denominated in USD as at 30 June 2018 and RMB421,550,000 denominated in HKD as at 30 June 2018 (31 December 2017: Nil), the remaining bank and other borrowings of the Group are denominated in RMB as at 30 June 2018 and 31 December 2017.

(e) As at 30 June 2018, included in other loans of the Group are loans from joint ventures with principal amounts of RMB21,000,000 (31 December 2017: RMB21,000,000), which is unsecured, bears interest at 4.75% per annum and is repayable on demand, and RMB13,480,000 (31 December 2017: RMB13,480,000), which are unsecured, bear interest at 3% per annum and are repayable on demand, respectively.

(f) As at 30 June 2018, included in bank loans of the Group is an amount of RMB1,394,000,000 (31 December 2017: RMB1,472,000,000) containing an on-demand clause, which has been classified as current liability. For the purpose of the table above, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loans repayable within one year or on demand.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Liabilities		
Current		
Call and put options, net	**654,147**	591,065

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

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

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

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

		Range/weighted average	
Valuation technique	**Significant unobservable inputs**	**30 June 2018**	31 December 2017
Binomial model	Dividend yield	**0%**	0%
	Net asset value volatility	**24.21%**	19.45%
	Option life (Year(s))	**1.5**	2
	Risk-free interest rate	**3.17%**	3.53%
	Stock volatility of comparable companies	**38.17%**	31.78%

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

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "combined factors").

	Increase/ (decrease) in basis points	**Combined net effect on profit before income tax** RMB'000
30 June 2018 (Unaudited)		
Combined factors	**100**	**(11,407)**
Combined factors	**(100)**	**12,415**
30 June 2017 (Unaudited)		
Combined factors	100	(3,433)
Combined factors	(100)	3,688

In June 2016, the Group received notices served by certain joint venture partners during the option exercise period in respect of the exercise of certain put options. On 23 October 2017, the Group received an arbitration notice in respect of the submission of arbitration applications by the joint venture partners. As at the date of approval of these financial statements, the Group submitted a response to the arbitration notice and no further notice was given up to date.

26. SHARE CAPITAL

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Authorised:		
50,000,000,000 shares of US$0.01 each	**3,124,300**	3,124,300
Issued and fully paid:		
2,583,970,000 ordinary shares of US$0.01 each	**159,418**	159,418

On 17 August 2017, the Company and the subscriber, Jiarui (Holdings) Investment Limited, a company incorporated in Hong Kong with limited liability and a connected person of the Company by virtue of being an indirect wholly-owned subsidiary of Jiayou, a controlling shareholder of the Company, entered into a subscription agreement pursuant to which the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue the 339,130,000 subscription shares in cash at the subscription price of HK$2.3 per share. The subscription has not been completed as at the date of approval of these financial statements.

27. BUSINESS COMBINATIONS

As at 31 December 2016, the Group held 10.26% equity interests in Richcoast Group, which held 78% equity interests in a real estate project known as Project Dalian Tiandi through certain project companies, while the remaining 22% equity interests in Project Dalian Tiandi was held by the Group directly. As a result, the Group held approximately 30% effective equity interests in Propject Dalian Tiandi. Richcoast Group and those certain project companies of Project Dalian Tiandi were recognised as associates to the Group.

On 14 November 2017, the Group entered into acquisition agreements with the other two shareholders of Richcoast Group respectively, to acquire the entire remaining equity interests in Richcoast Group. As at 31 December 2017, the acquisition of additional 28.20% equity interests of Richcoast Group from Main Zone Group Limited was completed by the Group, and therefore the Group increased the equity interests in Richcoast Group from 10.26% to 38.46% and held approximately 52% effective equity interests in Propject Dalian Tiandi. Since then, Richcoast Group became a joint venture of the Group.

On 14 May 2018, the Group completed the acquisition of the remaining 61.54% equity interests in Richcoast Group, as a result, Richcoast Group became a wholly owned subsidiary of the Group, and therefore the Group held 100% equity interests in Project Dalian Tiandi. The consideration for the 61.54% acquisition was RMB3,160 million (including the consideration for 61.54% equity interests and the consideration for purchasing certain shareholder's loan). During the six months ended 30 June 2018, the Group recorded a gain of approximately RMB790.96 million for the acquisition of the interests in Richcoast Group, including the gains of approximately RMB160.52 million on remeasurement of the fair value of pre-existing interests in a joint venture to the date of obtaining control and acquisition and gains of approximately RMB630.44 million on bargain purchase, which was reflected in other income and gains in the condensed consolidated statement of profit or loss.

27. BUSINESS COMBINATIONS (Continued)

The following table summarises the consideration, the fair value of the identifiable assets and liabilities and the non-controlling interests at the acquisition date of 14 May 2018.

	RMB'000 (Unaudited)
Consideration	
– Amount paid	786,457
– Amount not yet paid as at 30 June 2018	2,373,543
– Fair value of interest in a joint venture held before business combination	981,139
	4,141,139
Fair value of identifiable assets and liabilities acquired on the acquisition date:	
Property, plant and equipment	1,505
Intangible assets	78
Investment properties	6,843,550
Properties under development	4,599,000
Completed properties held for sale	258,213
Trade receivables	168,817
Prepayments, deposits and other receivables	712,804
Prepaid corporate income tax	21,915
Prepaid land appreciation tax	21,526
Cash and cash equivalents and restricted cash	461,316
Trade payables	(1,162,103)
Other payables and accruals	(3,967,541)
Contract liabilities	(1,457,598)
Deferred tax liabilities	(449,964)
Interest-bearing bank and other borrowings	(1,279,941)
Net identifiable assets acquired	4,771,577
Gains on bargain purchase (Note 8)	630,438

The gains on re-measurement of pre-existing interests in the Richcoast Group to the fair value as of the acquisition date amounting to RMB160,521,000 upon obtaining control of Richcoast Group was included in "other income and gains" in the condensed consolidated statement of profit or loss.

The recognition of gains on bargain purchase was due to the fact that the consideration for equity interests in Richcoast Group was lower than fair value of identifiable assets and liabilities acquired. The consideration is determined after arm's length negotiations between the counterparties.

28. FINANCIAL GUARANTEES

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

(a) As at 30 June 2018, the maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to RMB406,587,000 (31 December 2017: RMB454,930,000).

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

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

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

(b) As at 31 December 2017, the Group provided a guarantee for an amount not exceeding RMB41,600,000 in respect of the payment obligations of a subsidiary of Richcoast Group to a joint venture (formed between Richcoast Group and an independent third party) and the joint venture partner. Such guarantee has been released during the six months ended 30 June 2018.

(c) The Group provided guarantees to the extent of RMB954,372,000 as at 31 December 2017 in respect of bank loans granted to certain joint ventures. Such guarantees have been released during the six months ended 30 June 2018.

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

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

29. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans are included in Note 24 to the financial statements.

30. OPERATING LEASE ARRANGEMENTS

(i) As lessor

The Group leases its investment properties (Note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to thirteen years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**313,211**	304,005
In the second to fifth years, inclusive	**510,516**	492,311
After five years	**45,701**	41,120
	869,428	837,436

(ii) As lessee

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

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**61,260**	40,531
In the second to fifth years, inclusive	**226,995**	209,618
After five years	**462,613**	576,327
	750,868	826,476

31. COMMITMENTS

In addition to the operating lease commitments detailed in Note 30(ii) above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**2,421,626**	1,666,962
Capital contribution to a joint venture	**–**	234,300
	2,421,626	1,901,262

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

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**147,709**	264,292

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Service fees from joint ventures	(i)	**73,817**	59,847
Service fees from associates	(i)	**12,941**	18,771
Service fees to a joint venture	(i)	**750**	5,592
Rental income from joint ventures	(ii)	**4,532**	2,160
Interest expenses to a joint venture	(iii)	**705**	705
Interest income from associates	(iii)	**–**	12,162

notes:

(i) The service fees were related to the construction services, landscaping services and property management services provided by the Group and related to decoration provided to the Group by a joint venture at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(ii) The rentals were determined at rates mutually agreed by the related parties.

(iii) The interest income was related to advances made by the Group to certain associates. The interest expense was related to loans from a joint venture to the Group. The interest rates were mutually agreed with the related parties.

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

32. RELATED PARTY TRANSACTIONS (Continued)

(b) In addition to the balances detailed elsewhere in these financial statements, the Group had the following balances with related parties at the reporting period end:

i. With Joint Ventures

	notes	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Loans to joint ventures	(i)	**–**	27,135
Trade receivables	(ii)	**164,488**	325,760
Prepayments and other receivables	(iii)	**26,105**	2,299,293
Trade payables	(iv)	**24,385**	36,924
Other payables and accruals	(v)	**92,078**	119,634
Loans from joint ventures	(vi)	**34,480**	34,480

ii. With Associates

	notes	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Trade receivables	(ii)	**21,359**	–

notes:

(i) As at 31 December 2017, the loans to the Group's joint ventures are unsecured, interest-free and have no fixed terms of repayment.

(ii) As at 30 June 2018, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB164,488,000 (2017: RMB325,760,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2018, included in the Group's trade receivables are amounts due from the Group's associates of RMB21,359,000 (2017: Nil), which are repayable on credit terms similar to those offered to the major customers of the Group.

(iii) As at 30 June 2018, included in the Group's other receivables are amounts due from the Group's joint ventures of RMB22,277,000 (2017: RMB44,733,000), which are unsecured, interest-free and repayable on demand.

As at 30 June 2018, included in the Group's prepayments are amounts due from the Group's joint ventures of RMB3,828,000 (2017: Nil), which are prepayments to joint ventures for decoration service.

As at 31 December 2017, included in the Group's other receivables are amounts due from the Group's joint ventures of RMB2,254,560,000, which are unsecured, bear interest at rates ranging from 4.8% to 5.2% per annum and are repayable in 2018.

(iv) As at 30 June 2018, included in the Group's trade payables are amounts due to the Group's joint ventures of RMB24,385,000 (2017: RMB36,924,000), which are unsecured, interest-free and repayable within one year.

(v) As at 30 June 2018, included in the Group's other payables are amounts due to the Group's joint ventures of RMB92,078,000 (2017: RMB119,634,000), which are unsecured, interest-free and repayable within one year.

(vi) As at 30 June 2018, included in other loans of the Group are loans from the Group's joint ventures with principal amounts of RMB21,000,000 (2017: RMB21,000,000), which are unsecured, bear interest at 4.75% per annum and are repayable on demand, and RMB13,480,000 (2017: RMB13,480,000), which are unsecured, bear interest at 3% per annum and are repayable on demand, respectively.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial assets and liabilities are as follows:

At 30 June 2018 (Unaudited)

	Carrying amounts RMB'000	**Fair values RMB'000**
Financial liabilities		
Derivative financial instruments (Note 25)	**654,147**	**654,147**
Interest-bearing bank and other borrowings (Note 24)	**17,906,026**	**17,906,026**
	18,560,173	**18,560,173**

At 31 December 2017 (Audited)

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Loans to joint ventures	27,135	27,135
Financial liabilities		
Derivative financial instruments (Note 25)	591,065	591,065
Interest-bearing bank and other borrowings (Note 24)	16,985,732	16,985,732
	17,576,797	17,576,797

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy as at 30 June 2018

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
Assets measured at fair value:				
Investment properties (Note 15)	**–**	**–**	**12,244,622**	**12,244,622**
Liabilities measured at fair value:				
Derivative financial instruments (Note 25)	**–**	**–**	**654,147**	**654,147**
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (Note 24)	**–**	**–**	**17,906,026**	**17,906,026**

Fair value hierarchy as at 31 December 2017

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
Assets measured at fair value:				
Investment properties (Note 15)	–	–	11,717,192	11,717,192
Assets measured at amortised cost:				
Loans to joint ventures	–	–	27,135	27,135
Liabilities measured at fair value:				
Derivative financial instruments (Note 25)	–	–	591,065	591,065
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (Note 24)	–	–	16,985,732	16,985,732

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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

The details of the valuation technique and inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in Note 15 and Note 25 to the financial statements, respectively.

During the six months ended 30 June 2018 and 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivative financial instruments. The finance department comprises the head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

External valuers are involved for the valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The finance department and the Group's external valuers present the valuation results to the Group's independent auditor. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

商務園區運營專家

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