



SRE GROUP LIMITED
上置集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1207)



INTERIM REPORT **2019**

Group Financial Highlights

For the six months ended
30 June 2019

Revenue (RMB'000)	469,700
Loss attributable to owners of the Company (RMB'000)	(199,175)
Basic loss per share (RMB cents)	(0.97)
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 2019 together with comparative figures for the previous corresponding period in 2018. The unaudited interim financial information for the six months ended 30 June 2019 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 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	For the six months ended 30 June	
		2019	2018
		Unaudited	Unaudited
Revenue	3	469,700	810,649
Cost of sales		(362,174)	(406,216)
Gross profit		107,526	404,433
(Losses)/gains from disposal of subsidiaries and partial interest in a joint venture – net	18	(17)	223,307
Net impairment losses on financial assets		(50,970)	(4,342)
Other gains – net		14,807	3,650
Selling and marketing expenses		(17,944)	(19,322)
Administrative expenses		(105,928)	(138,626)
Operating (loss)/profit		(52,526)	469,100
Finance income		19,406	54,979
Finance costs		(184,153)	(292,540)
Finance costs – net		(164,747)	(237,561)
Share of results of associates	7	55,788	(12,560)
Share of results of joint ventures	8	(26,173)	(49,977)
(Loss)/profit before income tax		(187,658)	169,002
Income tax expense	4	(11,341)	(72,442)
(Loss)/profit for the period		(198,999)	96,560

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

For the six months ended 30 June 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	For the six months ended 30 June	
		2019 Unaudited	2018 Unaudited
Other comprehensive income/(losses), net of tax			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(2,544)	(2,134)
<i>Item recycled to profit or loss:</i>			
Exchange differences previously recognised through other comprehensive income recycled to profit or loss and included in losses from disposal of subsidiaries		1,917	–
Total comprehensive (loss)/income for the period		(199,626)	94,426
(Loss)/profit attributable to:			
Owners of the Company		(199,175)	82,409
Non-controlling interests		176	14,151
		(198,999)	96,560
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(195,834)	80,275
Non-controlling interests		(3,792)	14,151
		(199,626)	94,426
(Loss)/earnings per share attributable to owners of the Company			
– Basic	5	RMB(0.0097)	RMB0.0040
– Diluted		RMB(0.0097)	RMB0.0040

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

		30 June 2019	31 December 2018
	Notes	Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment		700,627	706,767
Investment properties		4,325,037	5,408,444
Prepaid land lease payments		–	197,500
Right-of-use assets		196,144	–
Goodwill		16,271	16,271
Investments in associates	7	1,147,423	1,105,416
Investments in joint ventures	8	3,775,108	3,825,696
Deferred tax assets		242,837	242,837
Financial assets at fair value through other comprehensive income		150,657	150,657
Other financial assets at amortised cost		574,426	574,426
Other non-current assets	9	170,994	171,474
		11,299,524	12,399,488
Current assets			
Prepaid land lease payments		944,413	1,808,404
Properties held or under development for sale		891,277	1,542,450
Inventories		470	848
Trade receivables	10	11,051	16,984
Other receivables		2,074,804	2,365,212
Prepayments and other current assets		34,897	341,216
Prepaid income tax		69,953	103,400
Other financial assets at amortised cost		1,419,426	1,611,011
Cash and cash equivalents	11	222,664	698,610
Restricted cash	11	2,627	2,623
		5,671,582	8,490,758
Assets classified as held for sale	19	1,643,914	–
		7,315,496	8,490,758
Total assets		18,615,020	20,890,246

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

		30 June 2019	31 December 2018
	Notes	Unaudited	Audited
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital and share premium	12	6,747,788	6,747,788
Other reserves		239,203	235,929
Retained profits		262,597	461,772
		7,249,588	7,445,489
Equity attributable to owners of the Company		7,249,588	7,445,489
Non-controlling interests		352,382	372,762
		7,601,970	7,818,251
Total equity		7,601,970	7,818,251
LIABILITIES			
Non-current liabilities			
Interest-bearing bank and other borrowings	13	4,007,366	2,737,118
Deferred tax liabilities		1,463,752	1,498,997
		5,471,118	4,236,115
Current liabilities			
Interest-bearing bank and other borrowings	13	1,750,089	4,905,884
Contract liabilities		91,670	420,959
Trade payables	14	349,466	609,853
Other payables and accruals		1,906,774	2,041,820
Current income tax liabilities		841,575	857,364
		4,939,574	8,835,880
Liabilities directly associated with assets classified as held for sale		602,358	–
		5,541,932	8,835,880
Total liabilities		11,013,050	13,071,995
Total equity and liabilities		18,615,020	20,890,246

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

From 1 January 2019 to 30 June 2019

(Unaudited)

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Issued capital and premium	Surplus reserve	Exchange fluctuation reserve	Other reserves	Retained profits	Total			
At 1 January 2019	6,747,788	387,553	(517)	(151,107)	461,772	7,445,489	372,762	7,818,251	
Comprehensive income/(loss)									
Loss for the period	-	-	-	-	(199,175)	(199,175)	176	(198,999)	
Other comprehensive income/(losses)	-	-	3,341	-	-	3,341	(3,968)	(627)	
Total comprehensive loss for the period	-	-	3,341	-	(199,175)	(195,834)	(3,792)	(199,626)	
Transactions with owners									
Disposal of subsidiaries	-	-	-	-	-	-	(16,588)	(16,588)	
Share-based payments	-	-	-	(67)	-	(67)	-	(67)	
Total transactions with owners	-	-	-	(67)	-	(67)	(16,588)	(16,655)	
At 30 June 2019	6,747,788	387,553	2,824	(151,174)	262,597	7,249,588	352,382	7,601,970	

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

From 1 January 2018 to 30 June 2018
(Unaudited)

	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
Changes in accounting policies	-	-	-	(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 losses	-	-	(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

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

	Notes	For the six months ended 30 June	
		2019 Unaudited	2018 Unaudited
Cash flows from operating activities			
Cash used in operations	16	(144,324)	(193,011)
Interest paid		(124,783)	(153,599)
Income tax paid		(20,413)	(99,799)
Income tax refunds received		10,579	–
Net cash outflow from operating activities		(278,941)	(446,409)
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,447)	(2,013)
Proceeds from disposal of property, plant and equipment		379	–
Proceeds from disposal of subsidiaries, net of cash disposed		236,435	(64,115)
Investments in a joint venture	8(a)	(6,563)	(1,334)
Advance received in relation to disposal of a subsidiary		150,000	750
Return of advances made to joint ventures and an associate		448,367	200,003
Advances to a joint venture and an associate		(54,585)	(28,358)
Proceeds from disposal of financial assets at fair value through other comprehensive income		128,436	–
Advance received in relation to disposal of financial assets at fair value through other comprehensive income		–	60,000
Interest received		677	900
Dividends received from a joint venture and an associate		16,781	–
Payments for costs incurred on investment properties		(250)	–
Proceeds from other investment activities		24,668	–
Payments for other investing activities		–	(221,326)
Net cash inflow/(outflow) from investing activities		941,898	(55,493)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019 (Amounts presented in thousands of Renminbi unless otherwise stated)

	For the six months ended 30 June	
Notes	2019	2018
	Unaudited	Unaudited
Cash flows from financing activities		
Proceeds from borrowings	387,069	1,312,470
Repayments of borrowings	(1,504,316)	(1,743,175)
Principal elements of lease payments	(3,402)	–
Increase in pledged bank deposits	–	(86,000)
(Increase)/decrease in restricted deposits in relation to bank borrowings	(4)	2,013
Payment of deposit for guarantee of a borrowing	(11,886)	–
Proceeds from transaction with non-controlling interests	–	249,504
Return of advance made to a non-controlling interest of a subsidiary	–	104,330
Net cash outflow from financing activities	(1,132,539)	(160,858)
Net decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of period	698,610	1,207,119
Effect of foreign exchange rate changes, net	(234)	2,901
Cash and cash equivalents at end of period	228,794	547,260
Reconciled to cash and cash equivalents on the statement of financial position		
Cash and cash equivalents	222,664	546,510
Cash and cash equivalents included in assets classified as held for sale	6,130	750
	228,794	547,260

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

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 the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), 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 began to list on the Stock Exchange on 10 December 1999. Effective from 15 August 2019, the Company changed its principal place of business from Suite 1001, 10th Floor, One Pacific Place, 88 Queensway, Hong Kong to Level 11, Admiralty Center Tower II, 18 Harcourt Road, Admiralty, Hong Kong.

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

As at 30 June 2019, the Company’s parent company is China Minsheng Jiaye Investment Co., Ltd. (“China Minsheng Jiaye”), which holds 60.93% (31 December 2018: 61.01%) of the Company’s shares.

The interim condensed consolidated financial statements are presented in thousands of Renminbi (“RMB”), unless otherwise stated.

1.2 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, which do 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

1. Basis of Preparation and Accounting Policies (continued)

1.2 Basis of preparation (continued)

Going concern basis

As at 30 June 2019, the Group's current liabilities included RMB1,750.1 million of current borrowings out of which RMB614 million were immediately repayable or payable on demand. In addition, the Group's cash and cash equivalents decreased from RMB698.6 million as at 31 December 2018 to RMB222.7 million as at 30 June 2019. During the year ended 31 December 2018, the financial conditions of certain related parties of the Group changed in such a way that triggered certain terms specified in the Group's loan agreements, and this resulted in certain of the Group's borrowings amounting to RMB614 million in total as at 30 June 2019 being immediately repayable, so that RMB180 million originally scheduled due beyond 30 June 2020 were reclassified as current borrowings.

In view of such circumstance, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as going concern. The Group has taken the following measures to mitigate the liquidity pressure and to improve its cash flows.

- 1) The Group has further reached agreements with parent company and a fellow subsidiary of the Group on 17 June 2019 as follows:
 - the repayment date of loans from a fellow subsidiary of the Group amounting to US\$150 million was further extended to 31 January 2021; and
 - the repayments of loans from parent company, which were due for repayment within one year or payable on demand by lenders, were unconditionally extended to dates at least after 20 months from 31 May 2019.

The above loans from a fellow subsidiary of the Group and from parent company, totalling at RMB2,859.8 million as at 30 June 2019, were classified in non-current liabilities accordingly.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

1. Basis of Preparation and Accounting Policies (continued)

1.2 Basis of preparation (continued)

Going concern basis (continued)

- 2) The Group continued to speed up its divestments on its financial assets investments, its investments in certain property assets and its equity holding in certain joint ventures and associated companies following its certain strategic change. The Group has achieved certain major progress in this aspect:
- completed the divestment of remaining 51.1% equity interest in Profit Concept Investment Limited (“Profit Concept”) which owns two investment properties in the United Kingdom, and collected consideration proceeds by 30 June 2019;
 - reached the agreement to dispose 97.5% equity interest in Liaoning Gao Xiao Support Group Property Development Co., Ltd. (“Liaogao Project”) together with the loan from the Group to the Liaogao Project at a consideration of RMB1,256 million in total. RMB150 million of advances have been received in cash by 30 June 2019, and the Group expects to collect the remaining consideration in next few months according to the scheduled settlement dates; and
 - well progressed in negotiating with certain specific counterparties in divestment of financial assets and property investments, and the Group expects to close the deals in next few months and collect the consideration timely.

1. Basis of Preparation and Accounting Policies (continued)

1.2 Basis of preparation (continued)

Going concern basis (continued)

Considering that the Group's financial assets investments mostly have property projects as underlying assets, and the Group's own property projects are mostly in prime locations, the directors believe that the Group will be able to successfully complete the above-mentioned divestments and secure more deals in the next 12 months from 30 June 2019 and timely generate cash inflows for the Group.

Management has prepared the Group's cash flow forecast which cover a period of at least 12 months from 30 June 2019. The cash flow forecast has taken into account the anticipated cash flows generated from the Group's operations, the completion of divestment transactions which are currently at different stages, and collection of relevant proceeds on time. These assumptions about future events and conditions are subject to inherent estimation and uncertainties. The directors, after making due enquiries and considering the basis of management's projections described above, believe that, taking into account the above mentioned actions and planned measures and their progress, the Group will have sufficient funds to finance its operations and to meet its financial obligations when they fall due within the next 12 months from 30 June 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

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 statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

1.3.1 New standard, amendments and interpretation of HKFRSs adopted by the Group in 2019

The Group adopts the following new standard, amendments and interpretation of HKFRSs effective for the financial year ending 31 December 2019.

- HKFRS 16 “Leases”
- HK (IFRIC) 23 “Uncertainty over Income Tax Treatments”
- Amendments to HKFRS 9 – Regarding prepayment features with negative compensation
- Amendments to HKAS 28 – Regarding long-term interests in associates and joint ventures
- Amendments to HKAS 19 – Regarding plan amendment, curtailment or settlement
- Annual Improvements 2015-2017 Cycle

The adoption of above new standard, amendments and interpretation of HKFRSs do not have a material impact on the financial position and performance of the Group for the six months ended 30 June 2019, nor resulted in restatement of comparative figures.

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

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

1.3.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) *Adjustments recognised on adoption of HKFRS 16*

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.20%.

This resulted in recognition of additional lease liabilities of approximately RMB15 million on 1 January 2019 for future office lease payments based on weighted average lessee’s incremental borrowing rate. Such lease liabilities and the related right-of-use assets recognised on 1 January 2019 were subsequently derecognised due to termination of the lease by the Group in June 2019.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

1.3.2 Changes in accounting policies (continued)

(a) *Adjustments recognised on adoption of HKFRS 16 (continued)*

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The land use rights associated with property, plant and equipment, for which there were no outstanding liabilities as at 31 December 2018 since all the lease payments were prepaid, were reclassified to right-of-use assets on 1 January 2019.

There was no impact on retained earnings on 1 January 2019.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

1.3.2 Changes in accounting policies (continued)

(b) *The Group's leasing activities and how these are accounted for*

The Group leases various offices, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

1.3.2 Changes in accounting policies (continued)

(b) *The Group's leasing activities and how these are accounted for (continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

1. Basis of Preparation and Accounting Policies (continued)

1.3 Significant accounting policies (continued)

1.3.2 Changes in accounting policies (continued)

(b) *The Group's leasing activities and how these are accounted for (continued)*

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(i) **Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

1. Basis of Preparation and Accounting Policies (continued)

1.4 Estimates

The preparation of these interim condensed consolidated financial statements 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 these interim condensed consolidated financial statements, 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 applied to the consolidated financial statements for the year ended 31 December 2018.

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 comprising mainly the liquidity risk (Note 1.5.2), together with the foreign currency risk, interest rate risk and credit risk.

These interim condensed consolidated financial statements do 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 for the year ended 31 December 2018.

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

1.5.2 Liquidity risk

Please refer to Note 1.2 for analysis of going concern basis of preparation.

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 comprise, principally, the corporate activities that are not allocated to segments and miscellaneous insignificant operations including 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.

Notes to the Interim Condensed Consolidated Financial Statements

(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 2019 (unaudited)			Total
	Property development	Property leasing	Other operations	
Segment revenue				
Sales to external customers	360,598	63,827	45,275	469,700
Intersegment sales	–	–	21,772	21,772
	360,598	63,827	67,047	491,472
<i>Reconciliation:</i>				
Elimination of intersegment sales				(21,772)
Revenue				469,700
Segment (loss)/profit	(41,085)	26,296	(37,737)	(52,526)
Finance income				19,406
Finance costs				(184,153)
Finance costs – net				(164,747)
Share of results of associates				55,788
Share of results of joint ventures				(26,173)
Loss before income tax				(187,658)

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

2. Operating Segment Information (continued)

	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
<i>Reconciliation:</i>				
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

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

3. Revenue

An analysis of revenue is as follows:

	(unaudited)	
	For the six months ended 30 June	
	2019	2018
Revenue from sale of properties	361,459	665,364
Revenue from property leasing	69,587	81,580
Revenue from property management	11,858	12,638
Revenue from construction of infrastructure for intelligent network	5,264	838
Other revenue	27,249	53,315
	475,417	813,735
Less: Tax and surcharges (a)	(5,717)	(3,086)
Total revenue	469,700	810,649

(a) Tax and surcharges

Tax and surcharges included government surcharges, comprising city maintenance and construction tax, education surtax and river way management fee, which are calculated at certain percentages of value-added tax ("VAT").

Effective from 1 May 2016, the Group's revenue is subject to VAT which is deducted directly from the revenue proceeds. The applicable VAT rate for the Group's revenue is as follows:

- Pursuant to the 'Public Notice on Relevant Policies for Deepening VAT Reform' jointly issued by the Ministry of Finance, State Taxation Administration and General Administration of Customs on 29 March 2019, the applicable tax rates of revenue arising from sale and lease of properties and revenue arising from construction of infrastructure for intelligent network are 9% from 1 April 2019, while they were 10% from 1 May 2018 to 31 March 2019, and 11% before 1 May 2018. Sales of properties of 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%.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

4. Income Tax Expense

	(unaudited)	
	For the six months	
	ended 30 June	
	2019	2018
Current taxation		
– Mainland China income tax (a)	5,877	9,682
– Mainland China LAT (c)	(12,635)	21,061
	(6,758)	30,743
Deferred taxation		
– Mainland China income tax	18,601	45,689
– Mainland China LAT	(1,076)	(1,268)
– Mainland China withholding tax (d)	574	(2,722)
	18,099	41,699
Total tax charge for the period	11,341	72,442

(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.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

4. Income Tax Expense (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 (2018: Nil).

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

LAT is incurred upon transfer of property and land 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, 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% (2018: 2% to 5%) on proceeds from 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 Mainland China and on gain from disposal of equity interests to non-tax resident enterprises. 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 retained profits as at 31 December 2007 are exempted from withholding tax.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

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

The calculation of basic earnings/(loss) 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 (2018: 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 2019 and 2018, as the average market share price of the Company's shares was lower than assumed exercise price being 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 2019	For the six months ended 30 June 2018
Earnings		
(Loss)/profit attributable to owners of the Company	(199,175)	82,409

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

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

(Unaudited)	
Number of shares	
For the six months ended 30 June 2019 (Thousand shares)	For the six months ended 30 June 2018 (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
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There have been no other transactions involving ordinary shares or potential ordinary shares between 30 June 2019 and the date of issuance of these interim condensed consolidated financial statements.

6. Dividend

On 22 August 2019, the board of directors of the Company resolved not to declare an interim dividend for the six months ended 30 June 2019 (2018: Nil).

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

7. Investments in Associates

	For the six months ended 30 June 2019 Unaudited
Opening balance	1,105,416
– Mayson Resources Limited (“Mayson”)	1,055,507
– Shanghai Telecom Broadband Networking Co., Ltd. (“Broadband”)	23,567
– Shanghai Housing Industry New Technology Development Co., Ltd. (“New Technology”)	15,408
– Shanghai Real Estate Asset Management Co., Ltd. (“SRE Asset”)	6,097
– Shanghai Orda Opto-electronics Science & Tech Co., Ltd. (“Orda”)	2,574
– Shang Xin Richgate Investment Management Co., Ltd. (“Richgate”)	2,263
– Ningbo Meishan Free Trade Zone Jia Miao Investment Co., Ltd. (“Ningbo Jia Miao”)	–
Share of results	
– Mayson	39,739
– Broadband	1,533
– New Technology	14,841
– SRE Asset	(323)
– Orda	(2)
– Richgate	–
– Ningbo Jia Miao	–
Dividends declared by an associate	
– New Technology	(13,781)
Ending balance	1,147,423

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

8. Investments in Joint Ventures

For the six months ended
30 June 2019
Unaudited

Opening balance	3,853,578
– Shanghai Jinxin Real Estate Co., Ltd. (“Jinxin Real Estate”) (b)	2,082,086
– 75 Howard Owner LP (“75 Howard”) (b)	842,209
– Ningbo Meishan Free Trade Zone Zhi Miao Investment Center LLP (“Ningbo Zhi Miao”)	497,113
– Changsha Horoy Real Estate Development Co., Ltd. (“Changsha Horoy”)	196,478
– SRegal Sinclair LLP (“Sinclair”) (b)	115,170
– Napa Lifestyle Holdings, LLC (“NAPA”) (b)	89,393
– Certain Business of Golden Luodian (“Relevant Business of Golden Luodian”) (b)	14,744
– Jiangsu Da Run Sensor Technology Co., Ltd. (“Da Run”)	12,581
– Shanghai Gaoxin Business Management Co., Ltd. (“Gao Xin”) (b)	3,804
Less: Provision for impairment	(27,882)
	3,825,696
Addition of investment amount	
– 75 Howard (a)	94,233
Reduction of investment amount	
– 75 Howard (a)	(61,802)
Share of results	
– Jinxin Real Estate	(518)
– 75 Howard	(19)
– Ningbo Zhi Miao	(13,987)
– Changsha Horoy	(10,764)
– Sinclair	675
– NAPA	(5,876)
– Relevant Business of Golden Luodian	–
– Da Run	–
– Gao Xin	4,316
Eliminated interest cost	
– Jinxin Real Estate	(28,012)
– Changsha Horoy	(10,774)
– NAPA	(336)
– Relevant Business of Golden Luodian	(14,774)
Dividends declared by a joint venture	
– Gao Xin	(3,000)
Currency translation differences	20
Ending balance	3,775,108

8. Investments in Joint Ventures (continued)

- (a) In the six months ended 30 June 2019, the Group accumulatively increased its investment in 75 Howard proportionally at its equity interest at a total consideration of approximately USD14 million (approximately RMB94 million), among which approximately USD4 million (approximately RMB25 million) were settled through offsetting with prepayments and other current assets, approximately USD9 million (approximately RMB62 million) were settled through offsetting with the consideration from the 5% interest disposed (see below paragraph), and approximately USD1 million (approximately RMB7 million) were paid by cash.

In March 2019, the Group disposed 5% interest in 75 Howard at a consideration of approximately USD9 million (approximately RMB62 million), resulting in a gain of approximately RMB1.8 million. As such, the Group's equity interest in 75 Howard was decreased from 70% to 65%.

- (b) 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 represent a deposit for guarantee for a long-term loan of a joint venture of approximately RMB171 million (31 December 2018: approximately RMB172 million) on which an impairment provision according to HKFRS 9 of approximately RMB0.2 million (31 December 2018: approximately RMB0.2 million) was made.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

10. Trade Receivables

	30 June 2019 Unaudited	31 December 2018 Audited
Trade receivables	33,794	44,999
Less: Provision for impairment	(22,743)	(28,015)
	11,051	16,984

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 2019 Unaudited	31 December 2018 Audited
Within 6 months	1,466	6,666
6 months to 1 year	1,870	5,504
1 to 2 years	7,715	5,610
Over 2 years	22,743	27,219
	33,794	44,999

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.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

11. Cash and Bank Balances

	30 June 2019 Unaudited	31 December 2018 Audited
Cash on hand	390	605
Demand deposits	222,274	698,005
Cash and cash equivalents	222,664	698,610
Restricted bank deposits relating to bank borrowings	2,627	2,623
Cash and bank balances	225,291	701,233

12. Issued Share Capital and Share Premium

	Number of shares (thousands)	Share capital and premium RMB'000
As at 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	20,564,713	6,747,788

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

13. Interest-bearing Bank and Other Borrowings

	30 June	31 December
	2019	2018
	Unaudited	Audited
Non-current	4,007,366	2,737,118
Current	1,750,089	4,905,884
	5,757,455	7,643,002

Movements in borrowings are analysed as follows:

	For the six months ended	
	30 June	30 June
	2019	2018
	Unaudited	Unaudited
Opening amount as at 1 January	7,643,002	8,598,802
Proceeds from borrowings	387,069	1,312,470
Repayments of borrowings	(1,504,316)	(1,743,175)
Amortisation of discount or premium	14,487	9,783
Disposal of subsidiaries	(564,921)	–
Reclassification to liabilities directly associated with the assets classified as held for sale	(258,035)	–
Currency translation differences	40,169	20,859
Closing amount as at 30 June	5,757,455	8,198,739

Notes to the Interim Condensed Consolidated Financial Statements

(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, a trust loan and corporate bonds.

As at 30 June 2019, the Group's bank and other borrowings of approximately RMB2,124 million (31 December 2018: approximately RMB3,504 million) were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment, right-of-use assets, 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 2019 and 31 December 2018, pledged assets as collateral for the Group's borrowings were as follows:

	30 June 2019 Unaudited	31 December 2018 Audited
Leasehold land	1,148,114	58,572
Investment properties	1,869,377	2,953,034
Properties held or under development for sale	126,061	160,484
Property, plant and equipment	120,887	123,396
Right-of-use assets	45,415	–
Bank deposits	2,627	2,623
Equity interests in certain subsidiaries	–	187,807
Pledged assets provided by a related party (Note 15(b)(viii))	1,678,549	2,569,852

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

14. Trade Payables

	30 June 2019 Unaudited	31 December 2018 Audited
Trade payables	349,466	609,853

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 2019 Unaudited	31 December 2018 Audited
Within 1 year	185,518	343,385
1 to 2 years	30,647	102,312
Over 2 years	133,301	164,156
	349,466	609,853

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.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions

In addition to the related party transactions and balances disclosed elsewhere in these interim condensed consolidated financial statements and compensation to key management personnel, the Group had the following transactions 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
Da Run	A joint venture of the Group
Relevant Business of Golden Luodian	A joint venture of the Group
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	A joint venture of the Group
NAPA	A joint venture of the Group
Ningbo Jia Miao	An associate of the Group
CMIG Southern China (Guangzhou) Real Estate Co., Ltd. (“CMIG Southern”)	A subsidiary of an associate of the Group
75 Howard	A joint venture of the Group
Jiasheng (Holding) Investment Limited (“Jiasheng”)	A fellow subsidiary of the Group

Notes to the Interim Condensed Consolidated Financial Statements

(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 2019 Unaudited	31 December 2018 Audited
Broadband	247	247

(ii) Trade payable due to a related party

	30 June 2019 Unaudited	31 December 2018 Audited
New Technology	109	109

(iii) Other receivables due from related parties

	30 June 2019 Unaudited	31 December 2018 Audited
Jinxin Real Estate	449,318	466,995
Relevant Business of Golden Luodian	410,780	410,541
Shuo Cheng	48,000	202,216
Mayson	158,835	160,406
Gao Xin	–	42,000
Ningbo Jia Miao	4,900	4,900
CMIG Southern	4,476	4,476
NAPA	8,801	2,813
	1,085,110	1,294,347

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 advances, repayments or currency translation differences.

Notes to the Interim Condensed Consolidated Financial Statements

(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 2019 Unaudited	31 December 2018 Audited
Shuo Cheng	836,560	836,560
Gao Xin	4,000	–
Broadband	30	50
	840,590	836,610

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

(v) Prepayments due from a related party

	30 June 2019 Unaudited	31 December 2018 Audited
Da Run	1,500	1,500

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

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

(vi) Loans receivable due from related parties

	30 June 2019 Unaudited	31 December 2018 Audited
Relevant Business of Golden Luodian (a)	1,020,356	1,185,551
Changsha Horoy (b)	432,791	432,791
NAPA (c)	8,996	8,285
	1,462,143	1,626,627

- (a) The loans receivable due from Relevant Business of Golden Luodian are interest-bearing loans of approximately RMB1,020 million (31 December 2018: approximately RMB1,186 million) with an interest rate of 8% per annum. For the six months ended 30 June 2019, interest incurred in relation to these loans was approximately RMB25 million (Six months ended 30 June 2018: approximately RMB139 million).
- (b) The loans receivable due from Changsha Horoy are interest-bearing loans of approximately RMB433 million (31 December 2018: approximately RMB433 million) with an interest rate of 10% per annum. For the six months ended 30 June 2019, interest incurred in relation to these loans was approximately RMB22 million (Six months ended 30 June 2018: approximately RMB15 million).
- (c) The loans receivable due from NAPA are interest-bearing loans of approximately RMB9 million (31 December 2018: approximately RMB8 million) with an interest rate of 10% per annum. For the six months ended 30 June 2019, interest incurred in relation to these loans was approximately RMB0.4 million (Six months ended 30 June 2018: approximately RMB0.3 million).

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

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

(vi) Loans receivable due from related parties (continued)

Interests receivable from related parties in relation to the loans above are summarised as below:

	30 June 2019 Unaudited	31 December 2018 Audited
Relevant Business of Golden Luodian	247,320	221,882
Changsha Horoy	91,692	69,448
NAPA	691	251
	339,703	291,581

(vii) Loans due to related parties

	30 June 2019 Unaudited	31 December 2018 Audited
Loans due to parent company (a)	2,008,082	3,313,413
Loans due to Jiasheng (a)	851,652	–
Loans due to an associate of the Group (b)	–	300,000
	2,859,734	3,613,413

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

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

(vi) Loans receivable due from related parties (continued)

- (a) As at 30 June 2019, the loans of approximately RMB2,008 million (31 December 2018: approximately RMB3,313 million) were provided by the parent company and the loans of approximately RMB852 (31 December 2018: Nil) were provided by Jiasheng. Interest rates of these loans ranged from 6% to 8% per annum (31 December 2018: 4% to 8% per annum). With further agreements reached with the parent company and Jiasheng during the six months ended 30 June 2019, the repayment date of the these loans of approximately RMB2,860 million was further extended to 31 January 2021. For the six months ended 30 June 2019, interest incurred in relation to these loans was approximately RMB111 million (Six months ended 30 June 2018: approximately RMB292 million).
- (b) During the six months ended 30 June 2019, the Group has fully repaid the loans due to SRE Asset. Interest rate of the loan was 9% per annum. Interest incurred on the loan for the six months ended 30 June 2019 was approximately RMB 7 million (Six months ended 30 June 2018: approximately RMB4 million).

(viii) Pledged assets provided by a related party

	30 June 2019 Unaudited	31 December 2018 Audited
Relevant Business of Golden Luodian	1,678,549	2,569,852

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

15. Related Party Transactions (continued)

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

(ix) Guarantees provided to related parties

	30 June 2019 Unaudited	31 December 2018 Audited
Jinxin Real Estate (a)	3,339,450	3,259,450
75 Howard (b)	–	–
	3,339,450	3,259,450

- (a) For the six months ended 30 June 2019, the Group charged approximately RMB30 million (Six months ended 30 June 2018: approximately RMB22 million) (before consolidation elimination) of income from Jinxin Real Estate in relation to this guarantee.
- (b) As at 30 June 2019, the Group also provided a deposit of approximately RMB171 million (31 December 2018: approximately RMB172 million) as guarantor's letter of credit for the loan of 75 Howard apart from the guarantee above. As at 30 June 2019 and 31 December 2018, 75 Howard has not drawn down the relevant loans.

Notes to the Interim Condensed Consolidated Financial Statements

(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 operations:

	For the six months ended 30 June	
	2019 Unaudited	2018 Unaudited
Loss/(profit) before income tax	(187,658)	169,002
Adjustments for:		
Depreciation of property, plant and equipment	9,684	13,812
Net gains on disposal of items of property, plant and equipment	(375)	(29)
Losses/(gains) from disposal of subsidiaries, and partial interest in a joint venture – net	17	(223,307)
Share of results of associates	(55,788)	12,560
Share of results of joint ventures	26,173	49,977
Share-based payments	(67)	5,365
Fair value gains on investment properties	(12,031)	–
Accrual of provision for properties held or under development for sale	–	42,497
Reversal of provision for properties held or under development for sale	(12,996)	(22,973)
Accrual of provision for prepaid land lease payments	–	10,296
Reversal of provision for prepaid land lease payments	(2,250)	(177,027)
Provision for impairment of other financial assets at amortised cost	21,639	4,350
Reversal of provision or provision for impairment of other receivables	29,406	(178)
Reversal of provision or provision for impairment of other non-current assets	(1)	170
Reversal of provision for trade receivables	(74)	–
Finance income	(19,228)	(46,068)
Finance costs	185,573	274,658
	(17,976)	113,105
Decrease in restricted bank deposits	–	27,170
Increase in prepaid land lease payments	(346,227)	(96,496)
Decrease in properties held or under development for sale	334,723	203,719
Decrease/(increase) in inventories	378	(333)
Decrease/(increase) in trade receivables	5,880	(636)
Increase in non-current assets	–	(54,659)
Increase in other receivables	(33,454)	(157,154)
Decrease/(increase) in prepayments and other current assets	277,018	(50,410)
Decrease in trade payables	(32,883)	(124,550)
(Decrease)/increase in other payables and accruals	(46,465)	117,407
Decrease in contract liabilities	(285,318)	(170,174)
Cash used in operations	(144,324)	(193,011)

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

17. Commitments and Contingencies

- (a) The Group had the following capital commitments and commitments in respect of property development for sale at the end of the reporting period:

	30 June 2019 Unaudited	31 December 2018 Audited
Contracted, but not provided for		
Properties held or under development for sale	39,997	11,074
Committed investments in a land development	63,821	64,116
Committed investments in associates	15,640	15,640
	119,458	90,830

- (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 banks grant the relevant mortgage loans and end when the purchasers pledge related property certificates as security to the banks offering the mortgage loans. The Group entered into such guarantee contracts with principal amounts totalling approximately RMB351 million (31 December 2018: approximately RMB375 million) and these contracts were still effective as at 30 June 2019.

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.

- (c) As at 30 June 2019, the Group also provided guarantee to a joint venture of the Group for approximately RMB3,339 million (31 December 2018: approximately RMB3,259 million) (Note 15(b)(ix)).
- (d) In addition, the Group's certain equity interests in subsidiaries have been frozen in connection with a litigation against a subsidiary. The directors consider that it is very remote for the Group to incur any losses and thus not meaningful to provide any details.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

18. (Losses)/Gains from Disposal of Subsidiaries and Partial Interest in a Joint Venture – Net

	(unaudited)	
	For the six months ended 30 June	
	2019	2018
(Losses)/gains from disposal of subsidiaries (a)	(1,816)	219,583
Gains from disposal of partial interest in a joint venture	1,799	3,724
	(17)	223,307

- (a) In May 2019, the Group disposed all of its 51.1% equity interest in Profit Concept and its shareholder loans to Profit Concept for a total consideration of approximately RMB274 million. On the disposal date, the net asset value of Profit Concept attributable to the Group was approximately RMB20 million and the shareholder loan was RMB256 million. The Group recorded a loss on the disposal of approximately RMB2 million.

In April 2018, a third party injected capital to Changsha Horoy which was a subsidiary of the Group, and thus the Group's equity interest in Changsha Horoy was diluted from 66.5% to 49.5%. The Group lost control and Changsha Horoy became a joint venture of the Group after the transaction. On the disposal date, the net asset value of Changsha Horoy attributable to the Group was approximately RMB7 million. After the dilution of 17% equity interest in Changsha Horoy, the 49.5% remaining interest held by the Group was remeasured at its fair value of approximately RMB226 million on 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") for a consideration of approximately RMB0.57 million. On the disposal date, the net asset value of SRE Capital attributable to the Group was approximately RMB0.21 million. The Group recorded a gain on disposal of approximately RMB0.36 million.

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

In June 2019, the Group entered into a sale and purchase agreement with Hong Kong Chong Dei Company Limited and Shenyang Ruiguang Trading Co., Ltd. as purchasers in relation to the disposal of all the 97.5% equity interest held by the Group in Liaogao Project. The agreed consideration was approximately RMB1,256 million. As at 30 June 2019, the transaction was in progress and therefore the related assets and liabilities of Liaogao Project were classified as held for sale. On 13 August 2019, the transaction was approved at the special general meeting of the Company.

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 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.

Notes to the Interim Condensed Consolidated Financial Statements

(Amounts presented in thousands of Renminbi unless otherwise stated)

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

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)

Assets measured at fair value:

Financial assets at fair value through other comprehensive income of the Group are measured at fair value as at 30 June 2019 and 31 December 2018.

Liabilities measured at fair value:

The Group did not have any financial liability measured at fair value as at 30 June 2019 and 31 December 2018.

21. Approval of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements were approved and authorized for issue by the board of directors of the Company on 22 August 2019.

Management Discussion and Analysis

FINANCIAL REVIEW

During the six months ended 30 June 2019 (the “Reporting Period”), the Group recorded a net revenue of approximately RMB470 million (six months ended 30 June 2018: RMB811 million), which represents a decrease by approximately 42% compared with that of the corresponding period of last year. Loss attributable to owners of the Company for the six months ended 30 June 2019 amounted to approximately RMB199 million while profit attributable to owners of the Company for the corresponding period of last year was approximately RMB82 million. The decrease is mainly attributable to the decrease in revenue and gross profit from real estate development as a result of the decrease in areas delivered in the sales of the properties. Meanwhile, gains from the Group’s exit from investments decreased during the Reporting Period as a result of stricter regulation and control in domestic property industry.

The Board resolved not to declare an interim dividend for the six months ended 30 June 2019 (2018: Nil).

Liquidity and Financial Resources

As at 30 June 2019, cash and bank balances (including cash and cash equivalents and restricted cash) amounted to approximately RMB225 million (31 December 2018: approximately RMB701 million). Cash and bank balances denominated in RMB and other foreign currencies amounted to RMB124 million and RMB101 million respectively. Working capital (net current assets) of the Group as at 30 June 2019 amounted to approximately RMB1,774 million (31 December 2018: approximately RMB-345 million), representing an increase by approximately 614% as compared with the previous year. Current ratio was at 1.32 (31 December 2018: 0.96).

As at 30 June 2019, the Group’s gearing ratio was 42% (31 December 2018: 47%), calculated on the basis of the Group’s net borrowings (after deducting cash and bank balances) over total capital (total equity and net borrowings).

Management Discussion and Analysis

Interest-bearing liabilities and their composition

As at 30 June 2019, the Group's interest-bearing liabilities amounted to RMB5,757 million, representing 30.93% 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 RMB1,750 million, representing 30.40%; interest-bearing liabilities of more than one year amounted to RMB4,007 million, representing 69.60%.

In respect of financing sources, bank borrowings, shareholder loans and other borrowings accounted for 35.43%, 49.67% and 14.90% respectively. In respect of types of interest rates, liabilities with fixed interest rates accounted for 69.71% and liabilities with floating interest rates accounted for 30.29%. In respect of currencies, RMB liabilities and foreign currencies liabilities accounted for 80.62% and 19.38% respectively.

Charges on Assets and Contingent Liabilities

As at 30 June 2019, the Group's bank and other borrowings of approximately RMB2,124 million (31 December 2018: approximately RMB3,504 million) were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment, right-of-use assets 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 banks grant the relevant mortgage loans and end when the purchasers pledge related property certificates as security to the banks offering the mortgage loans. The Group entered into such guarantee contracts with principal amounts totalling approximately RMB351 million (31 December 2018: approximately RMB375 million) and these contracts were still effective as at 30 June 2019.

The Group did not incur any material losses during the Reporting Period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. On this basis, 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 loans is normally below 70% of sales price of the respective property as at the date of the sales agreement, and therefore no provision has been made in connection with the guarantees.

The Group also provided guarantee to a joint venture of the Group. As at 30 June 2019, such guarantee amounted to approximately RMB3,339 million (31 December 2018: approximately RMB3,259 million).

In addition, the Group's certain equity interests in subsidiaries have been frozen in connection with a litigation against a subsidiary. The Directors consider that it is very remote for the Group to incur any losses and thus not meaningful to provide any details.

Risk of fluctuations in exchange rates

The Group conducts a majority of its business operations in the PRC, which 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 2019, the central government consistently adhered to the policy tone of "Stabilizing land prices, housing prices and expectations". Locally, the "Targeted policy for specific city" principle has been implemented, and the land market has significantly recovered as compared with the second half of 2018. The financing environment was still difficult; the financing cost was high; the capital policy was further tightened; and the trust and banking institutions received "window guidance" from the supervision authorities. In the first half of 2019, the performance of the top 100 real estate enterprises increased slightly as compared with last year, and the sales growth rate slowed down. The industry as a whole entered a period of steady growth, and the concentration was further improved.

Management Discussion and Analysis

Under such environment, the Group maintained a strategic and steady focus and focused on the optimization and upgrading of existing assets. In terms of sales, the Group increased sales efforts. As for operations, the Group has strengthened its cost control and optimized procedures. In terms of investment, the Group was more cautious in making investments and managed to catch the right moment for exit. In the first half of the year, the Group grasped the market opportunity to realize return from some of its assets. The premium exits of Laogang Project, the UK Office Project and the signing of an equity transfer agreement for the Shenyang Albany Project, as well as successful implementation of the financial real estate model were actions taken to ensure the stability of the Group's cash flows and the orderly development of various business operations.

Real Estate Development

Sales Progress

In the first half of 2019, major projects for sale of the Group and its joint ventures and associates included Beijing Chenfang Garden, Shanghai Albany Oasis Garden, Shanghai Masters Mansions, Jiaxing Project and Phnom Penh Romduol City. In the first half of 2019, the Group together with its joint ventures and associates (on a 100% basis) achieved contract sales of approximately RMB1,693 million for a total floor area of 51,087 m².

Project	Monetary amount of sales contracts signed (RMB'000)	Contractual gross area (m²)
Beijing Chenfang Garden	902,336	29,395
Shanghai Albany Oasis Garden	479,980	6,088
Shanghai Masters Mansions	244,932	8,672
Phnom Penh Romduol City	46,624	4,315
Jiaxing Project	18,490	2,110
Other projects	458	507
Total	1,692,820	51,087

Land Bank

As at 30 June 2019, the Group owned a land bank with a total gross floor area of approximately 2.13 million m² (including those of the Group's joint ventures and associates on a 100% basis) in Shanghai, Shenyang, Jiaxing, Changsha, Dalian, Beijing, San Francisco, Phnom Penh, etc.

Progress of Construction

Chengdu Albany Oasis Garden

During the first half of 2019, for Phase II of Chengdu Albany Oasis Garden, interior refined decoration for Blocks No. 3 and 4 were completed successfully and the delivery rate reached 96.1%.

Jiaxing Project

During the first half of 2019, the underground structure of the four buildings on the north side of the Jiaxing Lanwan Project Phase II have been completed, among which, the construction work of No. 30 building reached the 2nd floor above the ground; the construction work of No. 31 building was reached the ground floor above the ground; the construction work of No. 32 building reached the 4th floor above the ground and the construction of No. 33 building reached the 5th floor above the ground.

75 Howard Project in the USA

During the first half of 2019, for the 75 Howard Project in the USA, the pouring of large floor concrete has been completed; the sales hall has completed site selection and leasing agreements have been entered into; and the preliminary architectural design has also been completed.

Management Discussion and Analysis

Progress of Relocation

Shanghai Rich Gate I

During the first half of 2019, contracts were signed for 949 certificates of households (including certificates of individuals) in aggregate, representing a signing rate of 94.1%; 875 certificates of households were relocated, representing a relocating rate of 86.8%; contracts were re-signed for 815 certificates of households in aggregate, representing a re-signing rate of 81%; contracts were signed for 34 certificates of enterprises, representing a signing rate of 87%; and 21 certificates were relocated and 19 certificates were settled.

Changsha Fudi Albany Project

During the first half of 2019, all legal households in the land area of the project were demolished, with relocation rate of 100%. The demolition work has basically been completed.

Dalian Oasis City Garden

Dalian Oasis City Garden is located in Wafangdian City and divided into 9 sections. During the first half of 2019, land certificates for 9 sections of the project have been obtained.

Shanty Town Renovation Project in Zhangjiakou

Shanty Town Renovation Project in Zhangjiakou, located in Qiaoxi District, Zhangjiakou, Hebei Province, covers an area of approximately 143,333 m² and involves a relocation area of 86,000 m² and residents of 930 households. During the first half of 2019, signing rate of household relocation was approximately 60.3% in aggregate and relocation rate was approximately 60.1%.

Commercial Property Operation

During the first half of 2019, 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, is designed as a composite eco-business cluster in the form of a circular commercial street connected with office building. During the first half of 2019, the Oasis Central Ring Centre introduced quality merchants and continued to optimize the commercial structure and format. The occupancy rate continued to be 100% and the operating revenue was RMB35.67 million, representing a steady increase as compared with same period of last year.

Shenyang Rich Gate Shopping Mall

Shenyang Rich Gate Shopping Mall is committed to creating a one-stop business and leisure life center integrating leisure and entertainment, culture and education, business and social, fashion and catering. During the first half of 2019, there were 35 new tenants, with new area leased of 7,575 m² and renewal rate reached 84.09% and operating revenue was RMB23.65 million.

Lake Malaren Golf Course

Lake Malaren Golf Course is a high-level professional golf course in Northern Shanghai and has been rated as one of the top ten golf courses in Mainland China. During the first half of 2019, various events were successfully held to enhance the popularity of the stadium. There was also an increase in both revenue and price per time during the Reporting Period.

Exit from Investment after Making a Profit

The UK Office Project

Two UK office buildings were acquired in 2016. After the acquisition, asset valuations were increased through financing, planning and demonstration and leasing optimization. During the first half of 2019, after several rounds of negotiations with the partners, the entire exit from the remaining equity was smoothly implemented at a reasonable market price, realizing the appreciation of the Group's assets.

Management Discussion and Analysis

Laogang Project

In 2017, the Group and Shanghai Evergrande jointly acquired the debenture of Laogang Logistics Real Estate asset package, which the Group contributed RMB46 million. After the acquisition, we continued to negotiate with the debtor to settle the payment plan and contact the buyer. In April 2019, the creditor's rights were transferred at a premium, and the funds recovered were RMB52 million. The financial real estate model was successfully implemented again.

Shenyang Albany Project

Shenyang Albany Project is located in Heping District, Shenyang City Center. The developed property has a construction area of 338,000 m², and the permitted gross floor area of the property under development is 216,000 m². During the first half of 2019, in order to better achieve strategic focus, focus on existing assets and seek to fully realize the potential of funds, after continuous negotiations with a number of interested parties, an equity transfer agreement in respect of Shenyang Albany Project was signed with a greater premium over the original investment cost.

BUSINESS OUTLOOK

In July 2019, the meeting of the Political Bureau of the Central Committee of the Communist Party of China emphasized the positioning of “Houses are for living in but not for speculation”, and pointed out “real estate should not be used as a means of stimulating the economy in the short term”, and the tightening trend of regulation and control policies is more obvious. Following the release of the market demand in the previous period, the probability of rapid growth in the overall industry is expected to be low in the near future, and the competition pattern of the echelons of housing enterprises has intensified. During the first half of 2019, China Banking Insurance Regulatory Commission issued a document on the real estate industry, and the financing pressure of the housing companies in the second half of 2019 is expected to be large.

In the second half of 2019, under the environment of tightened liquidity and increased concentration of the industry, the Group will combine its own situation and focus on the three businesses of “traditional real estate development, holding asset management and financial real estate”, realize real estate development with financial thinking, integrate real estate development, investment mergers and acquisitions, risk management and other capabilities, learn from the experience of other outstanding enterprises in the industry, optimize the operation and control model, enhance investment management capabilities, and gradually enhance the core competitiveness of enterprises, while exploring the diversity of funds. We will optimize the financing structure, and ensure the stable development of various business operations.

HUMAN RESOURCES

As at 30 June 2019, the Group had 437 employees in Hong Kong and Mainland China. Total staff costs of the Group excluding directors’ remuneration, for the six months ended 30 June 2019 amounted to approximately RMB61.39 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.

MAJOR TRANSACTIONS DURING THE REPORTING PERIOD

1. On 30 May 2019 (after trading hours), Sinopower Investment Limited (華通投資有限公司) (a direct wholly-owned subsidiary of the Company), Ronghe International Group Limited (榮和國際集團有限公司) (a connected person of the Company at the subsidiary level), Well Win Holding Trading Limited (佳成控股貿易有限公司) (an independent third party) and Profit Concept Investments Limited (潤斯投資有限公司) (an indirect non-wholly-owned subsidiary of the Company) entered into an agreement, pursuant to which Sinopower Investment Limited agreed to sell, and Ronghe International Group Limited and Well Win Holding Trading Limited agreed to purchase, an aggregate of 51.1% equity interest in Profit Concept Investments Limited and outstanding shareholder loan due from Profit Concept Investments Limited to Sinopower Investment Limited for a total consideration of £31,759,303.62. Further details are set out in the announcement of the Company dated 30 May 2019 and the circular of the Company dated 12 July 2019.

Management Discussion and Analysis

2. On 11 June 2019 (after trading hours), Konmen Investment Limited (康明投資有限公司) (an indirect wholly-owned subsidiary of the Company), Shenyang Luyi Hotel Management Co., Ltd. (瀋陽綠怡酒店管理有限公司) (an indirect wholly-owned subsidiary of the Company), Shanghai Ya Luo Enterprise Management Partnership (Limited Partnership) (上海亞羅企業管理合夥企業(有限合夥)) (an independent third party) (together, the “**Vendors**”), Hong Kong Chong Dei Company Limited (香港創地有限公司) (an independent third party), Shenyang Ruiguang Trading Co., Ltd. (瀋陽瑞光貿易有限公司) (an independent third party) (together, the “**Purchasers**”) and Liaoning Gao Xiao Support Group Property Development Co., Ltd. (遼寧高校後勤集團房地產開發有限公司) (an indirect non-wholly-owned subsidiary of the Company) (the “**Target Company**”) entered into an agreement, pursuant to which (i) the Vendors agreed to sell, and the Purchasers agreed to purchase, 100% equity interest in the Target Company for an aggregate price of RMB1,150 million; and (ii) the Purchasers agreed to pay to Konmen Investment Limited and Shenyang Luyi Hotel Management Co., Ltd. outstanding loan due from the Target Company of approximately RMB135.16 million. Further details are set out in the announcement of the Company dated 11 June 2019 and the circular of the Company dated 25 July 2019.

Disclosure of Interests and Other Information

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

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company (the “**Chief Executive**”) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (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 Directors	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of shareholding
Peng Xinkuang	112,000,000 <i>(Note 1)</i>	–	–	112,000,000	0.54%
Zhu Qiang	84,000,000 <i>(Note 1)</i>	–	–	84,000,000	0.41%
Qin Wenying	84,000,000 <i>(Note 1)</i>	–	–	84,000,000	0.41%
Chen Donghui	56,000,000 <i>(Note 1)</i>	–	–	56,000,000	0.27%
Chen Chao <i>(resigned on 3 June 2019)</i>	56,000,000 <i>(Note 1)</i>	–	–	56,000,000	0.27%
Zhuo Fumin	–	160,000 <i>(Note 2)</i>	–	160,000	0.0008%
Jiang Chuming <i>(appointed on 18 July 2019)</i>	500,000	–	–	500,000	0.0024%

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.

Disclosure of Interests and Other Information

Save as disclosed above, as at 30 June 2019, none of the Directors or Chief Executive 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 2019, so far as is known to any Director or Chief Executive, the following persons, other than a Director or Chief Executive, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Long positions in Shares

Name of Shareholders	Capacity/Nature of interest	Notes	Number of issued ordinary Shares (Sub-total)	Approximate percentage of shareholding (Sub-total)	Number of issued ordinary Shares (Total)	Approximate percentage of shareholding (Total)
China Minsheng Investment Corp., Ltd.	Interest in controlled corporation	<i>i</i>			15,419,951,128	74.98%
China Minsheng Jiaye Investment Co., Ltd.	Interest in controlled corporation	<i>i</i>			15,419,951,128	74.98%
Jiashun (Holding) Investment Limited	Beneficial owner	<i>iv</i>			12,500,000,000	60.78%
Zhi Tong Investment Limited Partnership	Beneficial owner	<i>iii</i>			2,022,761,390	9.84%
Jia Yun Investment Limited	Person having a security interest in Shares	<i>ii</i>	866,897,738	4.21%	2,889,659,128	14.05%
	Interest in controlled corporation	<i>ii, iii</i>	2,022,761,390	9.84%		

Disclosure of Interests and Other Information

Name of Shareholders	Capacity/Nature of interest	Notes	Number of issued ordinary Shares (Sub-total)	Approximate percentage of shareholding (Sub-total)	Number of issued ordinary Shares (Total)	Approximate percentage of shareholding (Total)
Shi Jian	Beneficial owner		13,006,991	0.06%	2,902,666,119	14.11%
	Interest in controlled corporation	<i>v</i>	2,889,659,128	14.05%		
Si Xiao Dong	Beneficial owner		2,324	0.00%	2,889,661,452	14.05%
	Interest in controlled corporation	<i>v</i>	2,889,659,128	14.05%		
SRE Investment Holding Limited	Beneficial owner	<i>vi</i>	866,897,738	4.21%	2,889,659,128	14.05%
	Interest in controlled corporation	<i>ii, iii</i>	2,022,761,390	9.84%		
Starite International Limited	Interest in controlled corporation	<i>ii, iii</i>			2,022,761,390	9.84%
Zuo Xin	Nominee for another person (other than a bare trustee)	<i>ii, iii</i>			2,022,761,390	9.84%

Notes:

- i. China Minsheng Investment Corp., Ltd. holds a 67.40% direct interest in China Minsheng Jiaye Investment Co., Ltd. Pursuant to Part XV of the SFO, China Minsheng Investment Corp., Ltd. and China Minsheng Jiaye Investment Co., Ltd. are respectively deemed to be interested in the Shares directly held or interested in by (a) Jiashun (Holding) Investment Limited (12,500,000,000 Shares), (b) Zhi Tong Investment Limited Partnership (2,022,761,390 Shares), (c) Jia Yun Investment Limited (866,897,738 Shares) and (d) Jiayou Investment Limited (42,332,000 Shares).
- ii. A 100% indirect interest in Jia Yun Investment Limited is held by China Minsheng Investment Co., Ltd. Jia Yun Investment Limited holds a 60% direct interest in Jiazhi Investment Limited, which is a general partner of Zhi Tong Investment Limited Partnership. Accordingly, each of Jia Yun Investment Limited and Jiazhi Investment Limited is deemed to be interested in the Shares held by Zhi Tong Investment Limited Partnership under Part XV of the SFO.

The remaining 40% interests in Jiazhi Investment Limited is held by Starite International Limited, which is wholly-owned by Zuo Xin (as a nominee and representative of SRE Investment Holding Limited). Therefore, Starite International Limited, Zuo Xin and SRE Investment Holding Limited are deemed to be interested in the Shares held by Zhi Tong Investment Limited Partnership under Part XV of the SFO.

- iii. These Shares are held by Zhi Tong Investment Limited Partnership. 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.

Disclosure of Interests and Other Information

- iv. These Shares are held by Jiashun (Holding) Investment Limited. Jiashun (Holding) Investment Limited is 100% directly owned by Jiasheng (Holding) Investment Limited, which is 100% directly owned by Jiaxin Investment (Shanghai) Co., Ltd. Jiaxin Investment (Shanghai) Co., Ltd. is 100% directly owned by China Minsheng Jiaye Investment Co., Ltd., which is owned as to 67.40% by China Minsheng Investment Corp., Ltd. Therefore, according to Part XV of the SFO, Jiasheng (Holding) Investment Limited, Jiaxin Investment (Shanghai) Co., Ltd., China Minsheng Jiaye Investment Co., Ltd. and China Minsheng Investment Corp., Ltd. are deemed to be interested in the Shares held by Jiashun (Holding) Investment Limited.
- v. As each of Mr. Shi Jian and Ms. Si Xiao Dong has one-third or more of the voting rights at shareholders' meetings of SRE Investment Holding Limited, they are deemed to be interested in all the Shares interested in by SRE Investment Holding Limited under the SFO.
- vi. 866,897,738 Shares held by SRE Investment Holding Limited are charged to Jia Yun Investment Limited. SRE Investment Holding Limited retains the voting rights attached to the Shares. China Minsheng Investment Corp., Ltd. has confirmed to the Company that if the enforcement of the share charge will result in the Company failing to meet the public float requirement, China Minsheng Investment Corp., Ltd. will use its best efforts to assist the Company to maintain or restore its public float to comply with Rule 8.08(1)(a) of the Listing Rules, such as to sell its Shares in the open market.

Sufficiency of Public Float

As at the date of this report, 5,998,960,332 Shares (representing approximately 29.17% of the issued share capital of the Company) were held by the public. Accordingly, the Company is in compliance with the public float requirement under Rule 8.08(1)(a) of the Listing Rules.

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.

Disclosure of Interests and Other Information

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 (<i>resigned on 24 October 2017</i>)	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 (<i>resigned on 3 June 2019</i>)	80,000,000
Shi Janson Bing (<i>resigned on 13 July 2018</i>)	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 tranches 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.

Disclosure of Interests and Other Information

No Share Options were granted, exercised or cancelled during the six months ended 30 June 2019. 160,000,000 Share Options were lapsed during 2017. 309,115,393 Share Options were lapsed during 2018. 160,000,000 Share Options were lapsed during the six months ended 30 June 2019. The number of outstanding Share Options as at 1 January 2019 and 30 June 2019 were 604,602,583 and 603,202,583 respectively.

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.

Disclosure of Interests and Other Information

4. Total number of Shares available for issue under the Scheme and percentage of issued share capital as at 30 June 2019:

As at 30 June 2019, 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.

Disclosure of Interests and Other Information

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 any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2019.

Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors since the disclosure made in the Annual Report 2018 and up to the date of this interim report of the Company are set out below:

Name of Director(s)	Detail(s) of Change
Mr. Peng Xinkuang	Appointed as Chief Executive Officer of the Company since 18 July 2019
Mr. Chan, Charles Sheung Wai	Resigned as an independent non-executive director of CITIC Securities Company Limited, a company listed on the Stock Exchange (stock code: 6030) on 27 May 2019 and appointed as an independent non-executive director of Hansoh Pharmaceutical Group Company Limited, a company listed on the Stock Exchange (stock code: 3692) effective from 14 June 2019
Mr. Zhuo Fumin	Resigned as an independent director of China Enterprise Company Limited, a company listed on the Shanghai Stock Exchange (stock code: 600675) on 29 June 2018 and appointed as an independent director of Dazhong Transportation (Group) Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600611) on 15 May 2018

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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 2019.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Chan Charles Sheung Wai, Mr. Zhuo Fumin, and Mr. Han Gensheng with written terms of reference in compliance with the Listing Rules. Mr. Chan Charles Sheung Wai is the chairman of the Audit Committee. These unaudited condensed consolidated interim results for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

Corporate Governance

Throughout the six months ended 30 June 2019, 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 (the “**Code**”) as set out in Appendix 14 to the Listing Rules except for the following deviations:

Disclosure of Interests and Other Information

Code Provision A.2.1

Pursuant to Code Provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Chairman of the Group is responsible for leading the Board to ensure that it operates effectively and performs its duties, while Chief Executive Officer of the Group is responsible for the overall implementation of the Group's business development and general management. The Board has considered the merits of distinguishing between the roles of Chairman and Chief Executive Officer, but believes that it is in the best interest of the Company for Mr. Peng Xinkuang (“**Mr. Peng**”) to hold two positions at the same time. The Board believes that Mr. Peng holding two positions at the same time will enable the Company to obtain more unified leadership and facilitate the implementation of the Group's current and future business strategies. However, the Board will review the structure from time to time in view of the circumstances.

Code Provision A.6.7

Pursuant to Code Provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings. Mr. Han Gensheng, an independent non-executive Director, did not attend the annual general meeting of the Company for the year 2019 due to other business engagements.

Details of projects under development:

Project	Location	Land Use	Gross Floor Area (m ²)	Expected	Completion	Group's Equity Interest
				Date of Completion	Rate of Construction	
Shenyang Albany Garden	South Heping Street, Heping District, Shenyang, Liaoning Province, the PRC	Phase IIIB/C Residential	206,851	2021	0%	97.5%
		Phase IIIB/C Commercial	9,458	2021	0%	97.5%
		Phase IIIB/C Facility	5,100	2021	0%	97.5%
		Phase IIIB/C Underground	62,010	2021	0%	97.5%
Jiaxing Project	No.1, Linghu Road, Nanhu District, Jiaxing, Zhejiang Province, the PRC	Phase II Residential	42,662	2020	33%	100%
		Phase II Commercial	10,556	2020	0%	100%
		Phase II Facility	2,115	2020	8%	100%
		Phase II Underground	20,029	2020	59%	100%
Shanghai Rich Gate I	Daxing Street, Huangpu District, Shanghai, the PRC	Residential	72,660	2023	0%	51%
		Commercial	9,244	2023	0%	51%
		Office	48,600	2023	0%	51%
		Underground	44,000	2023	0%	51%
Changsha Fudi Albany Garden	Pengjia Lane, Laodaoh Street, Kaifu District, Changsha, Hunan Province, the PRC	Phase I Residential	126,287	2021	0%	49.5%
		Phase I Commercial	3,418	2021	0%	49.5%
		Phase I Facility	2,217	2021	0%	49.5%
		Phase I Underground	34,988	2021	0%	49.5%
		Phase II Residential	194,867	2022	0%	49.5%
		Phase II Commercial	5,851	2022	0%	49.5%
		Phase II Facility	6,580	2022	0%	49.5%
		Phase II Underground	50,219	2022	0%	49.5%

Property Details

Project	Location	Land Use	Gross Floor Area (m ²)	Expected	Completion	Group's
				Date of	Rate of	
			Completion	Construction	Interest	
Dalian Oasis City Garden	West of West Outer Ring Street and South of North Ring Road, Xincheng District, Wafangdian City, Dalian, Liaoning Province, the PRC	Phase I Residential	84,748	2022	0%	51%
		Phase I Commercial	20,234	2022	0%	51%
		Phase I Underground	50,985	2022	0%	51%
		Phase II Residential	100,500	2023	0%	51%
		Phase II Facility	3,600	2023	0%	51%
		Phase II Underground	42,260	2023	0%	51%
		Phase III Residential	43,050	2025	0%	51%
		Phase III Commercial	50,723	2025	0%	51%
		Phase III Underground	47,040	2025	0%	51%
		Phase IV Residential	129,500	2026	0%	51%
		Phase IV Underground	46,820	2026	0%	51%
		Phase V Residential	70,219	2029	0%	51%
	Phase V Commercial	32,750	2029	0%	51%	
	Phase V Underground	46,504	2029	0%	51%	
Shanghai Albany Oasis Garden	No.699, Zhongxing Road, Jingan District, Shanghai, the PRC	Phase IV Residential	40,000	2025	0%	40%
		Phase IV Commercial	40,000	2025	0%	40%
		Phase IV Office	100,500	2025	0%	40%
		Facility	24,292	2025	0%	40%
Shanghai Malaren World	No.8, Meilanhu Road, Baoshan District, Shanghai, the PRC	Phase II Commercial	62,890	2021	0%	72.63%
		Phase II Facility	736	2021	0%	72.63%
		Phase II Underground	29,257	2021	0%	72.63%
Shanghai Shengnan International Garden	Yongfa Road, Pudong New District, Shanghai, the PRC	Residential	58,178	Not yet decided	0%	100%
The Atelier	45-43 Sinclair Road, London, United Kindom	Residential	6,397	2019	94%	92.91%
75 Howard	75 Howard Street, San Francisco, the USA	Residential	27,236	2021	0%	65%
		Commercial	456	2021	0%	65%
		Underground	3,452	2021	80%	65%

Property Details

Project	Location	Land Use	Gross Floor Area (m ²)	Expected Date of Completion	Completion Rate of Construction	Group's Equity Interest
Napa	Devlin Road, Napa County, San Francisco, the USA	Hotel	27,247	Not yet decided	0%	78.53%
Romduol	Bourei Muoy Roy Khnang Villages, Tuek Thla Commune, Sen Sok District, Phnom Penh City, Cambodia	Residential Commercial Facility Underground	82,360 5,061 3,267 26,284	2022 2022 2022 2022	0% 0% 0% 15%	100.00% 100.00% 100.00% 100.00%

Details of completed investment properties:

Project	Location	Land Use	Gross Floor Area (m ²)	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	32,143	97%
Oasis Central Ring Center	No. 1678, Jinshajiang Road, Putuo District, Shanghai, The PRC	Retail	6,499	97%
Oasis Central Ring Center	Lane 1628, Jinshajiang Road, Putuo District, Shanghai, The PRC	Car Park	57,045	97%
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	100%
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	72,943	72.63%

Corporate Information

Board of Directors

Peng Xinkuang (*Chairman and Chief Executive Officer*)

Liu Feng (*Resigned on 18 July 2019*)

Chen Donghui

Chen Chao (*Resigned on 3 June 2019*)

Zhu Qiang

Qin Wenying

Jiang Qi

Jiang Chuming (*appointed on 18 July 2019*)

Zong Shihua (*appointed on 10 September 2019*)

Zhuo Fumin*

Chan, Charles Sheung Wai*

Ma Lishan*

Han Gensheng*

* Independent Non-executive Directors

Authorized Representatives

Peng Xinkuang

Zhu Qiang

Company Secretary

Chu Hoe Tin

Principal Place of Business in Hong Kong

Level 11

Admiralty Center Tower II

18 Harcourt Road

Admiralty, 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 54, 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

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