SRE GROUP LTD.

SRE GROUP LIMITED
上置集團有限公司

(Stock Code: 1207)

INTERIM REPORT **2018**

Group Financial Highlights

	For the six months ended 30 June 2018
Revenue (RMB'000)	**810,649**
Net profit attributable to owners of the Company (RMB'000)	**82,409**
Basic earnings per share (RMB cents)	**0.40**
Dividend per share – Interim (RMB cents)	**–**

Interim Results

The board (the "**Board**") of directors (the "**Directors**") of SRE Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2018 together with comparative figures for the previous corresponding period in 2017. The unaudited interim financial information for the six months ended 30 June 2018 has been reviewed by the audit committee of the Company (the "**Audit Committee**").

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	For the six months ended 30 June 2018 Unaudited	2017 Unaudited
Revenue	3	**810,649**	519,591
Cost of sales		**(406,216)**	(470,961)
Gross profit		**404,433**	48,630
Gains from disposal of subsidiaries and partial interest in a joint venture	18	**223,307**	1,141,944
Net impairment losses on financial assets		**(4,342)**	–
Other gains/(losses) – net		**3,650**	(10,321)
Selling and marketing expenses		**(19,322)**	(25,871)
Administrative expenses		**(138,626)**	(149,653)
Operating profit		**469,100**	1,004,729
Finance income		**54,979**	10,008
Finance costs		**(292,540)**	(245,105)
Finance costs – net		**(237,561)**	(235,097)
Share of results of associates	7	**(12,560)**	45,387
Share of results of joint ventures	8	**(49,977)**	(1,457)
Profit before income tax		**169,002**	813,562
Income tax expense	4	**(72,442)**	(186,669)
Profit for the period		**96,560**	626,893

For the six months ended 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	For the six months ended 30 June 2018 Unaudited	2017 Unaudited
Other comprehensive income, net of tax			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,134)**	10,948
Total comprehensive income for the period		**94,426**	637,841
Profit attributable to:			
Owners of the Company		**82,409**	622,749
Non-controlling interests		**14,151**	4,144
		96,560	626,893
Total comprehensive income attributable to:			
Owners of the Company		**80,275**	633,697
Non-controlling interests		**14,151**	4,144
		94,426	637,841
Earnings per share attributable to owners of the Company	5		
– Basic		**RMB 0.0040**	RMB 0.0303
– Diluted		**RMB 0.0040**	RMB 0.0303

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	30 June 2018 Unaudited	31 December 2017 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		718,858	737,265
Investment properties		5,359,662	5,375,199
Prepaid land lease payments		199,692	204,403
Goodwill		16,271	16,271
Investments in associates	7	1,257,029	1,043,140
Investments in joint ventures	8	3,963,922	4,018,705
Deferred tax assets		242,837	242,837
Financial assets at fair value through other comprehensive income		382,836	–
Financial assets at fair value through profit and loss		23,830	–
Available-for-sale investments		–	407,790
Other financial assets at amortised cost		574,426	–
Loans and receivables		–	579,994
Other non-current assets	9	662,673	810,800
		13,402,036	13,436,404
Current assets			
Prepaid land lease payments		2,008,867	1,905,849
Properties held or under development for sale		1,778,238	2,257,686
Inventories		1,182	849
Trade receivables	10	25,074	24,438
Other receivables		1,812,299	1,716,383
Prepayments and other current assets		565,748	322,365
Prepaid income tax		98,542	96,419
Other financial assets at amortised cost		1,609,530	–
Loans and receivables		–	1,172,011
Cash and cash equivalents	11	546,510	1,207,119
Restricted cash	11	302,613	245,796
		8,748,603	8,948,915
Assets classified as held for sale	19	750	–
		8,749,353	8,948,915
Total assets		22,151,389	22,385,319

As at 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	30 June 2018 Unaudited	31 December 2017 Audited
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital and premium	12	**6,747,788**	6,747,788
Other reserves		**136,896**	240,440
Retained profits		**440,424**	391,979
Equity attributable to owners of the Company		**7,325,108**	7,380,207
Non-controlling interests		**547,183**	433,761
Total equity		**7,872,291**	7,813,968
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings	13	**5,762,361**	6,151,564
Deferred tax liabilities		**1,488,957**	1,447,258
		7,251,318	7,598,822
Current liabilities			
Interest-bearing bank and other borrowings	13	**2,436,378**	2,447,238
Advances received from the pre-sale of properties under development		**–**	1,015,262
Contract liabilities		**845,088**	–
Trade payables	14	**578,832**	703,382
Other payables and accruals		**2,321,146**	1,893,378
Current income tax liabilities		**846,336**	913,269
		7,027,780	6,972,529
Total liabilities		**14,279,098**	14,571,351
Total equity and liabilities		**22,151,389**	22,385,319

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

(Unaudited)	From 1 January 2018 to 30 June 2018 Attributable to owners of the Company									
	Issued share capital and premium	Surplus reserve	Exchange fluctuation reserve	Available for-Sale investments	Financial assets at fair value through other comprehensive income	Other reserves	Retained profits	Total	Non-controlling interests	Total Equity
At 1 January 2018	6,747,788	377,780	3,731	1,523	–	(142,594)	391,979	7,380,207	433,761	7,813,968
Change in accounting policy	–	–	–	(1,523)	1,523	–	(33,964)	(33,964)	–	(33,964)
Restated total equity at 1 January 2018	6,747,788	377,780	3,731	–	1,523	(142,594)	358,015	7,346,243	433,761	7,780,004
Comprehensive income										
Profit for the period	–	–	–	–	–	–	82,409	82,409	14,151	96,560
Other comprehensive income	–	–	(2,134)	–	–	–	–	(2,134)	–	(2,134)
Total comprehensive income for the period	–	–	(2,134)	–	–	–	82,409	80,275	14,151	94,426
Transactions with owners										
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(3,638)	(3,638)
Capital contributions from a non-controlling shareholder	–	–	–	–	–	(106,775)	–	(106,775)	102,909	(3,866)
Share-based payments	–	–	–	–	–	5,365	–	5,365	–	5,365
Total transactions with owners	–	–	–	–	–	(101,410)	–	(101,410)	99,271	(2,139)
At 30 June 2018	6,747,788	377,780	1,597	–	1,523	(244,004)	440,424	7,325,108	547,183	7,872,291

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

(Unaudited)	From 1 January 2017 to 30 June 2017 Attributable to owners of the Company							
	Issued share capital and premium	Surplus reserve	Exchange fluctuation reserve	Other reserves	Retained profits/ (accumulated losses)	Total	Non-controlling interests	Total Equity
At 1 January 2017	6,747,788	365,455	3,379	(156,004)	(286,239)	6,674,379	377,682	7,052,061
Comprehensive income								
Profit for the period	–	–	–	–	622,749	622,749	4,144	626,893
Other comprehensive income	–	–	10,948	–	–	10,948	–	10,948
Total comprehensive income for the period	–	–	10,948	–	622,749	633,697	4,144	637,841
Transactions with owners								
Capital contributions from non-controlling shareholders	–	–	–	–	–	–	20,700	20,700
Share-based payments	–	–	–	14,711	–	14,711	–	14,711
Changes in ownership interests in a subsidiary without change of control	–	–	–	40	–	40	(40)	–
Total transactions with owners, recognised directly in equity	–	–	–	14,751	–	14,751	20,660	35,411
At 30 June 2017	6,747,788	365,455	14,327	(141,253)	336,510	7,322,827	402,486	7,725,313

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	For the six months ended 30 June 2018 Unaudited	2017 Unaudited
Cash flows from operating activities			
Cash used in operations	16	**(193,011)**	(1,264,350)
Interest paid		**(153,599)**	(114,821)
Income tax paid		**(99,799)**	(171,101)
Net cash outflow from operating activities		**(446,409)**	(1,550,272)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,013)**	(593)
Proceeds from disposal of property, plant and equipment		**–**	6
Proceeds from disposal of subsidiaries, net of cash disposed		**(64,115)**	(1,237)
Proceeds from disposal of available-for-sale investments		**–**	358,200
Addition of available-for-sale investments		**–**	(235,200)
Reduction of capital from a joint venture		**–**	20,000
Investments in joint ventures		**(1,334)**	(779,194)
Prepayments for acquisition of certain real estate assets	9	**–**	(1,104,000)
Return of down payment from a related party		**200,003**	–
Advances to a joint venture		**(28,358)**	(668,916)
Return of advances made to associates		**–**	300,000
Advance received in relation to disposal of a subsidiary		**750**	410,000
Advance received in relation to disposal of an asset		**60,000**	–
Interest received		**900**	1,551
Payment for other investing activities		**(221,326)**	–
Net cash outflow from investing activities		**(55,493)**	(1,699,383)
Cash flows from financing activities			
Proceeds from borrowings		**1,312,470**	7,811,570
Repayments of borrowings		**(1,743,175)**	(4,007,189)
Increase in pledged bank deposits		**(86,000)**	(214,000)
Decrease/(increase) in restricted deposits in relation to bank borrowings		**2,013**	(4)
Repayment of advance from a related company		**–**	(200,000)
Proceeds from transaction with non-controlling interests		**249,504**	20,700
Advance to a non-controlling interest of a subsidiary		**–**	(90,000)
Return of advance to a non-controlling interest of a subsidiary		**104,330**	–
Net cash (outflow)/inflow financing activities		**(160,858)**	3,321,077

For the six months ended 30 June 2018 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	For the six months ended 30 June 2018 Unaudited	2017 Unaudited
Net (decrease)/increase in cash and cash equivalents		**(662,760)**	71,422
Cash and cash equivalents at beginning of period		**1,207,119**	1,519,810
Effect of foreign exchange rate changes, net		**2,901**	(4,777)
Cash and cash equivalents at end of period		**547,260**	1,586,455
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents		**546,510**	1,579,238
Cash and cash equivalents attributable to assets classified as held for sale		**750**	7,217
Cash and cash equivalents as stated in the statement of cash flows		**547,260**	1,586,455

The accompanying notes are an integral part of this interim condensed consolidated financial information.

1. Basis of Preparation and Accounting Policies

1.1 General information

SRE Group Limited (the "Company") was incorporated in Bermuda with limited liability on 11 August 1999 as an exempted company under the Bermuda Companies Act 1981. Pursuant to a group reorganisation (the "Reorganisation") in connection with the listing of the Company's shares on Hong Kong Exchanges and Clearing Limited ("HKEx"), the Company became the holding company of the other companies comprising the Group on 12 November 1999. Further details of the Reorganisation are set out in the Company's prospectus dated 30 November 1999. The shares of the Company were listed on HKEx on 10 December 1999. The principal place of business of the Company is located at Suite 1001, 10th Floor, One Pacific Place, 88 Queensway, Hong Kong.

The Company and its subsidiaries (collectively referred to as the "Group") are mainly engaged in real estate development and property leasing in Mainland China, on projects located in gateway cities of developed markets.

As at 30 June 2018, the Company's parent company is China Minsheng Jiaye Investment Co., Ltd. ("China Minsheng Jiaye"), which holds 60.80%(2017: 60.80%) of the Company's shares.

The interim condensed consolidated financial information is presented in thousands of Renminbi ("RMB"), unless otherwise stated.

1.2 Basis of preparation

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", which does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of and for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies

Except as described below and for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings, the accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

(a) New Standards, amendments and interpretation to HKFRSs adopted by the Group in 2018

The Group adopts the following new standards, amendments and interpretation to HKFRSs effective for the financial year ending 31 December 2018.

- HKFRS 9 "Financial Instruments"
- HKFRS 15 "Revenue from Contracts with Customers"
- Amendments to HKFRS 2 "Classification and Measurement of Share-based Payments Transactions"
- Amendment to HKAS 28 "Investments in Associates and Joint Ventures"
- Amendments to HKAS 40 "Transfers of Investment Property"
- HK (IFRIC) 22 "Foreign Currency Transactions and Advance Consideration"

The adoption of the above new standards, amendments and interpretation to existing HKFRSs do not have a material impact on the financial position and performance of the Group, except for HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers as set out below.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

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

(i) HKFRS 16 "Leases"

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

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 June 2018, the Group does not have any material non-cancellable operating lease commitments.

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

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

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies

(i) Impact on the financial information

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail below.

(Amounts presented in thousands of Renminbi unless otherwise stated)

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(i) Impact on the financial information (continued)

Consolidated Statement of Financial Position (extract)	31 December 2017 (Audited)	HKFRS 9	HKFRS 15	1 January 2018 Restated (Unaudited)
Non-current assets				
Financial assets at fair value through other comprehensive income	–	382,836	–	382,836
Financial assets at fair value through profit and loss	–	24,954	–	24,954
Available-for-sale investments	407,790	(407,790)	–	–
Other financial assets at amortised cost	–	574,426	–	574,426
Loans and receivables	579,994	(579,994)	–	–
Other non-current assets	810,800	(2,614)	–	808,186
Current assets				
Trade receivables	24,438	–	–	24,438
Other receivables	1,716,383	(14,531)	–	1,701,852
Other financial assets at amortised cost	–	1,160,760	–	1,160,760
Loans and receivables	1,172,011	(1,172,011)	–	–
Cash and cash equivalents	1,207,119	–	–	1,207,119
Restricted cash	245,796	–	–	245,796
Total assets	22,385,319	(33,964)	–	22,351,355
Current liabilities				
Advances received from the pre-sale of properties under development	1,015,262	–	(1,015,262)	–
Contract liabilities	–	–	1,015,262	1,015,262
Total liabilities	14,571,351	–	–	14,571,351
Other reserves	240,440	–	–	240,440
Retained profits	391,979	(33,964)	–	358,015
Total equity	7,813,968	(33,964)	–	7,780,004

(Amounts presented in thousands of Renminbi unless otherwise stated)

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(ii) Impact of adoption – HKFRS 9

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amount recognised in the financial statements. In accordance with the transitional provision in HKFRS 9, comparative figures have not been restated. The reclassification and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

The impact on the Group's retained profits as at 1 January 2018 due to the classification and measurement of financial instruments is as follows:

Closing retained profits as at 31 December 2017 – HKAS 39	**391,979**
Increase in provision for other financial assets at amortised cost	**(16,819)**
Increase in provision for other non-current assets	**(2,614)**
Increase in provision for other receivables	**(14,531)**
Opening retained profits as at 1 January 2018 – HKFRS 9	**358,015**

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(ii) Impact of adoption – HKFRS 9 (continued)

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 are as follows:

(1) Reclassification from available-for-sale investments to financial assets at fair value through profit and loss ("FVPL")

Investments related to a loan granted with variable return to an unlisted company were reclassified from available-for-sale investments to financial assets at FVPL (approximately RMB25 million as at 1 January 2018). They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(ii) Impact of adoption – HKFRS 9 (continued)

Classification and measurement (continued)

(2) Available-for-sale investments classified as financial assets at fair value through other comprehensive income ("FVOCI")

Investments in secured loan packages were reclassified from available-for-sale investments to FVOCI, as the Group's business model is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principals and interest. As a result, investments in secured loan packages with a fair value of approximately RMB383 million as at 1 January 2018 were reclassified from available-for-sale investments to financial assets at FVOCI and corresponding fair value gains of approximately RMB2 million were reclassified from the available-for-sale investments reserve to the FVOCI reserve.

Impairment of financial assets

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

- cash and cash equivalents
- restricted cash
- trade receivables
- financial assets at fair value through other comprehensive income

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(ii) Impact of adoption – HKFRS 9 (continued)

Impairment of financial assets (continued)

- other receivables
- other financial assets at amortised cost
- other non-current assets

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 is disclosed in the table above.

While cash and cash equivalents, restricted cash, trade receivables and financial assets at fair value through other comprehensive income are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(ii) Impact of adoption – HKFRS 9 (continued)

Impairment of financial assets (continued)

The Group adopts general approach for expected credit loss of other receivables, other financial assets at amortised cost and other non-current assets, 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.

Applying the expected credit risk model resulted in the recognition of loss allowances of RMB33,964,000 on 1 January 2018 and a further increase in the loss allowances by RMB4,342,000 for other receivables, other financial assets at amortised cost and other non-current assets during the six months ended 30 June 2018.

(iii) Accounting policies applied from 1 January 2018 – HKFRS 9

Investments and other financial assets

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 entity's business model for managing the financial assets and the contractual terms of the cash flows.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(iii) Accounting policies applied from 1 January 2018 – HKFRS 9 (continued)

Investments and other financial assets (continued)

Classification (continued)

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 profit or loss.

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

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(iii) Accounting policies applied from 1 January 2018 – HKFRS 9 (continued)

Investments and other financial assets (continued)

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. There are three measurement categories into which the Group classifies its debt instruments:

- 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.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(iii) Accounting policies applied from 1 January 2018 – HKFRS 9 (continued)

Investments and other financial assets (continued)

Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(iii) Accounting policies applied from 1 January 2018 – HKFRS 9 (continued)

Investments and other financial assets (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 profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in 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, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(iv) Impact of adoption – HKFRS 15

According to the transitional provision of HKFRS 15, the Group applied modified retrospective approach upon adoption and did not restate figures of the comparative periods.

Presentation of assets and liabilities related to contracts with customers

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

– Proceeds received in relation to property sales contracts of RMB1,015,262,000 as at 31 December 2017 were previously included in advances received from the pre-sale of properties under development and were now reclassified as contract liabilities as at 1 January 2018.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(v) Accounting policies – HKFRS 15

Revenue recognition

Property development activities

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, revenue are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and 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 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.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

(c) Change in accounting policies (continued)

(v) Accounting policies – HKFRS 15 (continued)

Revenue recognition (continued)

Property development activities (continued)

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.

For the six months ended 30 June 2018, the Group has assessed that there is no enforceable right to payment from the customers for performance completed to date. Thus, the Group has concluded that the adoption of HKFRS 15 did not have an impact on the timing of revenue recognition.

Significant financing component

For contracts where the period between the payment by the customer and transfer of the promised property or service exceeds one year, the transaction price should be adjusted for the effects or a financing component, if significant. The Group has assessed that the financing component effect was insignificant.

The Group has not early adopted any other new financial reporting and accounting standards, amendments or interpretation of HKFRSs that were issued but are not yet effective.

1. Basis of Preparation and Accounting Policies (continued)

1.4 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

1.5 Financial risk management and financial instruments

1.5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

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

1.5.2 Liquidity risk

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

1. Basis of Preparation and Accounting Policies (continued)

1.5 Financial risk management and financial instruments (continued)

1.5.3 Fair value estimation

There were no changes to the valuation techniques used during the current interim period as compared with last year end.

2. Operating Segment Information

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

- The property development segment develops and sells residential and commercial properties;

- The property leasing segment leases offices and commercial properties owned by the Group which are classified as investment properties;

The other operations comprises, principally, the corporate activities that are not allocated to segments and miscellaneous insignificant operations including the remaining small scale hotel operation and provision of property management services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. The performance of each segment is evaluated based on its operating profit or loss before income tax and the methodology used for its calculation is the same as that for the consolidated financial statements. However, group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

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

(Amounts presented in thousands of Renminbi unless otherwise stated)

2. Operating Segment Information (continued)

An analysis by operating segment is as follows:

	Six months ended 30 June 2018 (unaudited)			
	Property development	Property leasing	Other operations	Total
Segment revenue				
Sales to external customers	664,740	80,387	65,522	810,649
Intersegment sales	–	–	8,154	8,154
	664,740	80,387	73,676	818,803
Reconciliation:				
Elimination of intersegment sales				(8,154)
Revenue				810,649
Segment profit	259,159	62,571	147,370	469,100
Finance income				54,979
Finance costs				(292,540)
Finance costs – net				(237,561)
Share of results of associates				(12,560)
Share of results of joint ventures				(49,977)
Profit before income tax				169,002

(Amounts presented in thousands of Renminbi unless otherwise stated)

2. Operating Segment Information (continued)

	Six months ended 30 June 2017 (unaudited)			
	Property development	Property leasing	Other operations	Total
Segment revenue				
Sales to external customers	417,623	71,579	30,389	519,591
Intersegment sales	–	–	10,460	10,460
	417,623	71,579	40,849	530,051
Reconciliation:				
Elimination of intersegment sales				(10,460)
Revenue				519,591
Segment (loss)/profit	(40,619)	65,930	979,418	1,004,729
Finance income				10,008
Finance costs				(245,105)
Finance costs – net				(235,097)
Share of results of associates				45,387
Share of results of joint ventures				(1,457)
Profit before income tax				813,562

(Amounts presented in thousands of Renminbi unless otherwise stated)

3. Revenue

An analysis of revenue during the period is as follows:

	(unaudited) For the six months ended 30 June 2018	2017
Revenue from sale of properties	**665,364**	417,769
Revenue from property leasing	**81,580**	74,438
Revenue from property management	**12,638**	8,320
Revenue from construction of infrastructure for an intelligent network	**838**	2,041
Other revenue	**53,315**	20,974
	813,735	523,542
Less: Tax and surcharges (a)	**(3,086)**	(3,951)
Total revenue	**810,649**	519,591

(a) Tax and surcharges

Effective from 1 May 2016, the Group's revenue is subject to value-added tax ("VAT") which is deducted directly from the proceeds. The applicable VAT rate for the Group's revenue is as follows:

- Sale and lease of properties is subject to VAT at 11%. Qualified old projects, which are those with construction commenced on or before 30 April 2016, can adopt a simplified VAT method at a rate of 5% with no deduction of input VAT.

- Revenue from property management services is subject to VAT at 6%.

- Revenue from construction of infrastructure for an intelligent network is subject to VAT at 11%.

Government surcharges, comprising city maintenance and construction tax, education surtax and river way management fee, are calculated at certain percentages of business tax and VAT.

(Amounts presented in thousands of Renminbi unless otherwise stated)

4. Income Tax Expense

	(unaudited) For the six months ended 30 June 2018	2017
Current taxation		
– Mainland China income tax (a)	**9,682**	14,133
– Mainland China LAT (c)	**21,061**	14,448
	30,743	28,581
Deferred taxation		
– Mainland China income tax	**45,689**	161,049
– Mainland China LAT	**(1,268)**	(1,522)
– Mainland China withholding tax (d)	**(2,722)**	(1,439)
	41,699	158,088
Total tax charge for the period	**72,442**	186,669

(a) Mainland China income tax

The Group conducts a significant portion of its business in Mainland China and the applicable income tax rate of its subsidiaries operating in Mainland China is generally 25%, in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

For the pre-sale of properties under development, the tax authorities may impose income tax ahead of the completion of sale transactions and revenue recognition, based on certain estimations. Such prepaid taxes are initially recorded in the statement of financial position and later released to profit or loss upon revenue recognition.

4. Income Tax (continued)

(b) Other income tax

The Company is exempted from taxation in Bermuda until 2035. Taxes on profits assessable elsewhere are calculated at the rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2017: Nil).

(c) Mainland China land appreciation tax ("LAT")

LAT is incurred upon transfer of property ownership and is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures.

For the pre-sale of properties under development, the tax authorities may impose LAT ahead of the completion of transactions and revenue recognition, generally based on 2% to 5% (2017: 2% to 5%) on proceeds of the sale and pre-sale of properties. Such prepaid taxes are initially recorded in the statement of financial position and later released to profit or loss upon revenue recognition.

(d) Mainland China withholding tax

Pursuant to the PRC Corporate Income Tax Law which became effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained profits as at 31 December 2007 are exempted from withholding tax.

(Amounts presented in thousands of Renminbi unless otherwise stated)

5. Earnings per Share Attributable to Owners of the Company

The calculation of basic earnings per share amount is based on the profit/(loss) for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 20,564,713 thousand (2017: 20,564,713 thousand) in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The share options issued in 2016 constitute dilutive shares. For the Company's share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2018 and 2017, as the average market share price of the Company's shares was lower than assumed exercise price including the fair value of any services to be supplied to the Group in the future under the share option arrangement, the impact of exercise of the share options on earnings per share is anti-dilutive.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	(Unaudited)	
	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Earnings		
Profit attributable to owners of the Company	**82,409**	622,749

(Amounts presented in thousands of Renminbi unless otherwise stated)

5. Earnings per Share Attributable to Owners of the Company (continued)

	(Unaudited) Number of shares	
	For the six months ended 30 June 2018 (Thousand shares)	For the six months ended 30 June 2017 (Thousand shares)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculations	**20,564,713**	20,564,713

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of issuance of these financial information.

6. Dividend

On 24 August 2018, the Board resolved not to declare an interim dividend for the six months ended 30 June 2018 (2017: Nil).

(Amounts presented in thousands of Renminbi unless otherwise stated)

7. Investments in Associates

	30 June 2018 Unaudited
Opening balance	**1,043,140**
– Mayson Resources Limited ("Mayson")	**986,015**
– Shanghai Telecom Broadband Networking Co., Ltd. ("Broadband")	**30,786**
– Shanghai Housing Industry New Technology Development Co., Ltd. ("New Technology")	**15,425**
– Shanghai Orda Opto-electronics Science & Tech Co., Ltd. ("Orda")	**2,578**
– Shang Xin Richgate Investment Management Co., Ltd. ("Richgate")	**2,262**
– Shanghai Real Estate Asset Management Co. Ltd ("SRE Asset")	**6,074**
Addition of investment amount	
– Investment in Changsha Horoy Real Estate Co., Ltd. ("Changsha Horoy") (a)	**226,449**
Share of results	
– Mayson	**(11,546)**
– Broadband	**1,542**
– New Technology	**4**
– Orda	**(15)**
– Richgate	**–**
– SRE Asset	**(698)**
– Changsha Horoy	**(1,847)**
Ending balance	**1,257,029**

(a) In April 2018, a third party increased capital injection for the originally subsidiary of the Group, Changsha Horoy, and thus the Group disposed 17% equity interest in the subsidiary. As such, Changsha Horoy became an associate of the Group after the transaction (Note 18(a)).

(Amounts presented in thousands of Renminbi unless otherwise stated)

8. Investments in Joint Ventures

	30 June 2018 Unaudited
Opening balance	4,046,587
– Ningbo Meishan Free Trade Zone Zhi Miao Investment Center LLP ("Ningbo Meishan")	976,618
– Certain Business of Golden Luodian ("Relevant Business of Golden Luodian")	134,932
– SRegal Sinclair LLP ("Sinclair")	117,647
– Jiangsu Da Run Sensor Technology Co., Ltd.("Da Run")	12,895
– Shanghai Jinxin Real Estate Co., Ltd. ("Jinxin Real Estate")	2,097,965
– 75 Howard Owner LP("75 Howard")	603,704
– Napa Lifestyle Holdings, LLC ("NAPA")	98,825
– Shanghai Gaoxin Business Management Co., Ltd. ("Gao Xin")	4,001
Less: Provision for impairment	(27,882)
	4,018,705
Addition of investment amount	
– Investment in Ningbo Meishan Free Trade Zone Jia Miao Investment Co., Ltd. ("Meishan Jia Miao") (a)	1,334
– Investment in 75 Howard (b)	62,617
Reduction of investment amount	
– Partial disposal of 75 Howard (b)	(75,760)
Share of results	
– Ningbo Meishan	(192)
– Relevant Business of Golden Luodian	(36,092)
– Da Run	(314)
– Jinxin Real Estate	(13,472)
– 75 Howard	93
– Gao Xin	1
– Meishan Jia Miao	(1)
Currency translation differences	7,003
Ending balance	3,963,922

8. Investments in Joint Ventures (continued)

(a) In March 2018, the Group entered into an agreement to set up Meishan Jia Miao at a consideration of approximately RMB1.3 million with 33.34% equity interest in Meishan Jia Miao.

(b) In March 2018, the Group disposed 10% of its equity interest in 75 Howard at a consideration of approximately USD12 million (equivalent to approximately RMB79 million) and recorded a disposal gain of approximately USD0.6 million (equivalent to approximately RMB3.7 million). At the same time, the Group increased capital injection of approximately USD9.5 million (equivalent to approximately RMB63 million) in 75 Howard along with other shareholders pro rata.

The Group accounts for its investments in these companies as joint ventures although the Group holds more or less than 50% of equity interest. According to the investment agreements and articles of associations, the Group and the other investors will jointly control the key relevant activities of these companies.

9. Other Non-current Assets

Other non-current assets include:

(a) Prepayments for acquisition of certain real estate assets of approximately RMB461 million (31 December 2017: approximately RMB661 million) (Note 15(b)(vi)) and provision according to HKFRS 9 approximately RMB0.8 million; and

(b) Payments for land redevelopment of approximately RMB205 million (31 December 2017: approximately RMB150 million) in the PRC, with total capital commitment of approximately RMB270 million (Note 17(a)) and provision according to HKFRS 9 approximately RMB2 million.

(Amounts presented in thousands of Renminbi unless otherwise stated)

10. Trade Receivables

	30 June 2018 Unaudited	31 December 2017 Audited
Trade receivables	**52,837**	52,281
Less: Provision for impairment	**(27,763)**	(27,843)
	25,074	24,438

An aged analysis of trade receivables as at the end of the reporting period, from the date when they were recognized, is set out below:

	30 June 2018 Unaudited	31 December 2017 Audited
Within 6 months	**13,878**	18,056
6 months – 1 year	**5,371**	6,382
1 – 2 years	**5,825**	–
Over 2 years	**27,763**	27,843
	52,837	52,281

Trade receivables are non-interest-generating. The credit terms offered by the Group are normally less than six months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(Amounts presented in thousands of Renminbi unless otherwise stated)

11. Cash and Bank Balances

	30 June 2018 Unaudited	31 December 2017 Audited
Cash on hand	**826**	472
Demand and notice deposits	**545,684**	1,140,431
Time deposits with original maturity of no more than 3 months	**–**	66,216
Cash and cash equivalents	**546,510**	1,207,119
Pledged bank deposits (a)	**300,000**	214,000
Restricted bank deposits relating to bank borrowings (b)	**2,613**	4,626
Restricted bank deposits relating to lawsuits	**–**	27,170
Restricted cash	**302,613**	245,796
Cash and bank balances	**849,123**	1,452,915

(a) As at 30 June 2018, bank deposits of approximately RMB300 million (31 December 2017: RMB214 million) were pledged as securities for bank borrowings.

(b) An amount of approximately RMB3 million (31 December 2017: RMB5 million) is restricted in connection with bank borrowings.

(Amounts presented in thousands of Renminbi unless otherwise stated)

12. Issued Share Capital and Premium

	Number of shares (thousands)	Share capital and premium RMB'000
As at 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	20,564,713	6,747,788

13. Interest-bearing Bank and Other Borrowings

	30 June 2018 Unaudited	31 December 2017 Audited
Non-current	**5,762,361**	6,151,564
Current	**2,436,378**	2,447,238
	8,198,739	8,598,802

Movements in borrowings are analysed as follows:

	Six months ended	
	30 June 2018 Unaudited	30 June 2017 Unaudited
Opening amount as at 1 January	**8,598,802**	6,765,468
Proceeds from borrowings	**1,312,470**	7,811,570
Repayments of borrowings	**(1,743,175)**	(4,007,189)
Amortization of discount or premium	**9,783**	9,078
Disposal of a subsidiary	**–**	(1,050,000)
Currency translation differences	**20,859**	(24,390)
Closing amount as at 30 June	**8,198,739**	9,504,537

(Amounts presented in thousands of Renminbi unless otherwise stated)

13. Interest-bearing Bank and Other Borrowings (continued)

Interest-bearing bank and other borrowings include bank loans, trust loans and corporate bonds issued to various investors, each with a denomination of HK$10 million and a tenor of 7 years.

As at 30 June 2018, the Group's bank and other borrowings of approximately RMB 3,335 million (31 December 2017: approximately RMB 3,740 million) were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment, properties held or under development for sale, or by pledge of equity interests in certain subsidiaries or bank deposits, or secured by pledged assets provided by a related party.

As at 30 June 2018 and 31 December 2017, pledged assets as collateral for the Group's borrowings were as follows:

	30 June 2018 Unaudited	31 December 2017 Audited
Leasehold land	**106,490**	117,667
Investment properties	**2,901,619**	5,116,056
Properties held or under development for sale	**350,289**	339,111
Property, plant and equipment	**132,873**	133,493
Equity interests in certain subsidiaries	**112,185**	208,436
Bank deposits	**300,000**	214,000
Pledged assets provided by a related party (Note 15(b)(ix))	**2,570,363**	2,525,307

(Amounts presented in thousands of Renminbi unless otherwise stated)

14. Trade Payables

An aged analysis of trade payables as at the end of the reporting period, from the date when they were incurred, is as follows:

	30 June 2018 Unaudited	31 December 2017 Audited
Within 1 year	342,125	467,638
1 – 2 years	86,552	48,693
Over 2 years	150,155	187,051
	578,832	703,382

Trade payables are mainly payables arising from property construction and land development. The trade payables are non-interest-bearing and are normally settled within one year.

15. Related Party Transactions

In addition to the related party transactions and balances disclosed elsewhere in this interim financial information and compensation to key management personnel, the Group had the following and balances with related parties.

(a) Name and relationship with related parties

Name	Relationship
Broadband	An associate of the Group
New Technology	An associate of the Group
Relevant Business of Golden Luodian	A joint venture of the Group
Da Run	A joint venture of the Group
Linzhi Zhong Min Real Estate Co., Ltd. ("Linzhi")	A company controlled by same ultimate company
China Minsheng Jujia Information Technology Co., Ltd. ("China Minsheng Jujia")	A company controlled by same ultimate company
Mayson	An associate of the Group
Shanghai Shuo Cheng Real Estate Co., Ltd. ("Shuo Cheng")	A subsidiary of an associate of the Group
Jinxin Real Estate	A joint venture of the Group
SRE Asset	An associate of the Group
Gao Xin	A joint venture of the Group
Changsha Horoy	An associate of the Group

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

(b) Transactions and balances with related parties

(i) Trade receivable due from a related party

	30 June 2018 Unaudited	31 December 2017 Audited
Broadband	247	247

(ii) Trade payable due to a related party

	30 June 2018 Unaudited	31 December 2017 Audited
New Technology	109	109

(iii) Other receivables due from related parties

	30 June 2018 Unaudited	31 December 2017 Audited
Relevant Business of Golden Luodian	450,034	433,676
Mayson	153,376	153,376
Jinxin Real Estate	349,179	397,899
Gao Xin	42,000	42,000
Broadband	62	45
	994,651	1,026,996

Amounts due from related parties are unsecured, bear no interest and are expected to be collected within one year. Movements during the period represent payments on behalf, normal fundings/advances or repayments.

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

(b) Transactions and balances with related parties (continued)

(iv) Other payables due to related parties

	30 June 2018 Unaudited	31 December 2017 Audited
Shuo Cheng	836,560	836,560

Amounts due to related parties are unsecured, bear no interest and are repayable on demand. Movements during the period represent payments on behalf, normal fundings/advances or repayments.

(v) Prepayments due from a related party

	30 June 2018 Unaudited	31 December 2017 Audited
Da Run	1,500	1,500

(vi) Non-current asset (downpayment) due from a related party

	30 June 2018 Unaudited	31 December 2017 Audited
Shuo Cheng	460,797	660,800

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

(b) Transactions and balances with related parties (continued)

(vii) Loans receivable due from a related party

	30 June 2018 Unaudited	31 December 2017 Audited
Relevant Business of Golden Luodian	1,184,011	1,172,011
Changsha Horoy *	441,121	–
	1,625,132	1,172,011

* The balance comprises an inter-company receivable fully eliminated upon consolidation as at 31 December 2017, but turn into other receivables as Changsha Horoy was disposed and became an associate of the Group.

(viii) Loans from related parties

	30 June 2018 Unaudited	31 December 2017 Audited
Loans from parent company (a)	3,197,420	3,568,160
Loans from companies ultimately controlled by the same company (b)	200,000	1,000,000
Loans from an associate of the Group (c)	410,300	138,000
	3,807,720	4,706,160

15. Related Party Transactions (continued)

(b) Transactions and balances with related parties (continued)

(viii) Loans from related parties (continued)

(a) As at 30 June 2018, term loans of approximately RMB3.20 billion (31 December 2017: approximately RMB3.57 billion) were provided by the parent company, China Minsheng Jiaye, which comprised the following borrowings:

(i) The loan of RMB600 million was provided in April 2016 with an interest rate of 8% per annum. The tenure of the loan was six months. The loan was renewed in November 2016 for three years with an interest rate of 7% per annum. The loan was partially repaid in the amount of RMB200 million in 2018.

(ii) The loan of USD150 million (approximately RMB992 million), was provided in September 2016 with an interest rate of 4% per annum. The tenure of the loan was three years with 50% of the loan due within one year.

(iii) The loan of RMB560 million, secured by the pledges of the Company's equity interests of subsidiaries and guaranteed by Mr. Shi Janson Bing was repaid on December 2016, and reborrowed for 36 months in January 2017. Interest rate of the loan was 7% per annum.

(iv) The loan of RMB550 million was repaid on December 2016, and reborrowed for 36 months in January 2017. Interest rate of the loan was 7% per annum.

(v) The loan of RMB878 million was provided in December 2017 with interest rate of 8% per annum. The tenure of the loan was 28 months. The loan was partially repaid in the amount of RMB183 million in 2018.

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

(b) Transactions and balances with related parties (continued)

(viii) Loans from related parties (continued)

(b) Entrusted loans of RMB800 million were provided by a related party, China Minsheng Jujia, in 2017 and were fully repaid in 2018, and loans of RMB200 million were provided by a related party, Linzhi in 2017 and 2018, which comprised the following:

The funding of RMB600 million was provided in December 2016 by Linzhi. A supplemental agreement of the loan signed in 2017 with interest rate of 6% between December 2016 and June 2017, 6.5% between July 2017 and December 2017, and to be repaid on demand. The loan was partially repaid in the amount of RMB400 million in 2017.

(c) The loan of RMB138 million was provided by a related party, SRE Asset, in September 2017 with tenure of twelve months. Interest rate of the loan was 8.5% per annum.

The loan of RMB272 million was provided by a related party, SRE Asset, in March 2018 with tenure of three years. Interest rate of the loan was 9.0% per annum.

(ix) Pledged assets provided by a related party

	30 June 2018 Unaudited	31 December 2017 Audited
Relevant Business of Golden Luodian	2,570,363	2,525,307

(Amounts presented in thousands of Renminbi unless otherwise stated)

16. Notes to the Condensed Consolidated Statement of Cash Flows

Reconciliation of profit before income tax to cash (used in)/from operations:

	For the six months ended 30 June	
	2018 Unaudited	2017 Unaudited
Profit before income	**169,002**	813,562
Adjustments for:		
Depreciation of property, plant and equipment	**13,812**	16,791
Net (gain)/loss on disposal of items of property, plant and equipment	**(29)**	218
Gains from disposal of subsidiaries and partial interest in a joint venture	**(223,307)**	(1,141,944)
Share of results of associates	**12,560**	(45,387)
Share of results of joint ventures	**49,977**	1,457
Share-based payments	**5,365**	14,711
Accrual of provision for properties held or under development for sale	**42,497**	58,477
Reversal of provision for properties held or under development for sale	**(22,973)**	(17,965)
Accrual of provision for prepaid land lease payments	**10,296**	10,283
Reversal of provision for prepaid land lease payments	**(177,027)**	(4,255)
Provision for impairment of other financial assets at amortised cost	**4,350**	–
Provision for impairment of trade receivables	**–**	1,397
Reversal of provision for impairment of other receivables	**(178)**	–
Provision for impairment of other non-current assets	**170**	–
Finance income	**(46,068)**	(1,551)
Finance costs	**274,658**	240,000
	113,105	(54,206)
Decrease/(increase) in restricted bank deposits	**27,170**	(54,403)
(Increase)/decrease in prepaid land lease payments	**(96,496)**	148,860
Decrease/(increase) in properties held or under development for sale	**203,719**	(20,227)
Increase in inventories	**(333)**	(98)
Increase in trade receivables	**(636)**	(1,943)
Increase in non-current assets	**(54,659)**	–
Increase in other receivables	**(157,154)**	(392,523)
Increase in prepayments and other current assets	**(50,410)**	(1,017,286)
Decrease in trade payables	**(124,550)**	(149,960)
Increase/(decrease) in other payables and accruals	**117,407**	(67,229)
(Decrease)/increase in advances received from the pre-sale of properties under development	**(170,174)**	344,665
Cash used in operations	**(193,011)**	(1,264,350)

(Amounts presented in thousands of Renminbi unless otherwise stated)

17. Commitments and Contingencies

(a) Commitments

	30 June 2018 Unaudited	31 December 2017 Audited
Contracted, but not provided for		
Properties held or under development for sale	6,091	58,501
Committed investments in a land development	65,341	120,000
Committed investments in joint ventures and associates	15,640	15,640
	87,072	194,141

(b) The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates when the bank grants the relevant mortgage loans and end when the purchasers pledge related properties certificates as security to the bank offering the mortgage loans. The Group entered into such guarantee contracts with principal amounts totalling approximately RMB375 million (31 December 2017: approximately RMB844 million) and these contracts were still effective as at 30 June 2018.

The Group did not incur any material losses during the period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The Directors consider that the probability of default of purchasers is remote and even in case of default on payments, the net realizable value of the related properties is expected to be sufficient to cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty as the principal of each of the mortgage loan is normally below 70% of sales price of the respective property at date of the sales agreement, and therefore no provision has been made in connection with these guarantees.

(Amounts presented in thousands of Renminbi unless otherwise stated)

18. Gains from disposal of subsidiaries and partial interest in a joint venture

	(unaudited) For the six months ended 30 June 2018	2017
Gains from disposal of subsidiaries (a)	**219,583**	1,141,944
Gain from disposal of partial interest in a joint venture	**3,724**	–
	223,307	1,141,944

(a) In April 2018, a third party increased capital injection to an originally subsidiary of the Group, Changsha Horoy, and thus diluted the Group's equity interest from 66.5% to 49.5% and lost control in Changsha Horoy. As such, Changsha Horoy became an associate of the Group after the transaction. On the disposal date, the net asset value attributable to the Group of Changsha Horoy was approximately RMB7 million. After the dilution of 17% equity interest in Changsha Horoy, the 49.5% remained interest held by the Group was remeasured to its fair value of approximately RMB226 million at the date when control was lost, and the difference with its then carrying amount was approximately RMB219 million. As such, the Group recorded a gain on disposal of approximately RMB219 million.

In June 2018, the Group disposed all of its 100% equity interest in SRE Capital Limited ("SRE Capital") at a consideration of approximately RMB0.57 million. On the disposal date, the net asset value attributable to the Group of SRE Capital was approximately RMB0.21 million. The Group recorded a gain on disposal of approximately RMB0.36 million.

18. Gains from disposal of subsidiaries and partial interest in a joint venture (continued)

(a) (continued)

In April 2017, the Group disposed 49% equity interest in its wholly owned subsidiary, Shanghai Jinxin Real Estate Co. Ltd. ("Jinxin"), to Shanghai Zhongchong Binjiang Industry Co., Ltd at a consideration of approximately RMB2,112 million. After the disposal, the Group cease to have control in Jinxin, and Jinxin has become a joint venture of the Group. On the date of disposal, net asset value of Jinxin amounted to approximately RMB3,082 million, which resulted in a gain on disposal of approximately RMB602 million. In addition, the retained 51% of equity interest was re-measured to its fair value as initial carrying value for the joint venture with the change in carrying amount of approximately RMB540 million recognized as a gain in profit or loss.

19. Assets Classified as Held For Sales and Liabilities Directly Associated With the Assets Classified as Held For Sale

In June 2018, the Group entered into a sale and purchase agreement with a third party purchaser in relation to the disposal of the 100% equity interest held by Shanghai Wingo Infrastructure Co., Ltd. in Shanghai Xunbo Construction Co., Ltd. ("Xunbo Construction"). The agreed consideration was approximately RMB0.75 million. As at 30 June 2018, the transaction was in progress so that the related assets and liabilities of Xunbo Construction were classified as held for sale.

20. Fair Value and Fair Value Hierarchy of Financial Instruments

Fair value of financial assets and financial liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market or when current market prices are not available, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and bank balances, receivables financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The Group's financial liabilities mainly include interest-bearing bank and other borrowings and payables.

The fair values of the Group's financial instruments are not materially different from their carrying amounts. Fair value estimates are made at a specific point in time and are based on relevant market information and appropriate valuation models.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

20. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Assets measured at fair value:

The financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available-for-sale investments) of the Group are measured at fair value as at 30 June 2018 and 31 December 2017.

Liabilities measured at fair value:

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

21. Approval of the Interim Condensed Consolidated Financial Information

The interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors on 24 August 2018.

FINANCIAL REVIEW

During the six months ended 30 June 2018 (the "Reporting Period"), the Group recorded a net revenue of approximately RMB811 million (first half of 2017: RMB520 million), which represents an increase by approximately 56% compared with that of the corresponding period of last year. Profit attributable to owners of the Company for the six months ended 30 June 2018 amounted to approximately RMB82 million while profit attributable to owners of the Company for the corresponding period of last year was approximately RMB623 million. The decrease is mainly attributable to the decrease in gains arising from the Group's exit from investments as a result of the regulation and control of domestic macro-economy and property industry in China during the Reporting Period. Despite the decrease in net profit and profit attributable to the owners of the Company, as the Group accelerated the progress of the development and delivery of real estate during the Reporting Period, the Group recorded an increase in both revenue and gross profit from real estate development during the Reporting Period as compared with the corresponding period of last year.

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

Liquidity and Financial Resources

As at 30 June 2018, cash and bank balances amounted to approximately RMB849 million (31 December 2017: approximately RMB1,453 million). Cash and bank balances denominated in RMB and other foreign currencies amounted to RMB688 million and RMB161 million respectively. Working capital (net current assets) of the Group as at 30 June 2018 amounted to approximately RMB1,722 million (31 December 2017: approximately RMB1,976 million), representing a decrease by approximately 13% as compared with the previous year. Current ratio was at 1.24x (31 December 2017: 1.28x).

As at 30 June 2018, the Group's gearing ratio was 48% (31 December 2017: 48%), calculated on the basis of the Group's net borrowings (after deducting cash and bank balances) over total capital (total equity and net borrowings).

Interest-bearing liabilities and their composition

As at 30 June 2018, the Group's interest-bearing liabilities amounted to RMB8,199 million, representing 37.01% of total assets. These interest-bearing liabilities were mainly medium and long-term liabilities. Among these interest-bearing liabilities, short-term borrowings and interest-bearing liabilities due within one year amounted to RMB2,437 million, representing 29.72%; interest-bearing liabilities of more than one year amounted to RMB5,762 million, representing 70.28%.

By financing sources, bank borrowings, shareholder loans and other borrowings accounted for 38.59%, 39.00% and 22.41% respectively. By types of interest rates, liabilities with fixed interest rates accounted for 62.84% and liabilities with floating interest rates accounted for 37.16%. By currencies, RMB liabilities and foreign currencies liabilities accounted for 77.80% and 22.20% respectively.

Charges on Assets and Contingent Liabilities

As at 30 June 2018, the Group's bank and other borrowings of approximately RMB3,335 million (31 December 2017: approximately RMB3,740 million) were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment and properties held or under development for sale, or by pledge of equity interests in certain subsidiaries and bank deposits.

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates when the bank grants the relevant mortgage loans and end when the purchasers pledge related properties certificates as security to the bank offering the mortgage loans. The Group entered into such guarantee contracts with principal amounts totaling approximately RMB375 million (31 December 2017: approximately RMB844 million) and these contracts were still effective as at 30 June 2018.

The Group did not incur any material losses during the period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The Directors consider that the probability of default of purchasers is remote and even in case of default on payments, the net realizable value of the related properties is expected to be sufficient to cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty as the principal of each of the mortgage loan is normally below 70% of sales price of the respective property at date of the sales agreement, and therefore no provision has been made in connection with the guarantees.

Risk of fluctuations in exchange rates

The Group conducts a majority of its business operations in the PRC. Most of the revenue and expenses are denominated in RMB. The Group currently has no foreign currency hedging policies, but the management monitors risks of fluctuations in exchange rates and will consider hedging significant risks of fluctuations in exchange rates when necessary.

BUSINESS REVIEW

In the first half of 2018, under the guiding policies of "Houses are for living in, not for speculation" and "Targeted policy for specific city", each city continued to use the specific targeted policy to control housing prices, prevent asset bubbles and destock at the same time. The cities in focus continued to tighten the related policies, and surrounding third-tier and fourth-tier cities followed suit. Housing prices in different cities tended to move in separate direction. Prices in first-tier cities slightly declined on a stable note; prices in second-tier cities continued to rise as compared with the first six months of the last year while the growth in prices in third-tier and fourth-tier cities narrowed gradually. Domestic structural deleveraging continued to be implemented steadily. Market liquidity were relatively tight, and financing costs for real estate enterprises have increased significantly.

Under such environment, the Group maintained its strategic strength, adhering to the dual drive model of real estate development and real estate investment. In terms of sales, the Group seized the favorable opportunity of the market, continued to take advantage of its high-quality branded projects, and increased marketing efforts. As for operations, the Group has strengthened its cost control, optimized procedures, kept up with the progress of projects, and pursued a stable steam of profit and cash flow. In terms of investment, the Group was more cautious in making new investments and managed to catch the right moment for exit. In the first half of the year, the Cambodian Residential Project was launched, while the Group grasped the market opportunity to realize return in cash by disposing of some assets at a higher price. In the first half of the year, the Shanghai project in the Beijing, Shanghai and Shenzhen Asset Package was transferred at a high premium; the Changsha Project attracted additional investment at a premium; sale and purchase agreement of the Caolu asset package was signed at a premium; and also The UK Projects were partially withdrawn, enabling the Group to successfully implement the financial real estate model, and the business model of "real estate + industry" was initially proved to be at work.

Real Estate Development

Sales Progress

In the first half of 2018, major projects for sale of the Group and its joint ventures and associates included Shanghai Albany Oasis Garden, Shanghai Huating Project, Shenyang Albany Garden, Chengdu Albany Oasis Garden, Jiaxing Project and Shanghai Xiangzhang Garden. In the first half of 2018, the Group together with its joint ventures and associates achieved contract sales of approximately RMB2,362 million for a total floor area of 64,084 m^2, representing a decrease of 9% as compared with the same period last year. The average selling price was RMB36,853 per m^2. Major projects for sale included:

Shanghai Albany Oasis Garden

Shanghai Albany Oasis Garden is situated on Shanghai Inner Ring Road and is a high-end residential project. A total area of 1,141 m^2 was sold in the first half of 2018 and the total contract sum amounted to RMB95 million (averaging RMB83,191 per m^2). The Group holds 40% equity interest of Shanghai Albany Oasis Garden.

Shanghai Huating Project

Shanghai Huating Project is situated on Eastern Xie Tu Road of Huangpu District in Shanghai and is a high-end residential project. A total area of 1,270 m^2 was sold in the first half of 2018, and the total contract sum amounted to RMB130 million (averaging RMB101,764 per m^2). The Group holds 50.36% equity interest of Shanghai Huating Project.

Shenyang Albany Garden

Shenyang Albany Garden is situated on South Heping Road of Heping District in Shenyang City, Liaoning Province, and is a residential community with an excellent geographical location and with well-developed transportation networks. A total area of 2,746 m^2 was sold in the first half of 2018, and the total contract sum amounted to RMB39 million (averaging RMB10,647 per m^2). The Group holds 98.71% equity interest of Shenyang Albany Garden.

Chengdu Albany Oasis Garden

Chengdu Albany Oasis Garden is located at Hongguang Town, Pi County, Chengdu City and is a residential community of high quality with convenient transportation facilities. A total area of 2,623 m^2 was sold in the first half of 2018, and the total contract sum amounted to RMB94 million (averaging RMB19,238 per m^2). The Group holds 100% equity interest of Chengdu Albany Oasis Garden.

Jiaxing Project

Jiaxing Project is situated in Nanhu District of Jiaxing City in Zhejiang Province. In keeping with the Group's focus on high-end products, the project forged a high quality, exquisite and luxurious residential community. A total area of 18,677 m^2 was sold in the first half of 2018, and the total contract sum amounted to RMB188 million (averaging RMB10,088 per m^2). The Group holds 98.75% equity interest of Jiaxing Project.

Shanghai Xiangzhang Garden

Shanghai Xiangzhang Garden, which comprises of commercial apartments, commercial flats and carparks, is located within the core business circle of Nanjing Road West, Jingan District, Shanghai City, right next to Plaza 66. A total area of 37,060 m^2 was sold in the first half of 2018, and the total contract sum amounted to RMB1,809 million (averaging RMB48,812 per m^2).

Land Bank

As at 30 June 2018, the Group owned a land bank with a total gross floor area of approximately 2.12 million m^2 in Shanghai, Shenyang, Chengdu, Changsha, Dalian, London, San Francisco, Cambodia, etc. The Company stays abreast of industry development dynamics, explores its own resources and advantage and is committed to discovering assets which are underestimated or with growth potential.

Progress of Construction

Chengdu Albany Oasis Garden

As of the end of the first half of 2018, the construction of Blocks No. 3, 4, 5 and 6 of Phase II of Chengdu Albany Oasis Garden is completed and acceptance checks on fire control and air defense facilities were duly passed, of which Blocks No. 3 and 4 had started handover preparation work of fine decoration.

Shenyang Albany Garden

In January 2018, Block No. 8 of Section B of Phase II of Shenyang Albany Garden received the certificate of completion and was delivered to the property owners. Section A of Phase III received the certificate of completion in June 2018 and Section B of Phase III is currently pending planning proposal approval.

Progress of Relocation

Shanghai Rich Gate I

During the first half of 2018, contracts were signed for 880 certificates of households (including certificates of individuals) in aggregate, representing a signing rate of 87.3%; 660 certificates of households (including certificates of individuals) were relocated in aggregate, representing a relocating rate of 65.5%; contracts were re-signed for 605 certificates of households (including certificates of individuals) in aggregate, representing a re-signing rate of 60%; contracts were signed for 32 certificates of enterprises, representing a signing rate of 82.05%; and 17 certificates of enterprises were relocated and settled, accounting for 43.59% of the total of 39 certificates. During the first half of 2018, a total of 120 certificates of households' expropriation compensation information in aggregate were delivered to the district expropriation center. The district government has issued expropriation compensation notice to 47 households.

Shenyang Albany Garden

As of the end of 2017, Shenyang Albany Garden had signed relocation contracts with 1,400 households and 24 enterprises (including schools), with negotiations for 54 households and 1 enterprise still in progress. During the first half of 2018, contracts were signed for 27 households in aggregate. Three old buildings in Wanghu Road including Blocks No. 5 and 7 were demolished. The signing rate of households' relocation was approximately 98%, while signing rate of enterprises and schools was 96%.

Changsha Fudi Albany Project

As of the end of 2017, there were 99 legal households in the land area of Changsha Fudi Albany Project. In the first half of 2018, contracts were signed for 99 households in aggregate, representing a signing rate of 100%. Two housing of legal household were not demolished, with relocation rate of 98%. 75 tombs were relocated, with completion rate of 50%.

Dalian Oasis City Garden

Dalian Oasis City Garden is divided into 9 sections. As of the end of 2017, the relocation was nearly finished. One households of the Auto Square was waiting to be demolished. The signing rate of the Steel Square reached 100%, while demolition rate reached 30%. The report on the transfer of land has been completed. During the first half of 2018, the oil pipeline protection plan has been completed; the Steel Square and the Auto Square have been demolished; contracts for the mobile base station has been signed off; and the collocation of transfer of land has steadily continued. The basic principles of compensation have been clarified with the government.

Shanty Town Renovation Project in Zhangjiakou

Shanty Town Renovation Project in Zhangjiakou, located in Qiaoxi District, Zhangjiakou, Hebei Province, covers an area of approximately 215 mu and involves a relocation area of 86,000 m^2 and residents of 930 households. During the first half of 2018, signing rate was approximately 55.81% in aggregate.

Commercial Property Operation

During the first half of 2018, the Group continued to enhance the management and operation of its self-owned properties to cope with the changing market conditions and opportunities, expeditiously adjusted the operation strategies, utilized its brand advantages and management capabilities, and strived to improve profitability with the benefits of the experiences earned.

Oasis Central Ring Centre

As a landmark of the Shanghai Central Ring business district, Oasis Central Ring Centre, with the high qualities of Grade 5A office buildings and being well equipped with all sorts of facilities, has attracted an increasing number of companies to move in. During the first half of 2018, The Group had made tremendous efforts in attracting tenants for Oasis Central Ring Centre. The total area leased of the No. 5 building was 4,016 m^2, the occupancy rate reached 100%, and the operating revenue was RMB24.36 million.

Shenyang Rich Gate Shopping Mall

Shenyang Rich Gate Shopping Mall is committed to creating a one-stop business and leisure life center integrating fashion and shopping, leisure and entertainment, cultural and educational, business and social, fashion and catering. During the first half of 2018, there were 41 new tenants, with new area leased of 7,752 m^2. Rental income was RMB11.05 million and operating revenue was RMB23.68 million.

41 Tower Hill Project in the UK

The project is located on the east side of the City of London. It is a freehold property with a site area of approximately 7,000 m^2, and comprises an existing office building and an adjoining car park. Currently, the office has a floor area of 15,509 m^2 (166,940 square feet); gross floor area of 21,189 m^2 (228,075 square feet). The office building is leased to Société Générale for a term of about 3 years expiring in March 2020. During the term, it may be re-planned to increase lease area. After the moving out of the tenant, renovation and modification to the building will be made.

12 Moorgate Project in the UK

The project is located in the core district of the City of London (EC2), which is a global financial and insurance center. It is a freehold property developed in 1998 with 6 floors and one basement. The property has a rentable area of 3,151 m^2 (33,941 square feet) for office use. Its existing tenant is Schroders PLC, a renowned global wealth management company. The lease will expire in December 2019. During the term, it may be re-planned to increase lease area. After the moving out of the tenant, renovation and modification to the building will be made.

Development of Investment Projects

Cambodian Residential Project

The project is located in the Sen Sok District, west of the Cambodian capital, Phnom Penh. It is adjacent to Russian Boulevard, the only main road that runs through the east and west and connecting the airport to the urban area, and is about 4.5 kilometers from the Phnom Penh Airport and the Prime Minister's Office. With a total area of 16,327 m^2, it has a larger space to develop commercial projects facing the streets. The project was signed in the first half of 2018.

Exit from Investment after Making a Profit

Shanghai Project of Beijing, Shanghai and Shenzhen Asset Package

The project is a commercial project located in Shanghai of the Beijing, Shanghai and Shenzhen Asset Package. It is situated in the prime business district of Plaza 66, Nanjing West Road, Jingan District. The project was acquired at the end of 2016 and tendering for sale was completed in February 2018, the sale price was at a premium of approximately RMB300 million over the listed price.

Caolu Project

In July 2016, the Company acquired the debenture of Caolu assets package with RMB205 million. After the acquisition, the Company continued to negotiate with the actual controller for cooperation and contact potential buyers for the debenture. In May 2018, at a consideration of RMB330 million, contracts were signed to transfer the Caolu asset package at a premium, demonstrating on successful implementation of the financial real estate model.

The UK Projects

The UK Projects were acquired in 2016, consisting of two office buildings and one residential project. In May 2018, after several rounds of negotiations with the partners, the partial exit was successfully achieved.

BUSINESS OUTLOOK

In the first half of 2018, the market policy of each city continued the overall direction of 2017. The industry policy environment has not undergone fundamental changes, and the overall performance of the industry could be maintained. For the future outlook of the property market, the general principle of "Houses are for living in, not for speculation" has become market consensus. The market regulatory policy will not be relaxed and fine tuning of the targeted policy for specific city will continue. As the regulation cycle is significantly lengthened, the uncertainty over capital chain will be the key to the future trend of the industry. The second half of the year will be the peak season for debt repayment of real estate enterprises. With the narrowing of financing channels, the financing cost will inevitably rise further and the capital pressure of real estate enterprises will further increase.

In the second half of 2018, under the environment of tight ended liquidity and increasing concentration in the industry, the Group will further strengthen the dual drives' model of real estate development and real estate investment. Real estate development and operation mainly provide cash flow support for the Company's development, while the real estate investment business (financing, investment, management and withdrawal) mainly generate profits for the Company's development. At the same time, in terms of capital, the Group should explore diversified financing channels, optimize its financing structure, and actively explore asset securitization and multi-party cooperation and expansion projects with investment funds.

EMPLOYEES

As at 30 June 2018, the Group had 548 employees in Hong Kong and the PRC. Total staff costs of the Group excluding directors' remuneration, for the six months ended 30 June 2018 amounted to approximately RMB66.30 million. Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee. At the same time, the Group provides diversified training for employees, including new employee training, extension training for all employees, professional skills training, general skills training, topic sharing and talent development projects. The training format is combined with internal training and external training.

Disclosure of Interests and Other Information

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

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

Long position in shares of the Company (the "**Shares**") and underlying Shares

Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of shareholding
Peng Xinkuang	160,000,000 *(Note 1)*	–	–	160,000,000	0.78%
Zhu Qiang	120,000,000 *(Note 1)*	–	–	120,000,000	0.58%
Qin Wenying	120,000,000 *(Note 1)*	–	–	120,000,000	0.58%
Chen Donghui	80,000,000 *(Note 1)*	–	–	80,000,000	0.39%
Chen Chao	80,000,000 *(Note 1)*	–	–	80,000,000	0.39%
Shi Janson Bing *(resigned on 13 July 2018)*	50,000,000 *(Note 1)*	–	–	50,000,000	0.24%
Zhuo Fumin	–	160,000 *(Note 2)*	–	160,000	0.0008%

Notes:

(1) This refers to the underlying Shares covered by share options granted, such options being unlisted physically settled equity derivatives.

(2) These Shares were held by Madam He Pei Pei, the spouse of Mr. Zhuo Fumin.

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executives of the Company or any of their close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests

As at 30 June 2018, so far as is known to any Director or chief executives of the Company, the following persons, other than a Director or chief executives of the Company, had interests of the Company or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under the section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Approximate percentage of shareholding
China Minsheng Investment Corp., Ltd.	Interest in controlled corporation	15,393,543,128 *(Note 1, 3 & 4)*	74.85%
China Minsheng Jiaye Investment Co., Ltd.	Interest in controlled corporation	15,393,543,128 *(Note 1, 3 & 4)*	74.85%
Jiaxin Investment (Shanghai) Co., Ltd.	Interest in controlled corporation	15,393,543,128 *(Note 1, 3 & 4)*	74.85%
Jiasheng (Holding) Investment Limited	Interest in controlled corporation	15,393,543,128 *(Note 1, 3 & 4)*	74.85%
Jiashun (Holding) Investment Limited	Beneficial owner and interest in controlled corporation	15,393,543,128 *(Note 1, 3 & 4)*	74.85%
Shi Jian	Beneficial owner and interest in controlled corporation	2,902,666,119 *(Note 2, 3 & 4)*	14.11%
Si Xiao Dong	Beneficial owner and interest in controlled corporation	2,889,661,452 *(Note 2, 3 & 4)*	14.05%
SRE Investment Holding Limited	Beneficial owner and Interest in controlled corporation	2,889,659,128 *(Note 2, 3 & 4)*	14.05%

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Approximate percentage of shareholding
Regal Glory Limited	Interest in controlled corporation	2,022,761,390 *(Note 4)*	9.84%
Starite International Limited	Interest in controlled corporation	2,022,761,390 *(Note 4)*	9.84%
Sun Lu Dong	Nominee for another person (other than a bare trustee)	2,022,761,390 *(Note 4)*	9.84%
Pau Shing Kwan	Nominee for another person (other than a bare trustee)	2,022,761,390 *(Note 4)*	9.84%
Jiabo Investment Limited	Interest in controlled corporation	2,889,659,128 *(Note 3 & 4)*	14.05%
Jia Yun Investment Limited	Interest in controlled corporation and person having a security interest in shares	2,889,659,128 *(Note 3 & 4)*	14.05%
Jiazhi Investment Limited	Interest in controlled corporation	2,022,761,390 *(Note 4)*	9.84%
Zhi Tong Investment Limited Partnership	Beneficial owner	2,022,761,390 *(Note 4)*	9.84%

Notes:

(1) China Minsheng Investment Corp., Ltd. holds a 62.60% direct interest in China Minsheng Jiaye Investment Co., Ltd., which holds a 100% direct interest in Jiaxin Investment (Shanghai) Co., Ltd., which in turn holds a 100% interest in Jiasheng (Holding) Investment Limited. Jiashun (Holding) Investment Limited is a wholly-owned subsidiary of Jiasheng (Holding) Investment Limited. Therefore, China Minsheng Investment Corp., Ltd., China Minsheng Jiaye Investment Co., Ltd., Jiaxin Investment (Shanghai) Co., Ltd. and Jiasheng (Holding) Investment Limited are all deemed to be interested in all the Shares held by Jiashun (Holding) Investment Limited for the purposes of the SFO.

(2) These Shares comprise 13,006,991 Shares held by Mr. Shi Jian, 2,324 Shares held by Madam Si Xiao Dong and 2,889,659,128 Shares interested in by SRE Investment Holding Limited. As each of Mr. Shi Jian and Madam Si Xiao Dong owns more than 30% of SRE Investment Holding Limited, they are deemed to be interested in all the Shares interested in by SRE Investment Holding Limited for the purposes of the SFO.

(3) 866,897,738 Shares held by SRE Investment Holding Limited (in which Mr. Shi Jian and Madam Si Xiao Dong are deemed to be interested) are charged to Jia Yun Investment Limited (in which China Minsheng Investment Corp., Ltd., China Minsheng Jiaye Investment Co., Ltd., Jiaxin Investment (Shanghai) Co., Ltd., Jiasheng (Holding) Investment Limited, Jiashun (Holding) Investment Limited and Jiabo Investment Limited are deemed to be interested).

(4) Pursuant to a sale and purchase agreement dated 28 December 2017 entered into by, among others, SRE Investment Holding Limited and Zhi Tong Investment Limited Partnership, SRE Investment Holding Limited agreed to sell to Zhi Tong Investment Limited Partnership 2,022,761,390 Shares. Jiazhi Investment Limited is a general partner of Zhi Tong Investment Limited Partnership, and is held as to 60% by Jia Yun Investment Limited and 40% by Starite International Limited. Jia Yun Investment Limited is also a limited partner of Zhi Tong Investment Limited Partnership. Jia Yun Investment Limited is wholly-owned by Jiabo Investment Limited, which is in turn wholly-owned by Mr. Xia Shu. On the other hand, Starite International Limited is wholly-owned by Mr. Pau Shing Kwan (as nominee for and on behalf of Regal Glory Limited); and Regal Glory Limited is in turn wholly-owned by Mr. Sun Lu Dong (as nominee for and on behalf of SRE Investment Holding Limited). On 26 June 2018, all the shares held by Mr. Xia Shu in Jiabo Investment Limited were transferred to Jiashun (Holding) Investment Limited. Therefore, China Minsheng Investment Corp., Ltd., China Minsheng Jiaye Investment Co., Ltd., Jiaxin Investment (Shanghai) Co., Ltd., Jiasheng (Holding) Investment Limited, Jiashun (Holding) Investment Limited, Jiabo Investment Limited, Jia Yun Investment Limited, Mr. Shi Jian, Madam Si Xiao Dong, SRE Investment Holding Limited, Mr. Sun Lu Dong, Regal Glory Limited, Mr. Pau Shing Kwan, Starite International Limited and Jiazhi Investment Limited are all deemed to be interested in the 2,022,761,390 Shares held by Zhi Tong Investment Limited Partnership for the purposes of the SFO.

Save as disclosed above, as at 30 June 2018, none of the Directors nor the chief executive of the Company was aware of any other person (other than a Director or chief executive of the Company) or corporation who had an interest or short position in the Shares or underlying Shares which were required to be recorded in the register kept by the Company under section 336 of the SFO.

Share Option Scheme

On 3 June 2016, the Board proposed to adopt a new share option scheme (the "**Scheme**"), which was approved and adopted by the shareholders of the Company on 6 July 2016.

On 14 July 2016 (the "**Date of Grant**"), options to subscribe (the "**Share Options**") for a total of 1,073,717,976 new Shares were offered to certain Directors and employees of the Group (the "**Grantees**"). The Share Options granted to each Grantee are valid for a period of five years commencing from the Date of Grant and shall be vested in three tranches in accordance with the following vesting dates: (i) 40% of the Share Options granted to each Grantee shall be vested and exercisable from 30 August 2016 to 13 July 2021; (ii) an additional 30% (i.e. up to 70% in total) shall be vested and exercisable from 30 August 2017 to 13 July 2021; and (iii) the remaining 30% (i.e. up to 100% in total) shall be vested and exercisable from 30 August 2018 to 13 July 2021.

The exercise price of the Share Options is HK$0.2132 per Share, which represents the highest of (i) the closing price of the Shares of HK$0.212 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Date of Grant; (ii) the average closing prices of the Shares of HK$0.2132 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share, which is HK$0.10.

The Share Options were granted to the following Directors:

Executive Directors	**Number of Share Options Granted**
He Binwu *(resigned on 24 October 2017)*	160,000,000
Peng Xinkuang	160,000,000
Zhu Qiang	120,000,000
Qin Wenying	120,000,000
Chen Donghui	80,000,000
Chen Chao	80,000,000
Shi Janson Bing *(resigned on 13 July 2018)*	50,000,000

The grant of the Share Options to each of the above Directors has been approved by the Independent Non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules. Save as disclosed above, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or an associate of any of them.

The fair value of options granted during the period determined on the date on which the options were granted using the Binomial valuation model was divided into three trenches according to vesting period, being HK$7.80 cents per option for options vested on 30 August 2016, HK$7.99 cents per option for options vested on 30 August 2017 and HK$8.21 cents per option for options to be vested on 30 August 2018. The significant inputs into the model were closing share price of HK$0.2120 at the grant date, exercise price shown above, volatility of 46%, dividend yield of nil, an expected option life of 5, 4 and 3 years respectively and an annual risk-free interest rate of 0.69%. The volatility measured at the standard deviation of continuously compounded share returns is based on the average rate of comparable companies. The Binomial valuation model is only one of the commonly used models to estimate the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

No Share Options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2018. 160,000,000 Share Options were lapsed during 2017.

The following is a summary of the principal terms of the Scheme:

1. Purpose of the Scheme:

   The purpose of the Scheme is to reward the contributions made by any Directors or employees of the Group (the "**Eligible Employees**"), to provide incentive for the Eligible Employees to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the shareholders of the Company as a whole.

2. Participants of the Scheme:

   The Board may at its discretion grant options to the Eligible Employees.

3. Grant of option under the Scheme

   An offer of the grant of an option shall be made to an Eligible Employee by letter in such form as the Board may from time to time determine, requiring the Eligible Employee to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Scheme. The offer shall remain open for acceptance for a period of 14 days from the date of grant. Subject to the terms of the offer letter, there shall be no minimum holding period for the vesting or exercise of the options.

An option shall be deemed to have been accepted and to have taken effect when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant of the option shall have been received by the Company on or before the last day for acceptance as set out in the offer letter. The remittance is not in any circumstances refundable. Once accepted, the option is granted as from the date of grant.

4. Total number of Shares available for issue under the Scheme and percentage of issued share capital as at 30 June 2018:

   As at 30 June 2018, the total number of Shares which may be issued under the Scheme must not exceed 2,056,471,372 Shares, representing approximately 10% of the issued share capital of the Company.

5. Maximum entitlement of each participant under the Scheme:

   Unless approved by the shareholders of the Company in general meeting in the manner prescribed in the Listing Rules, the Board shall not grant options to any grantee if the acceptance of those options would result in the total number of Shares issued and to be issued to that grantee on exercise of his options (including both exercised and outstanding options) during any 12 month period exceeding 1% of the total Shares then in issue.

6. The period within which the options must be exercised under the Scheme:

   The period during which an option may be exercised in accordance with the terms of the Scheme ("**Option Period**") shall be a period of time to be notified by the Board to each grantee, which the Board may in its absolute discretion determine, save that such period shall not be more than ten years commencing on the Date of Grant.

7. The basis of determining the exercise price:

   The subscription price per Share payable on the exercise of an option is to be determined by the Board but in any event shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of the Share on the Date of Grant.

8. The remaining life of the Scheme:

Subject to early termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years commencing from the date on which the Scheme is deemed to take effect in accordance with its terms, after which time no further options will be granted but the provisions of the Scheme shall remain in full force and effect in all other respects. In particular, all options granted before the end of such period shall continue to be valid and exercisable after the end of such period in accordance with the terms of the Scheme.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2018.

Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of the Directors since the disclosure made in the Annual Report 2017 and up to the date of this interim report of the Company is set out below:

Name of Director(s)	Detail(s) of Change
Mr. Chen Donghui	Resigned as a non-executive director of China Minsheng DIT Group Limited (formerly known as China Minsheng Drawin Technology Group Limited), a company listed on the Stock Exchange (stock code: 726) on 8 May 2018
Mr. Shi Janson Bing	Resigned as an Executive Director of the Company on 13 July 2018
Mr. Jiang Qi	Appointed as an Executive Director of the Company since 13 July 2018
Mr. Zhuo Fumin	Resigned as an independent non-executive director of Shenwan Hongyuan (H.K.) Limited, a company listed on the Stock Exchange (stock code: 218) on 4 September 2018

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all Directors, who have confirmed that they complied with the required standard set out in the Model Code throughout the six months ended 30 June 2018.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and financial reporting matters. The Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2018 has been reviewed by the Audit Committee.

Corporate Governance

Throughout the six months ended 30 June 2018, the Board has reviewed its corporate governance practices and confirmed that the Company has complied with all principles and code provisions of the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code Provision A.6.7

Pursuant to Code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Han Gensheng, Independent Non-executive Director, did not attend the annual general meeting of the Company for the year 2018 due to other business engagements.

Details of projects under development:

Project	Location	Land Usse	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Group's Holding Proportion
Shenyang Albany Garden	South Heping Street, Heping District, Shenyang, Liaoning Province, the PRC	Phase IIIB/C Residential	206,851	2020	0%	98.71%
		Phase IIIB/C Commercial	9,458	2020	0%	98.71%
		Phase IIIB/C Facility	5,100	2020	0%	98.71%
		Phase IIIB/C Underground	62,010	2020	0%	98.71%
Chendu Albany Oasis Garden	No.555, Ganghua Road, Hongguang Town, Pi County, Chengdu, Sichuan Provience, the PRC	Phase II Section II Residential	74,945	2019	98%	100.00%
Jiaxing Project	No.1, Linghu Road, Nanhu District, Jiaxing, Zhejiang Province, the PRC	Phase II Residential	42,662	2020	0%	98.75%
		Phase II Commercial	10,556	2020	0%	98.75%
		Phase II Facility	1,990	2020	0%	98.75%
		Phase II Underground	20,029	2020	0%	98.75%
Shanghai Rich Gate I	Daxing Street, Huangpu District, Shanghai, the PRC	Residential	72,660	2022	0%	51%
		Commercial	9,244	2022	0%	51%
		Office	48,600	2022	0%	51%
		Underground	44,000	2022	0%	51%
Changsha Fudi Albany Garden	Pengjia Lane, Laodaohe Street, Kaifu District, Changsha, Hunan Province, the PRC	Phase I Residential	129,421	2020	0%	49.50%
		Phase I Facility	6,251	2020	0%	49.50%
		Phase I Underground	44,275	2020	0%	49.50%
		Phase II Residential	196,685	2021	0%	49.50%
		Phase II Commercial	9,281	2021	0%	49.50%
		Phase II Facility	1,048	2021	0%	49.50%
		Phase II Underground	68,657	2021	0%	49.50%

Property Details

Project	Location	Land Usse	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Group's Holding Proportion
Dalian Oasis City Garden	West of West Outer0 Ring Street and South of North Ring Road, Xincheng District, Wafangdian City, Dalian, Liaoning Province, the PRC	Phase I Residential	84,748	2020	0%	50.36%
		Phase I Commercial	20,234	2020	0%	50.36%
		Phase I Underground	50,985	2020	0%	50.36%
		Phase II Residential	100,500	2022	0%	50.36%
		Phase II Facility	3,600	2022	0%	50.36%
		Phase II Underground	42,260	2022	0%	50.36%
		Phase III Residential	43,050	2024	0%	50.36%
		Phase III Commercial	50,723	2024	0%	50.36%
		Phase III Underground	47,040	2024	0%	50.36%
		Phase IV Residential	129,500	2025	0%	50.36%
		Phase IV Underground	46,820	2025	0%	50.36%
		Phase V Residential	70,219	2026	0%	50.36%
		Phase V Commercial	32,750	2026	0%	50.36%
		Phase V Underground	46,504	2026	0%	50.36%
Shanghai Albany Oasis Garden	No.699, Zhongxing Road, Jingan District, Shanghai, the PRC	Phase IV Residential	40,000	2021	0%	40%
		Phase IV Commercial	40,000	2021	0%	40%
		Phase IV Office	100,500	2021	0%	40%
		Facility	24,292	2021	0%	40%
Shanghai Malaren World	No.8, Meilanhu Road, Baoshan District, Shanghai, the PRC	Phase II Commercial	62,890	2020	0%	72.63%
		Phase II Facility	736	2020	0%	72.63%
		Phase II Underground	29,257	2020	0%	72.63%
Shanghai Shengnan International Garden	Yongfa Road, Pudong New District, Shanghai, the PRC	Residential	58,178	Not yet decided	0%	98.75%
The Atelier	45-43 Sinclair Road, London, United Kindom	Residential	6,397	2019	40%	92.91%
75 Howard	75 Howard Street, San Francisco, the USA	Residential	27,236	2021	0%	70%
		Commercial	456	2021	0%	70%
		Underground	3,452	2021	0%	70%

Project	Location	Land Usse	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Group's Holding Proportion
Napa	Devlin Road, Napa County, San Francisco, the USA	Hotel	37,922	Not yet decided	0%	78.53%
Romduol	Bourei Muoy Roy Khnang villages,	Residential	76,869	2022	0%	100.00%
	Tuek Thla Commune,	Commercial	7,883	2022	0%	100.00%
	Sen Sok District,	Facility	5,692	2022	0%	100.00%
	Phnom Penh City, Cambodia	Underground	23,009	2022	0%	100.00%

Details of completed investment properties:

Project	Location	Land Use	GFA (sqm)	Group's Equity Interest (%)
Shenyang Richgate	No.118, Harbin Road, Shenhe District, Shenyang City, Liaoning Province, The PRC	Commercial	245,252	100%
Oasis Central Ring Center	Lane 1628, Jinshajiang Road, Putuo District, Shanghai, The PRC	Retail & Office	32,602	95.79%
Oasis Central Ring Center	No. 1678, Jinshajiang Road, Putuo District, Shanghai, The PRC	Retail	6,499	95.79%
Oasis Central Ring Center	Lane 1628, Jinshajiang Road, Putuo District, Shanghai, The PRC	Car Park	57,045	95.79%
Unit 2605, 2606, 26(3A), 2803, 2806 and 28(3A) of Universal Mansion	No. 172 Yuyuan Road, Jing'An District, Shanghai, The PRC	Office	732	98%
Transportation Hub of Lake Malaren	No. 1088, Luofen Road, Baoshan District, Shanghai, The PRC	Commercial	29,398	72.63%
Retail Street of Lake Malaren	Lane 989, Luofen Road and Lane 555, Luofen Road, Baoshan District,	Commercial	72,948	72.63%
41 Tower Hill	41 Tower Hill, London, EC3N 4SG	Office & Car Park	21,189	51.1%
12 Moorgate	12 Moorgate London EC2R 6DA	Office	3,151	51.1%

Corporate Information

Board of Directors

Peng Xinkuang *(Chairman)*
Liu Feng *(Chief Executive Officer)*
Chen Donghui
Chen Chao
Shi Janson Bing *(resigned on 13 July 2018)*
Zhu Qiang
Qin Wenying
Jiang Qi *(appointed on 13 July 2018)*
Zhuo Fumin*
Chan, Charles Sheung Wai*
Ma Lishan*
Han Gensheng*

* Independent Non-executive Directors

Authorized Representatives

Peng Xinkuang
Liu Feng

Company Secretary

Pang Ka Fai Angus

Principal Place of Business in Hong Kong

Suite 1001, 10th Floor
One Pacific Place
88 Queensway
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Legal Adviser

Norton Rose Fulbright Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Principal Bankers

Hong Kong:	Agricultural Bank of China China CITIC Bank International Limited
PRC:	Industrial and Commercial Bank of China Agricultural Bank of China China Construction Bank Shanghai Pudong Development Bank Xiamen International Bank China Minsheng Bank China Merchants Bank

Stock Code

1207

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