



SRE GROUP LIMITED  
上置集團有限公司  
(Stock Code: 1207)

## INTERIM REPORT **2016**



# Group Financial Highlights

For the six months ended  
30 June 2016

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Revenue (HK\$'000)	280,580
Net profit attributable to owners of the Company (HK\$'000)	106,766
Basic earnings per share (HK cents)	0.52
Dividend per share – Interim (HK 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 2016 (the “**Period under Review**”) together with comparative figures for the previous corresponding period in 2015. The unaudited interim financial statements for the six months ended 30 June 2016 have been reviewed by the Company’s Audit Committee.

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

For the six months ended 30 June 2016 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	For the six months ended 30 June	
		2016 Unaudited	2015 Unaudited
<b>Continuing operations</b>			
Revenue	3	280,580	437,578
Cost of sales		(314,458)	(376,295)
<b>Gross (loss)/profit</b>		<b>(33,878)</b>	61,283
Gain from disposal of subsidiaries	18	804,987	–
Other (losses)/gains – net		(18,389)	5,654
Selling and marketing expenses		(46,221)	(108,285)
Administrative expenses		(209,985)	(88,254)
<b>Operating profit/(loss)</b>		<b>496,514</b>	(129,602)
Finance income		15,330	27,338
Finance costs		(202,675)	(178,965)
Finance costs – net		(187,345)	(151,627)
Share of results of associates	7	(10,089)	88
Share of results of joint ventures	8	(48)	–
<b>Profit/(loss) before tax</b>		<b>299,032</b>	(281,141)
Income tax (expense)/credit	4	(204,781)	4,941
<b>Profit/(loss) for the period from continuing operations</b>		<b>94,251</b>	(276,200)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	19	(19,422)	(42,794)
<b>Profit/(loss) for the period</b>		<b>74,829</b>	(318,994)

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

For the six months ended 30 June 2016 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	For the six months ended 30 June	
	2016	2015
Notes	Unaudited	Unaudited
<b>Other comprehensive income</b>		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of financial statements into presentation currency	(156,603)	2,885
<b>Other comprehensive income for the period, net of tax</b>	(156,603)	2,885
<b>Total comprehensive income for the period</b>	(81,774)	(316,109)
Profit/(loss) attributable to:		
Owners of the Company	106,766	(261,646)
Non-controlling interests	(31,937)	(57,348)
	74,829	(318,994)
Profit/(loss) attributable to owners of the Company from:		
Continuing operations	117,642	(237,681)
Discontinued operation	(10,876)	(23,965)
	106,766	(261,646)
Total comprehensive income attributable to:		
Owners of the Company	(45,778)	(258,839)
Non-controlling interests	(35,996)	(57,270)
	(81,774)	(316,109)
Total comprehensive income attributable to owners of the Company from:		
Continuing operations	(35,030)	(236,017)
Discontinued operation	(10,748)	(22,822)
	(45,778)	(258,839)

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

For the six months ended 30 June 2016 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	For the six months ended 30 June	
		2016 Unaudited	2015 Unaudited
Earnings/(loss) per share from continuing operations and discontinued operation attributable to ordinary equity holders of the Company	5		
– Basic			
From continuing operations		HK\$ 0.57 cents	(HK\$ 4.20 cents)
From discontinued operation		(HK\$ 0.05 cents)	(HK\$0.42 cents)
		<b>HK\$ 0.52 cents</b>	(HK\$4.62 cents)
– Diluted			
From continuing operations		HK\$ 0.57 cents	(HK\$4.20 cents)
From discontinued operation		(HK\$ 0.05 cents)	(HK\$0.42 cents)
		<b>HK\$ 0.52 cents</b>	(HK\$4.62 cents)

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

# Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2016 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

		30 June 2016	31 December 2015
	Notes	Unaudited	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		28,160	468,829
Investment properties		4,120,884	5,725,705
Prepaid land lease payments		2,801	50,842
Goodwill		222,882	227,370
Investments in associates	7	571,947	55,069
Investments in joint ventures	8	79,048	–
Deferred tax assets		308,530	310,284
Available-for-sale investment		11,700	11,936
Other non-current assets	9	1,230,697	–
		<b>6,576,649</b>	<b>6,850,035</b>
<b>Current assets</b>			
Prepaid land lease payments		4,819,367	4,697,787
Properties held or under development for sale		5,539,144	5,192,599
Inventories		2,244	17,655
Prepayments and other current assets		2,486,309	2,623,121
Other receivables		2,298,474	360,978
Trade receivables	10	67,569	69,640
Notes receivable		–	645
Prepaid income tax		201,263	186,114
Available-for-sale investment		2,340	1,790
Loans and receivables		224,180	255,908
Cash and bank balances	11	2,500,863	3,049,760
		<b>18,141,753</b>	<b>16,455,997</b>
Assets classified as held for sale		–	11,493,976
		<b>18,141,753</b>	<b>27,949,973</b>
<b>Total assets</b>		<b>24,718,402</b>	<b>34,800,008</b>

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2016 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	30 June 2016 Unaudited	31 December 2015 Audited
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued capital and premium	12	7,488,108	7,488,108
Other reserves		1,019,402	1,171,946
Accumulated losses		(910,788)	(1,017,554)
Equity attributable to owners of the Company		7,596,722	7,642,500
Non-controlling interests		215,540	397,161
<b>Total equity</b>		<b>7,812,262</b>	8,039,661
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings	13	594,429	2,496,551
Deferred tax liabilities		1,384,626	1,647,654
		1,979,055	4,144,205
<b>Current liabilities</b>			
Interest-bearing bank and other borrowings	13	8,069,659	8,422,193
Advances received from the pre-sale of properties under development		3,454,623	2,361,360
Trade payables	14	787,287	814,468
Other payables and accruals		1,323,172	956,431
Current income tax liabilities		1,292,344	1,231,397
		14,927,085	13,785,849
Liabilities directly associated with the assets classified as held for sale		–	8,830,293
		14,927,085	22,616,142
<b>Total liabilities</b>		<b>16,906,140</b>	26,760,347
<b>Total equity and liabilities</b>		<b>24,718,402</b>	34,800,008

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

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

(Unaudited)

From 1 January 2016 to 30 June 2016

Attributable to owners of the Company

	Issued capital and premium	Asset revaluation reserve	Surplus reserve	Exchange fluctuation reserve	Other reserves	Accumulated losses	Total	Non- controlling interests	Total Equity
At 1 January 2016	7,488,108	1,211	369,386	1,192,052	(390,703)	(1,017,554)	7,642,500	397,161	8,039,661
Total comprehensive income for the period	-	-	-	(152,544)	-	106,766	(45,778)	(35,996)	(81,774)
Disposal of subsidiaries	-	-	-	-	-	-	-	(145,625)	(145,625)
At 30 June 2016	7,488,108	1,211	369,386	1,039,508	(390,703)	(910,788)	7,596,722	215,540	7,812,262

(Unaudited)

From 1 January 2015 to 30 June 2015

Attributable to owners of the Company

	Issued capital and premium	Asset revaluation reserve	Surplus reserve	Exchange fluctuation reserve	Other reserves	Retained earnings	Total	Non- controlling interests	Total Equity
At 1 January 2015	6,000,738	1,211	368,511	1,709,198	(390,663)	1,347,736	9,036,731	566,804	9,603,535
Total comprehensive income for the period	-	-	-	2,807	-	(261,646)	(258,839)	(57,270)	(316,109)
At 30 June 2015	6,000,738	1,211	368,511	1,712,005	(390,663)	1,086,090	8,777,892	509,534	9,287,426

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

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016 (Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

	Notes	For the six months ended 30 June	
		2016 Unaudited	2015 Unaudited
<b>Cash flows from operating activities</b>			
Cash from operations	16	87,421	1,271,155
Interest paid		(437,381)	(697,554)
Income tax paid		(56,760)	(66,673)
Net cash flows (used in)/from operating activities		(406,720)	506,928
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(1,459)	(16,612)
Proceeds from disposal of property, plant and equipment		2,193	31
Proceeds from disposal of subsidiaries		924,515	–
Addition of available-for-sale investment		(585)	–
Investments in joint ventures	8	(79,095)	–
Payment for other investment		(151,855)	–
Prepayments for certain assets to be acquired	9	(1,230,697)	–
Return of advances made to associates		1,199,052	–
Dividends received from an associate		498	–
Interest received		8,727	46,349
Net cash flows from investing activities		671,294	29,768
<b>Cash flows from financing activities</b>			
Decrease in borrowings		(354,544)	(425,273)
Decrease in pledged bank deposits		431,503	83,502
Decrease in restricted deposits in relation to bank borrowings		3,776	29,638
Advance to a non-controlling interest of a subsidiary		(406,488)	–
Net cash flows used in financing activities		(325,753)	(312,133)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(61,179)</b>	<b>224,563</b>
Cash and cash equivalents at beginning of period		1,707,757	572,179
Effect of foreign exchange rate changes, net		(52,402)	760
<b>Cash and cash equivalents at end of period</b>		<b>1,594,176</b>	<b>797,502</b>

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

# Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand 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 Hong Kong Exchanges and Clearing Limited (“HKEx”), the Company became the holding company of the other companies comprising the Group on 12 November 1999. Further details of the Reorganisation are set out in the Company’s prospectus dated 30 November 1999. The shares of the Company were listed on HKEx on 10 December 1999. The principal place of business of the Company was changed from Suite 4006, 40/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong to Suites 1301-1302, 13/F, AIA Central, 1 Connaught Road Central, Hong Kong, on 29 June 2016.

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in real estate development and property leasing in Mainland China.

As at 30 June 2016, the Company’s parent company is China Minsheng Jiaye Investment Co., Ltd. (“China Minsheng Jiaye”), which holds 60.78% of the Company’s shares.

The interim condensed consolidated financial information are presented in thousands of Hong Kong dollar (“HK\$”), unless otherwise stated.

### 1.2 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information 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 2015, which have been prepared in accordance with HKFRS.

# Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

## 1. Basis of Preparation and Accounting Policies (continued)

### 1.3 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of new and revised standard, amendments and improvements as of 1 January 2016, as described below:

HKFRS 14	Regulatory Deferral Accounts
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendment to HKAS 27	Equity method in separate financial statements
Annual improvements 2014	Affecting the following 4 standards: HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", HKFRS 7 "Financial Instruments: Disclosures", HKAS 19 "Employee Benefits" and HKAS 34 "Interim Financial Reporting"
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception
Amendments to HKAS 1	Disclosure initiative

Adoption of these new HKFRS did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.

The Group has not early adopted any other standards or amendments of HKFRS that were issued but are not yet effective.

# Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

## 1. Basis of Preparation and Accounting Policies (continued)

### 1.4 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

### 1.5 Financial risk management and financial instruments

#### 1.5.1 Financial risk factors

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

The interim condensed consolidated financial information 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 as at 31 December 2015.

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

#### 1.5.2 Liquidity risk

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

# Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

## 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 and has four reportable operating segments 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 hotel operations segment provides hotel accommodation, hotel catering and conference hall services; and
- The corporate and other operations segment comprises, principally, the 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 tax and the methodology used for its calculation is the same as that for the condensed consolidated financial information. 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 Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 2. Operating Segment Information (continued)

An analysis by business segment is as follows:

	Six months ended 30 June 2016 (unaudited)					Total
	Continuing operations			Discontinued operation		
	Property development	Property leasing	Corporate and other operations	Subtotal	Hotel operations	
<b>Segment revenue</b>						
Sales to external customers	149,720	39,504	91,356	280,580	46,081	326,661
Intersegment sales	–	–	8,947	8,947	–	8,947
	<u>149,720</u>	<u>39,504</u>	<u>100,303</u>	<u>289,527</u>	<u>46,081</u>	<u>335,608</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales				(8,947)	–	(8,947)
Revenue				<u>280,580</u>	<u>46,081</u>	<u>326,661</u>
<b>Segment (loss)/profit</b>	<u>(269,416)</u>	<u>21,217</u>	<u>744,713</u>	<u>496,514</u>	<u>1,864</u>	<u>498,378</u>
Finance income				15,330	–	
Finance costs				(202,675)	(21,286)	
Finance costs – net				<u>(187,345)</u>	<u>(21,286)</u>	
Share of results of associates				(10,089)	–	
Share of results of joint ventures				(48)	–	
<b>Profit/(loss) before tax</b>				<u>299,032</u>	<u>(19,422)</u>	

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 2. Operating Segment Information (continued)

Six months ended 30 June 2015 (unaudited)

	Continuing operations			Discontinued operation		Total
	Property development	Property leasing	Corporate and other operations	Subtotal	Hotel operations	
<b>Segment revenue</b>						
Sales to external customers	261,767	60,879	114,932	437,578	97,990	535,568
Intersegment sales	–	–	2,438	2,438	–	2,438
	261,767	60,879	117,370	440,016	97,990	538,006
<i>Reconciliation:</i>						
Elimination of intersegment sales				(2,438)	–	(2,438)
Revenue				437,578	97,990	535,568
<b>Segment (loss)/profit</b>	(154,530)	34,244	(9,316)	(129,602)	11,060	(118,542)
Finance income				27,338	56	
Finance costs				(178,965)	(53,910)	
Finance costs – net				(151,627)	(53,854)	
Share of profits of associates				88	–	
<b>Loss before tax</b>				(281,141)	(42,794)	

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 3. Revenue

An analysis of revenue during the period is as follows:

	(unaudited)	
	For the six months ended 30 June	
	2016	2015
Sale of development properties	159,950	277,160
Revenue from property leasing	41,582	65,692
Property management income	81,527	100,441
Revenue from construction of infrastructure for an intelligent network	5,533	7,233
Other revenue	8,792	14,184
	<b>297,384</b>	464,710
Less: Business tax and surcharges (a)	<b>(16,804)</b>	(27,132)
Total revenue	<b>280,580</b>	437,578

#### (a) Business tax and surcharges

Prior to 1 May 2016, business tax is calculated at 5% of the revenue from the sale of properties, hotel operations, the provision of property management services and property leasing and at 3% of the net income received from the construction of infrastructure for an intelligent network after deducting amounts payable to subcontractors.

Effective from 1 May 2016, the Company's revenue is subject to value-added tax as follows:

- Sale and lease of properties is subject to value-added tax ("VAT") at 11%. Qualified old projects, which are those with construction commenced on or before 30 April 2016, can adopt a simplified VAT method at a rate of 5% with no deduction of input VAT.
- Revenue from property management services is subject to value-added tax at 6%.
- Revenue from construction of infrastructure for an intelligent network is subject to value-added tax at 11%.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 3. Revenue (continued)

#### (a) Business tax and surcharges (continued)

Government surcharges, comprising City Maintenance and Construction Tax, Education Surtax and River Way Management Fee, are calculated at certain percentages of business tax and value-added tax.

### 4. Income Tax

	(unaudited)	
	For the six months	
	ended 30 June	
	2016	2015
Current taxation		
– Mainland China income tax (a)	173,181	4,908
– Mainland China LAT (c)	1,925	6,057
	175,106	10,965
Deferred taxation		
– Mainland China income tax	37,055	(8,377)
– Mainland China LAT	(1,178)	(623)
– Mainland China withholding tax (d)	(6,202)	(6,906)
	29,675	(15,906)
Total tax charge/(credit) for the period	204,781	(4,941)

#### (a) Mainland China income tax

The Group conducts nearly entirely all 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.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 4. Income Tax (continued)

#### (b) Other income tax

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

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

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

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

For the pre-sale of properties under development, the tax authorities may impose LAT ahead of the completion of transactions and revenue recognition, generally based on 2% to 5% on proceeds of the sale and pre-sale of properties.

#### (d) Mainland China Withholding tax

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

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 5. Earnings/(loss) per Share attributable to Ordinary Equity Holders of the Company

The calculation of basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 20,564,713 thousand (2015: 5,664,713 thousand) in issue during the period.

As the Group had no potentially dilutive ordinary shares in issue for the six months ended 30 June 2016 and 2015, the diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share.

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

	<b>For the six months ended 30 June 2016</b>	For the six months ended 30 June 2015
<b>Earnings/(loss)</b>		
Profit/(loss) from continuing operations attributable to owners of the Company	<b>117,642</b>	(237,681)
Loss from discontinued operation attributable to owners of the Company	<b>(10,876)</b>	(23,965)
	<b>106,766</b>	(261,646)
<b>Number of shares</b>		
	<b>For the six months ended 30 June 2016</b>	For the six months ended 30 June 2015
	<b>(Thousand shares)</b>	(Thousand shares)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculations	<b>20,564,713</b>	5,664,713

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

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 6. Dividend

On 15 August 2016, the Board resolved not to declare an interim dividend for the six months ended 30 June 2016 (2015: Nil).

### 7. Investments in Associates

	30 June 2016 Unaudited
Opening balance	55,069
– Shanghai Housing Industry New Technology Development Co., Ltd. (“New Technology”)	18,386
– Shanghai Telecom Broadband Networking Co., Ltd. (“Broadband”)	33,968
– Shang Xin Richgate Investment Management Co., Ltd. (“Richgate”)	2,715
Addition of investment amount	
– Investment in Shanghai Orda Opto-electronics Science & Tech Co., Ltd. (“Orda”) (a)	3,089
– Investment in Mayson Resources Limited (“Mayson”) (b)	533,759
Share of results	
– New Technology	67
– Broadband	333
– Richgate	(15)
– Orda	(35)
– Mayson	(10,439)
Cash dividends declared	
– Broadband	(498)
Effect of foreign exchange rate changes	(9,383)
Ending balance	571,947

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 7. Investments in Associates (continued)

- (a) In January 2016, the Group acquired 24% equity interest of Orda at a consideration of RMB 2,640,000 (HK\$ 3,088,911).
- (b) In January 2016, the Group disposed 60% of its equity interest and lost control in the originally wholly-owned subsidiary, Mayson, which become an associate of the Group after the transaction (Note 18(c)).

### 8. Investments in Joint Ventures

	30 June 2016 Unaudited
Opening balance	–
Addition of investment amount	
– Investment in Jiangsu Da Run Sensor Technology Co., Ltd. (“Da Run”) (a)	15,913
– Investment in Yunnan Ming Zhen Hospital Management Co., Ltd. (“Ming Zhen”) (b)	63,182
Share of results	
– Da Run	(48)
Effect of foreign exchange rate changes	1
Ending balance	<b>79,048</b>

- (a) In May 2016, the Group acquired 12% interest of Investment in Da Run at a consideration of RMB 13,600,000 (HK\$ 15,912,574).
- (b) In March 2016, the Group acquired 45% interest of Investment in Ming Zhen at a consideration of RMB 54,000,000 (HK\$ 63,182,281).

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 8. Investments in Joint Ventures (continued)

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 pertains to prepayments for acquisition of certain assets from China New Town Development Company Limited (“CNTD”), according to the Acquisition Master Agreement dated 20 April 2016 (Note 21(b)).

### 10. Trade Receivables

	<b>30 June 2016 Unaudited</b>	31 December 2015 Audited
Trade receivables	<b>76,932</b>	79,192
Less: Provision for impairment	<b>(9,363)</b>	(9,552)
	<b>67,569</b>	69,640

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 10. Trade Receivables (continued)

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

	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>Unaudited</b>	Audited
Within 6 months	<b>41,721</b>	48,548
6 months – 1 year	<b>1,733</b>	3,202
1 – 2 years	<b>17,254</b>	19,108
Over 2 years	<b>16,224</b>	8,334
	<b>76,932</b>	79,192

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 Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 11. Cash and Bank Balances

	<b>30 June 2016 Unaudited</b>	31 December 2015 Audited
Cash on hand	<b>1,570</b>	1,574
Demand and notice deposits	<b>1,592,606</b>	1,086,183
Time deposits with original maturity of more than 3 months	–	620,000
Cash and cash equivalents	<b>1,594,176</b>	1,707,757
Pledged bank deposits (a)	<b>904,794</b>	1,336,297
Restricted bank deposits under a development project (b)	<b>1,893</b>	1,930
Restricted bank deposits relating to bank borrowings (c)	–	3,776
Cash and bank balances	<b>2,500,863</b>	3,049,760

- (a) As at 30 June 2016, bank deposits of approximately HK\$905 million (31 December 2015: HK\$1,336 million) were pledged as securities for bank borrowings.
- (b) The balance represented deposits that are restricted from use, as a result of the guarantees provided by the Group in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties.
- (c) No bank deposits (31 December 2015: RMB5 million, equivalent to HK\$4 million) is restricted in connection with bank borrowings.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 12. Issued Capital and Premium

	Number of shares (thousands)	Share capital and premium HK\$'000
As at 1 January 2016 and 30 June 2016	<b>20,564,713</b>	7,488,108
As at 1 January 2015 and 30 June 2015	<b>5,664,713</b>	6,000,738

A total of 14.9 billion Subscription Shares were allotted and issued on 4 December 2015 at the Subscription Price of HK\$0.10 per Subscription Share, with cash proceeds, before expenses, of HK\$1.49 billion.

### 13. Interest-bearing Bank and Other Borrowings

	30 June 2016 Unaudited	31 December 2015 Audited
Non-current	<b>594,429</b>	2,496,551
Current	<b>8,069,659</b>	8,422,193
	<b>8,664,088</b>	10,918,744

Movements in borrowings is analysed as follows:

#### Six months ended 30 June 2016

Opening amount as at 1 January 2016	<b>10,918,744</b>
Proceeds from borrowings	<b>4,974,800</b>
Repayments of borrowings	<b>(5,329,344)</b>
Amortisation of discount or premium	<b>15,532</b>
Disposal of a subsidiary	<b>(1,700,122)</b>
Exchange difference	<b>(215,522)</b>
<b>Closing amount as at 30 June 2016</b>	<b>8,664,088</b>

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

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

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

As at 30 June 2016, the Group's bank and other borrowings of approximately HK\$ 3,406 million (31 December 2015: approximately HK\$10,646 million) were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment and properties held or under development for sale, or by pledge of equity interest in subsidiaries and bank deposits.

As at 30 June 2016, bank deposits of approximately HK\$905 million (31 December 2015: approximately HK\$1,336 million), leasehold land of approximately HK\$244 million (31 December 2015: approximately HK\$2,475 million), investment properties of approximately HK\$4,096 million (31 December 2015: approximately HK\$5,700 million), properties held or under development for sale HK\$293 million (31 December 2015: approximately HK\$2,186 million), no property, plant and equipment of approximately (31 December 2015: approximately HK\$434 million) and equity interests in certain subsidiaries of the Group of approximately HK\$402 million (31 December 2015: approximately HK\$2,141 million) were pledged as collateral for the Group's borrowings and banking facilities.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 14. Trade Payables

	<b>30 June 2016 Unaudited</b>	31 December 2015 Audited
Trade payables	<b>787,287</b>	814,468

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

	<b>30 June 2016 Unaudited</b>	31 December 2015 Audited
Within 1 year	<b>298,321</b>	243,293
1 – 2 years	<b>116,406</b>	177,324
Over 2 years	<b>372,560</b>	393,851
	<b>787,287</b>	814,468

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 Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 15. Related Party Transactions

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

#### (i) Loan guarantee/security to the Group

A term loan of HK\$140 million (entered into in 2012) is secured by a property in Hong Kong jointly owned by Mr. Shi Jian and Md. Si Xiao Dong (31 December 2015: HK\$160 million).

No term loan is guaranteed by SRE Investment Holding Limited (“SREI”), Mr. Shi Jian and Md. Si Xiao Dong (31 December 2015: HK\$2,248 million).

#### (ii) Receivables due from related parties

	<b>30 June 2016 Unaudited</b>	31 December 2015 Audited
– Mayson and its subsidiary	<b>524,932</b>	–
	<b>524,932</b>	–

#### (iii) Payables due to related parties

	<b>30 June 2016 Unaudited</b>	31 December 2015 Audited
– Mayson and its subsidiary	<b>364,782</b>	–
– Orda	<b>3,089</b>	–
	<b>367,871</b>	–

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 15. Related Party Transactions (continued)

#### (iv) Loans from related parties

	<b>30 June 2016 Unaudited</b>	31 December 2015 Audited
Loans from parent company (a)	<b>4,340,857</b>	1,324,930
Loans from an other related party (b)	<b>1,170,042</b>	–
	<b>5,510,899</b>	1,324,930

(a) Term loans of RMB3.71 billion (approximately HK\$4.3 billion) (31 December 2015: RMB1.11 billion, approximately HK\$1.3 billion) were provided by the parent company, China Minsheng Jiaye as at 30 June 2016, which comprised the following borrowings:

- (i) The loan of RMB560 million (approximately HK\$655 million) (31 December 2015: HK\$668 million), secured by the pledges of the Company's equity interests of subsidiaries and guaranteed by Mr. Shi Janson Bing with original tenure of three months, was provided in September 2015 and was renewed on December 2015 for twelve months. Interest rate of the loan is 8% per annum.
- (ii) The loan of RMB550 million (approximately HK\$644 million) (31 December 2015: RMB550 million, HK\$657 million), with original tenure of three months, was provided in December 2015 and was renewed on March 2016 for twelve months. Interest rate of the loan is 8% per annum.
- (iii) The loans of RMB600 million (approximately HK\$702 million) and RMB2 billion (approximately HK\$2,340 million), respectively, were provided in April 2016 with interest rate of 8% per annum. The tenures of the loans were six months and twelve months, respectively.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 15. Related Party Transactions (continued)

#### (iv) Loans from related parties (continued)

- (b) Entrusted loans of RMB1 billion (approximately HK\$1,170 million) were provided by the related party, China Minsheng Zhixuan Investment Co., Ltd. as at 30 June 2016, which comprised the following borrowings:
  - (i) The loan of RMB800 million (approximately HK\$936 million) with tenure of twelve months, was provided in March 2016. Interest rate of the loan is 8.5% per annum.
  - (ii) The loan of RMB200 million (approximately HK\$234 million) with original tenure of twelve months, was provided in May 2016. Interest rate of the loan is 8.35% per annum.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 16. Notes to the Condensed Consolidated Statement of Cash Flows

Reconciliation of profit/(loss) before tax to cash from operations:

	For the six months ended 30 June	
	2016 Unaudited	2015 Unaudited
<b>Profit/(loss) before tax including discontinued operation</b>	<b>279,610</b>	(323,935)
Adjustments for:		
Depreciation of property, plant and equipment	<b>13,136</b>	24,998
Gain on disposal of items of property, plant and equipment, net	<b>(385)</b>	–
Gains on disposal of subsidiaries	<b>(804,987)</b>	–
Share of results of associates	<b>10,089</b>	(88)
Share of results of joint ventures	<b>48</b>	–
Accrual of provision for properties held or under development for sale	<b>94,894</b>	–
Reversal of provision for properties held or under development for sale	<b>(10,652)</b>	–
Accrual of provision for prepaid land lease payments	<b>15,818</b>	–
Reversal of provision for prepaid land lease payments	<b>(1,647)</b>	–
Provision for other receivables	<b>82,799</b>	–
Finance income	<b>(15,330)</b>	(27,394)
Finance costs	<b>223,961</b>	232,875
	<b>(112,646)</b>	(93,544)
Decrease/(increase) in restricted bank deposits	<b>37</b>	(19,304)
(Increase)/decrease in prepaid land lease payments	<b>(107,409)</b>	141,206
Increase in properties held or under development for sale	<b>(109,128)</b>	(649,330)
Decrease/(increase) in inventories	<b>15,411</b>	(5,070)
Decrease/(increase) in prepayments and other current assets	<b>32,651</b>	(151,275)
Increase in other receivables	<b>(1,286,495)</b>	(42,745)
Increase in trade receivables	<b>(8,421)</b>	(756)
Decrease in trade payables	<b>(4,110)</b>	(183,879)
Increase in other payables and accruals	<b>511,319</b>	492,125
Increase in advances received from the pre-sale of properties under development	<b>1,156,212</b>	1,781,687
Decrease in other non-current assets	–	2,040
<b>Cash from operations</b>	<b>87,421</b>	1,271,155

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 17. Commitments and Contingencies

#### (a) Commitments

	<b>30 June 2016 HK\$'000 Unaudited</b>	31 December 2015 HK\$'000 Audited
<b>Contracted, but not provided for</b>		
Properties held or under development for sale	<b>450,184</b>	371,692
Property, plant and equipment and leasehold land	<b>4,263,454</b>	27,697
Consideration for investments	<b>323,560</b>	–
	<b>5,037,198</b>	399,389

- (b) The Group provides guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the 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 relevant mortgage loans are granted and end when the purchasers pledge related property certificates as security to the banks offering the mortgage loans. The Group entered into guarantee contracts of principal amounts totalling approximately RMB214 million (equivalent to HK\$250 million).

As at 31 December 2015, RMB185 million (equivalent to HK\$234 million) and these contracts were still effective as at the close of business on 30 June 2016.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 17. Commitments and Contingencies (continued)

(b) (continued)

The Group did not incur any material losses during the financial year 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 realisable 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, because the principal of each of the mortgage loans was normally below 70% of the sales price of the properties at the date of the sales agreement, and therefore no provision has been made in connection with the guarantees.

(c) With reference to the Company's announcement dated 24 September 2015 (the "Announcement"), certain Financing Transactions were executed by Mr. Shi Jian (the former Chairman of the Group), purportedly acting for and on behalf of certain members of the Group, with third party financial institutions without the knowledge of the other Directors of the Company at the relevant time.

The Financing Transactions executed by Mr. Shi Jian were essentially guarantees for bank loans dated between 25 May 2011 and 19 December 2014, granted to certain connected persons (including Black Eagle (Shanghai) Investment Management Limited ("Black Eagle"), which became a wholly-owned subsidiary of SREI from 11 September 2015 and five subsidiaries of CNTD. The total outstanding balance of the loans secured by the Financing Transactions amounted to RMB2.383 billion (HK\$2.907 billion) as of 31 August 2015.

### 17. Commitments and Contingencies (continued)

(c) (continued)

On 10 October 2013, CNTD, China Development Bank International Holdings Limited (“CDBIH”) and SREI entered into a share subscription agreement pursuant to which CDBIH agreed to subscribe for 5,347,921,071 new shares of CNTD subject to the terms and conditions contained therein (the “Subscription”). The Subscription was completed in the first quarter of 2014. As a result, CDBIH and SREI became the largest and second largest shareholder of CNTD respectively. As an appendix to the Subscription Agreement, there was a disposal master agreement between CNTD and SREI to dispose of specified assets and liabilities, not relating to CNTD’s main principal business of planning and development of new town projects in Mainland China (the “Disposal Assets”) to SREI or Black Eagle, which was designated by SREI to acquire the Disposal Assets.

Various bank loans of the CNTD’s subsidiaries which form part of the Disposal Assets would have to be assumed by SREI or Black Eagle, which also require financing to acquire the Disposal Assets. As a result, the Financing Transactions were entered into with third party banks to provide them with further comfort to facilitate the transfer of the Disposed Assets. The Financing Transactions constituted financial assistance to related parties and also contingent liabilities of the Group.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 17. Commitments and Contingencies (continued)

(c) (continued)

Up to the date of this report, the Group had not been asked to honour these Financing Transactions and no consequential losses had yet resulted. As at 30 June 2016, the total outstanding balance of the loans secured by the Financing Transactions amounted to RMB1.996 billion (approximately HK\$2.335 billion) (31 December 2015: RMB2.347 billion (approximately HK\$2.802 billion)). On 4 December 2015, upon completion of the subscription of shares, China Minsheng Jiaye agreed to provide back-to-back indemnity in favour of the Company to indemnify and hold harmless the Company from and against any losses and costs that might be incurred as a result of the Financing Transaction as described above (the “CMJI Indemnity”). To further mitigate the potential loss arising from the Financing Transactions, on 3 November 2015, each of SREI and Madam Si Xiao Dong (spouse of Mr. Shi Jian) has entered into an irrevocable and unconditional undertaking in favour of the Company (on its own and its subsidiaries’ behalf) to indemnify and hold harmless the Group for any losses arising from its payment obligations arising from the Financing Transactions (the “Indemnity”).

The directors of Company are of the view that the Indemnities will, together with the CMJI Indemnity, be able to relieve the Group of the undesirable risk exposure, contingent liabilities and uncertainties caused by the Financing Transactions.

### 18. Disposal of Subsidiaries

- (a) In January 2016, the Group disposed all its 80% shares in Haikou Century Harbour City Co. Ltd., to Khorgos Rui Hong Equity Investment Co. Ltd. at a consideration of RMB176 million (equivalent to HK\$209 million). On the disposal date, the net asset value attributable to the Group of Haikou Century Harbour City Co. Ltd. amounted to RMB168 million (equivalent to HK\$200 million). As such, the Group recorded a gain on disposal of approximately HK\$9 million.
- (b) In April 2016, the Group disposed all its 56% shares in Shanghai Skyway Hotel Co. Ltd., to The Great Wall Guo Fu Real Estate Co. Ltd. at a consideration of RMB643 million (equivalent to HK\$765 million). On the disposal date, the net asset value attributable to the Group of Shanghai Skyway Hotel Co. Ltd. amounted to RMB92 million (equivalent to HK\$109 million), with property, plant and equipment of RMB357 million (equivalent to HK\$425 million) and investment properties of RMB1,275 million (equivalent to HK\$1,516 million). As such, the Group recorded a gain on disposal of approximately HK\$656 million.
- (c) In January 2016, the Group disposed 60% of its equity interest in Mayson to Mainlandcn Ten Company Limited (a wholly-owned subsidiary of China Vanke Co., Ltd.) and lost control in the originally wholly-owned subsidiary. Mayson became an associate of the Group after the transaction.

On the disposal date, the net asset value of Mayson amounted to RMB657 million (equivalent to HK\$781 million), and the fair value of 40% share of Mayson determined based on the fair value of the net asset of Mayson amounted to RMB449 million (equivalent to HK\$534 million). The consideration in relation to the 60% shares of Mayson was RMB322 million (equivalent to HK\$383 million). As such, the Group recorded a gain on disposal of approximately HK\$136 million.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 18. Disposal of Subsidiaries (continued)

- (d) In April 2016, the Group disposed all its 85% shares in Shanghai Real Estate Internet Financial Information Service Co. Ltd. to Shanxi Xifeng Investment Co. Ltd., He Xing Jin Kong Investment Co. Ltd. and Shanghai Qin Yi Business Consulting Co. Ltd. at a proceed of RMB1 (equivalent to HK\$1). On the disposal date, the net asset value of Shanghai Real Estate Internet Financial Information Service Co. Ltd. is RMB-4 million (equivalent to HK\$-4 million). The Group recorded a gain on disposal of approximately HK\$4 million.

### 19. Discontinued Operation

On 5 April 2016, the Group disposed all its shares of a 56% owned subsidiary, Shanghai Skyway Hotel Co. Ltd., to The Great Wall Guo Fu Real Estate Co. Ltd. (Note 18 (b)). Given that Shanghai Skyway Hotel Co. Ltd. constituted the majority of hotel operations of the Group, the disposal of this subsidiary was regarded as discontinued operation.

Financial information relating to Shanghai Skyway Hotel Co. Ltd. for the period to the date of disposal is set out below. The income statement distinguishes discontinued operation from continuing operations. Comparative figures have been restated.

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 19. Discontinued Operation (continued)

#### Income statement information

	(unaudited)	
	For the six months ended 30 June	
	2016	2015
Revenue	46,081	98,051
Expenses	(65,503)	(140,845)
Loss before income tax from discontinued operation	(19,422)	(42,794)
Loss for the period from discontinued operation	(19,422)	(42,794)
Loss from discontinued operation attributable to:		
– Owners of the company	(10,876)	(23,965)
– Non-controlling interests	(8,546)	(18,829)
	(19,422)	(42,794)

#### Cash flows

	(unaudited)	
	For the six months ended 30 June	
	2016	2015
Operating cash flows	1,713	2,362
Investing cash flows	–	54
<b>Total cash flows</b>	1,713	2,416

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

### 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 authorised 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 and receivables.

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

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

#### Fair value hierarchy

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

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

## Notes to the Condensed Consolidated Interim Financial Information

(Amounts expressed in Hong Kong dollar and rounded to nearest thousand unless otherwise stated)

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

#### Fair value hierarchy (continued)

##### *Assets measured at fair value:*

The Group did not have any financial asset measured at fair value as at 30 June 2016 and 31 December 2015.

##### *Liabilities measured at fair value:*

The Group did not have any financial liability measured at fair value as at 30 June 2016 and 31 December 2015.

### 21. Events after the Reporting Period

#### (a) Share option scheme

On 3 June 2016, the Board proposed to adopt a new share option scheme (the “Scheme”) to reward the contributions made by the employees that are eligible under the Scheme (the “Eligible Employees”), which was approved and adopted by the shareholders of the Company on 6 July 2016.

On 14 July 2016, options to subscribe for a total of 1,073,717,976 new Shares were offered to the Eligible Employees.

#### (b) Major acquisition

On 6 July 2016, shareholders of the Company approved the Acquisition Master Agreement dated 20 April 2016. According to the Acquisition Master Agreement between the Company, CNTD and SREI, the Company will acquire certain assets from CNTD at a consideration of approximately RMB1,315 million (equivalent to approximately HK\$1,539 million).

### 22. Approval of the Interim Condensed Consolidated Financial Information

The interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on 15 August 2016.

# Management Discussion and Analysis

## FINANCIAL REVIEW

During the Period under Review, the Group recorded a net revenue of approximately HK\$281 million (first half of 2015: HK\$438 million), which represents a decrease by approximately 36% compared with that of the corresponding period of last year. Profit attributable to owners of the Company for the six months ended 30 June 2016 amounted to approximately HK\$107 million while loss attributable to owners of the Company for the corresponding period of last year was approximately HK\$262 million. The turnaround was mainly attributable to a continuous improvement in the overall operating efficiency of the Group and reduction of financing costs.

The Board resolved not to declare an interim dividend for the six months ended 30 June 2016 (2015: Nil).

### Liquidity and Financial Resources

As at 30 June 2016, cash and bank balances amounted to approximately HK\$2,501 million (31 December 2015: approximately HK\$3,050 million). Working capital (net current assets) of the Group as at 30 June 2016 amounted to approximately HK\$3,215 million (31 December 2015: approximately HK\$5,334 million), representing a decrease by approximately 40% as compared with the previous year. Current ratio was at 1.22x (31 December 2015: 1.24x).

As at 30 June 2016, the Group's gearing ratio was 44% (31 December 2015: 49%), calculated on the basis of the Group's net borrowings (after deducting cash and bank balance) over total capital (total equity and net borrowings).

### Charges on Assets and Contingent Liabilities

As at 30 June 2016, the Group's bank and other borrowings of approximately HK\$3,406 million (31 December 2015: approximately HK\$10,646 million) were secured by mortgage of the Group's leasehold land, investment properties, property, plant and equipment and properties held or under development for sale, or by pledge of equity interest in subsidiaries, bank deposits and cash flows from pre-sale of properties.

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of

the related properties. The Group's guarantee periods commence from the dates when the bank grants the relevant mortgage loans and end when the purchasers pledge related properties certificates as security to the bank offering the mortgage loans. The Group entered into guarantee contracts of principal amounts totaling RMB214 million (equivalent to approximately HK\$250 million) (31 December 2015: RMB185 million, equivalent to approximately HK\$234 million) and these contracts were still effective as at the close of business on 30 June 2016.

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 realisable value of the related properties is expected to be sufficient to cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty as the principal of each of the mortgage loan is normally below 70% of sales price of the respective property at date of the sales agreement, and therefore no provision has been made in connection with the guarantees.

### BUSINESS REVIEW

In the first half of 2016, the macro economy recovered from the bottom, the policy of reducing property inventory continued to gain traction, the transactions in real estate recovered steadily, while the first tier cities were leading in the transaction volume and price, the home prices in second-tier and third-tier cities were stabilized with sale volumes increased. During the first half year, the Group strengthened its sales efforts for its projects under construction and achieved a steady growth in contract sales; and made efforts to improve operation for investment properties including Oasis Central Ring Centre and Shenyang Rich Gate with results started stabilizing; while improved results in sales properties and investment properties, the Group optimised properly its development strategy, parts of assets was capitalized early for gain and sold at high price to ensure its income and cash flow; at the same time, the Group expanded actively new business, and the expansion in first tier cities and overseas core cities was implemented substantially.

## Management Discussion and Analysis

### Real Estate Development

#### Sales Progress

In the first half of 2016, major projects put up for sale of the Group together with its joint ventures and associates included Shanghai Albany Oasis Garden, Shanghai Huating Project, Shenyang Albany Oasis Garden, Jiaxing Project and Jiang Nan Rich Gate Wuxi. From January to June 2016, the Group together with its joint ventures and associates achieved contract sales of approximately RMB5,077 million for a total floor area of 98,602 m<sup>2</sup>, representing an increase of 65.2% as compared with the same period last year. The average selling price was RMB51,490 per m<sup>2</sup>. which, inter alia, included:

#### *Shanghai Albany Oasis Garden*

Shanghai Albany Oasis Garden is situated on Shanghai Inner Ring Road and is a high-end residential project. A total area of 55,728 m<sup>2</sup> was sold in the first half of 2016 and the total contract sum amounted to RMB4,211 million (averaging RMB75,563 per m<sup>2</sup>). The Group holds 40% equity interest of Shanghai Albany Oasis Garden.

#### *Shanghai Huating Project*

Shanghai Huating Project is situated on Eastern Xie Tu Road of Huangpu District in Shanghai and is a high-end residential project. A total area of 5,558 m<sup>2</sup> were sold in the first half of 2016, and the total contract sum amounted to RMB496 million (averaging RMB89,183 per m<sup>2</sup>). The Group holds 50.36% equity interest of Shanghai Huating Project.

#### *Shenyang Albany Oasis Garden*

Shenyang Albany Oasis Garden is situated on South Heping Road of Heping District in Shenyang City, Liaoning Province, and is a residential community with an excellent location geographically and with well-developed transportation networks. A total area of 31,578 m<sup>2</sup> were sold in the first half of 2016 for RMB264 million (averaging RMB8,373 per m<sup>2</sup>). The Group holds 98.95% equity interest of Shenyang Albany Oasis Garden.

### *Jiaxing Project*

Jiaxing Project is situated in Nanhu District of Jiaxing City in Zhejiang Province. In keeping with the Group's focus on high-end products-the project forged a high quality, exquisite and luxurious residential community. A total area of 5,098 m<sup>2</sup> were sold in the first half of 2016 for RMB41.39 million (averaging RMB8,119 per m<sup>2</sup>). The Group holds 98.75% equity interest of Jiaxing Project.

### *Jiang Nan Rich Gate Wuxi*

Jiang Nan Rich Gate Wuxi is situated in the northeastern part of the Wuxi New Town, and is an exquisite townhouse project. A total area of 1,172 m<sup>2</sup> were sold in the first half of 2016 for RMB10.21 million (averaging RMB8,713 per m<sup>2</sup>). The Group holds 98.75% equity interest of Jiang Nan Rich Gate Wuxi.

### *Land Bank*

On 30 June 2016, the Group owns a land bank with an estimated gross floor area of approximately 2.23 million m<sup>2</sup> in Shanghai, Shenyang, Jiaxing, Wuxi and Dalian. The Company focuses on first tier cities and cities with development potential and commits to discover assets which are underestimated or with potential. During the Period under Review, the resolution in relation to the acquisition of assets from New Town Development Company Limited by the Company has passed by the shareholders at the special general meeting of the Company. For details, please refer to the announcement dated 20 April 2016 and 6 July 2016, and circular dated 16 June 2016. Pursuant to which, the Company will acquire residential and commercial assets situated in Shanghai and Chengdu at a consideration of RMB1,315 million. It is expected that the land bank of the Group will increase approximately 380,000 m<sup>2</sup> upon the completion of such acquisition. In addition, the Group proactively expanded the overseas real estate projects of core cities. Recently, the Group invested in a project in Sydney, Australia which is planned to be transformed into a high-end residential and commercial complex of hotels, shops and residential with an aim to achieve 15% ~ 20% annual return rate, and was a step forward to the expansion of overseas business.

## Management Discussion and Analysis

### Progress of Construction

Adhering to development plans and construction schedules outlined at the beginning of 2016, the Group and its subsidiaries have been carrying out construction works in an orderly and standardized manner, while making every effort to improve the construction quality and ensuring good quality projects. Major projects under construction include:

#### *Shanghai Huating Project*

As of June 2016, block 1 to 5 and block 7 of Shanghai Huating Project had been completed basically, the internal and external cleaning had begun, meeting the delivery standard.

#### *Shenyang Albany Oasis Garden*

The total gross floor area of Phase II is 180,000 m<sup>2</sup>, and it is divided into section A and section B. As at June 2016, the work of Section A of Phase II was completed basically, meeting the delivery standard; the internal and external fitting-out of Block 7 in Section B of Phase II had begun. The centralized commercial mechanical and electrical installation for Section A of Phase III has been in progress and was about 50% completed.

### Progress of Relocation

#### *Shanghai Rich Gate I*

As at the end of June 2016, 891 households and enterprises with total area of 7,000 m<sup>2</sup> were relocated for Shanghai Rich Gate I; 1,003 households were to be relocated, as at 28 April 2016, the consent rate for the first round of consult on house expropriation was 94.45%; the syndicated loan facilities for relocation were RMB5.0 billion, the formation of syndicated consortium had been completed successfully.

#### *Shenyang Albany Oasis Garden*

As at the end of June 2016, Shenyang Albany Oasis Garden had signed relocation contracts with 1,399 households and 13 enterprises and schools, with negotiations for 101 households and 12 enterprises and schools still in progress. The relocation was about 93% completed for households and 52% completed for enterprises and schools respectively.

### Commercial Property Operation

During the first half of 2016, the Group continued to enhance the management and operation of its commercial 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, including:

#### *Oasis Central Ring Centre*

As a landmark of the Shanghai Central Ring business district, the Oasis Central Ring Centre, with the high qualities of Grade 5A office buildings and being well equipped with all sorts of facilities, it has attracted an increasing number of companies to move in.

During the first half of 2016, Oasis Central Ring Centre had made tremendous efforts in attracting tenants. Currently, commercial and office spaces of 39,000 m<sup>2</sup>, and an underground parking garage of 57,000 m<sup>2</sup> are for lease. As at 30 June 2016, the occupancy rate of Oasis Central Ring Centre reached 86% with a total rental income of RMB22.25 million, RMB19.76 million of which were lease income from commercial area and office spaces while parking fee income totaled RMB2.49 million.

#### *Shenyang Rich Gate Shopping Mall*

Shenyang Rich Gate Shopping Mall offers a wide range of varieties, such as shopping, fine food, leisure, entertainment, culture. As of 30 June 2016, a total area of 65,884 m<sup>2</sup> were leased, accounting for 59% of the total rentable area, and rental income totaled RMB17.17 million.

## Management Discussion and Analysis

### New businesses

#### *Yunnan Mingzhen Hospital Project*

In March 2016, a contract was signed for Yunnan Mingzhen Hospital project, mainly operating Kunming Jianxing Tumour Hospital, the Group holds 45% equity interest in the project, currently, the capital increase was completed and it has put into normal operation.

#### *Darun Yunshang Project*

In March 2016, a contract was signed for Darun Yunshang project to enter into real estate related internet and financial sector. Of which, the Group holds 12% equity interest in Darun Technology Company (大潤科技公司), currently, the capital increase was completed. The Group holds 80% equity interest in a factoring company, currently, the qualification was obtained and the operation preparation work is moving forward steadily.

## BUSINESS OUTLOOK

In 2016, under the main backdrop of the Central Government's policy of supply front reform, the competent authorities promoted actively to reduce the real estate inventory, creating an easy policy and market environment; a series of policies in relation to the relaxation for provident funds, financial subsidies and others were also launched by regional governments; under the cumulative effect of these policies from different levels of authorities, the real estate market was recovered substantially and show a overheat trend in first tier cities. In the second half of the year, under the expectation that the growth rate of the economy will bottom out, the monetary conditions will remain stable and moderate ease. Such a sound macro-environment is beneficial to maintain the stability of the real estate market.

The Group together with its joint ventures and associates will grasp the favourable opportunities of the market recovery, continue to allow full play to the advantage of the quality brand name of Shanghai Huating Project, strengthen its sales efforts and is confident in achieving the contract sales target of RMB7.5 billion for the year. At the same time, the Group will enhance its cost control and process optimization by ways of management optimization and internet manner to facilitate the delicacy operation and pursue healthy profit, cash flows and sales size. In addition, the Group shall continue to optimize its financial structure and had successfully been granted a credit line of RMB10 billion from Industrial and Commercial Bank of China.

## Management Discussion and Analysis

As China's urbanization process steps into a stable stage, the real estate sector has entered its silver age, the regions and enterprises are differentiated gradually, the transformation and upgrading have become consensus in the industry. The Group will speed up the adaptation of new environment, grasp the opportunity of the industry transformation, reduce gradually the proportion of previous heavy assets operation model, increase the investment business, by the manner of "financing, investment, management and withdrawal", speed up the process of investment exiting and gain receiving to improve the turnover rate and then operate at a parallel made of a combination of light and heavy assets. In new growth, the Group will develop actively new projects, focus on first tier cities, take advantage of its unique investment perspective to explore undervalued or potential assets through diversified channels including acquisition or cooperation; the Group will put the strategy of "Going Out" into practice, seek overseas quality assets, make a layout in influential overseas key cities such as Sydney, London and San Francisco, strive to seek a stable income under risk and disperse risk of currency devaluation; we pay attention closely to the relevant policies and measures issued regarding to "One Belt, One Road" to seek quality projects and strive for a share brought by "One Belt, One Road" as soon as possible. At the same time, the Group will try prudently the limited diversification, cultivate new growth industry, including medical, pension real estate and real estate related internet, fund and financial business.

### Employees

As at 30 June 2016, the Group had retained 1,302 employees in Hong Kong and the PRC. Total staff costs of the Group excluding directors' remuneration, for the Period under Review amounted to approximately HK\$96 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.

## Disclosure of Interests and Other Information

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

As at 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### Long position in shares of the Company (the "Shares")

Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of shareholding
Zhuo Fumin	–	160,000 (Note)	–	160,000	0.0008%

Note: These Shares were held by Madam He Pei Pei, the spouse of Mr. Zhuo Fumin.

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executives of the Company or any of their close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Substantial Shareholders' Interests

As at 30 June 2016, so far as is known to any Director or chief executives of the Company, the following persons, other than a Director or chief executives of the Company, had interests of the Company or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under the section 336 of the SFO:

## Disclosure of Interests and Other Information

### Long positions in the Shares

Name of Shareholder	Capacity	Number of issued ordinary Shares held	Approximate percentage of shareholding
China Minsheng Investment Corp., Ltd.	Interest in controlled corporation	12,500,000,000 (Note 1 & 2)	60.78%
China Minsheng Jiaye Investment Co., Ltd.	Interest in controlled corporation	12,500,000,000 (Note 1 & 2)	60.78%
Jiaxin Investment (Shanghai) Co., Ltd.	Interest in controlled corporation	12,500,000,000 (Note 1 & 2)	60.78%
Jiasheng (Holding) Investment Limited	Interest in controlled corporation	12,500,000,000 (Note 1 & 2)	60.78%
Jiashun (Holding) Investment Limited	Beneficial owner	12,500,000,000 (Note 1 & 2)	60.78%
Shi Jian	Beneficial owner, spouse and corporate interest	2,902,668,443 (Note 3 & 4)	14.11%
Si Xiao Dong	Beneficial owner, spouse and corporate interest	2,902,668,443 (Note 3 & 4)	14.11%
SRE Investment Holding Limited	Beneficial owner	2,889,659,128 (Note 3 & 4)	14.05%

#### Notes:

- (1) China Minsheng Investment Corp., Ltd. holds a 78.56% direct interest in China Minsheng Jiaye Investment Co., Ltd., which holds a 100% direct interest in Jiaxin Investment (Shanghai) Co., Ltd., which in turn holds a 100% interest in Jiasheng (Holding) Investment Limited. Jiashun (Holding) Investment Limited is a wholly-owned subsidiary of Jiasheng (Holding) Investment Limited. Therefore, China Minsheng Investment Corp., Ltd., China Minsheng Jiaye Investment Co., Ltd., Jiaxin Investment (Shanghai) Co., Ltd. and Jiasheng (Holding) Investment Limited are all deemed to be interested in all the Shares held by Jiashun (Holding) Investment Limited for the purpose of the SFO.

## Disclosure of Interests and Other Information

- (2) 12,500,000,000 Shares held by Jiashun (Holding) Investment Limited (in which China Minsheng Investment Corp., Ltd., China Minsheng Jiaye Investment Co., Ltd., Jiaxin Investment (Shanghai) Co., Ltd. and Jiasheng (Holding) Investment Limited are deemed to be interested) are charged to a bank in the PRC.
- (3) These Shares comprise 13,006,991 Shares held by Mr. Shi Jian, 2,324 Shares held by his spouse, Madam Si Xiao Dong and 2,889,659,128 Shares held by SRE Investment Holding Limited. As each of Mr. Shi Jian and Madam Si Xiao Dong owns more than 30% of SRE Investment Holding Limited, they are deemed to be interested in all the Shares held by SRE Investment Holding Limited for the purpose of the SFO.
- (4) 2,889,659,128 Shares held by SRE Investment Holding Limited (in which Mr. Shi Jian and Madam Si Xiao Dong are deemed to be interested) are charged to Jiahua Investment Limited. Madam Jiang Chuming holds a 100% direct interest in Jiahua Investment Limited.

Save as disclosed above, as at 30 June 2016, none of the Directors nor the chief executive of the Company was aware of any other person (other than a Director or chief executive of the Company) or corporation who had an interest or short position in the Shares or underlying Shares which were required to be recorded in the register kept by the Company under section 336 of the SFO.

## Share Option Scheme

The Company has not adopted any share option scheme during the six months ended 30 June 2016.

On 3 June 2016, the Board proposed to adopt a new share option scheme (the “**Scheme**”) to reward the contributions made by the employees that are eligible under the Scheme (the “**Eligible Employees**”), 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 the Eligible Employees. 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:

<b>Executive Directors</b>	<b>Number of Share Options Granted</b>
He Binwu	160,000,000
Peng Xinkuang	160,000,000
Zhu Qiang	120,000,000
Qin Wenying	120,000,000
Chen Donghui	80,000,000
Chen Chao	80,000,000
Shi Janson Bing	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.

## Purchase, Sale or Redemption of Listed Securities

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2016.

## Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of the Directors since the date of the Annual Report 2015 of the Company is set out below:

## Disclosure of Interests and Other Information

On 6 June 2016, each of Mr. Wang Zi Xiong and Mr. Zhao Xiaodong resigned as an Executive Director. On the same day, each of Ms. Qin Wenyong and Mr. Chen Donghui were appointed as an Executive Director.

### Name of Directors

### Details of Change

Mr. Chen Donghui

Appointed as a non-executive director of China Minsheng Drawin Technology Group Limited, a company listed on the Stock Exchange (stock code: 726) since 28 June 2016

Mr. Chan, Charles Sheung Wai

Formally acted as an independent non-executive director of CITIC Securities Company Limited, a company listed on the Stock Exchange (stock code: 6030) and the Shanghai Stock Exchange (stock code: 600030) since 9 May 2016

Resigned as an independent non-executive director of SPI Energy Co., Ltd., a company listed on NASDAQ (stock code: SPI) on 29 April 2016

Mr. Ma Lishan

Appointed as an independent non-executive director of Huarong International Financial Holdings Limited, a company listed on the Stock Exchange (stock code: 993) since 19 August 2016

Ceased to be the senior consultant in Hao Tian Development Group Limited since 8 August 2016

Appointed as an independent non-executive director of China Minsheng Drawin Technology Group Limited, a company listed on the Stock Exchange (stock code: 726) since 28 June 2016

Mr. Shi Janson Bing

Appointed as an executive director of China New Town Development Company Limited, a company listed on the Stock Exchange (stock code: 1278) and the Singapore Exchange (stock code: D4N.sj) since 12 August 2016

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all Directors, who have confirmed that they complied with the required standard set out in the Model Code throughout the six months ended 30 June 2016.

### Audit Committee

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and financial reporting matters. The Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2016 has been reviewed by the Audit Committee.

### Corporate Governance

Throughout the six months ended 30 June 2016, the Board has reviewed its corporate governance practices and confirmed that the Company has complied with all principles and code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules except for the following deviations:

#### Code Provision A.6.7

Pursuant to code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Guoping, an Independent Non-executive Director, did not attend the annual general meeting of the Company for the year 2016 due to other business engagements.

In addition, due to Mr. Yang Chao’s retirement as an Independent Non-executive Director, the Company since 1 January 2016 temporarily failed to comply with Rule 3.10A of the Listing Rules, which requires that the independent non-executive directors of the Company must represent at least one-third of the board. Following the appointment of Mr. Ma Lishan as an Independent Non-executive Director on 31 March 2016, such non-compliance was rectified.

Pursuant to Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only. Mr. Wang Zi Xiong, a then Executive Director was appointed as a member of the Audit Committee on 4 December 2015 due to unintended administration arrangement and ceased to be a member thereof on 31 March 2016 with a view to fulfilling the requirements of the Listing Rules.

## Property Details

### Details of projects under development (including the completed during the six months ended 30 June 2016):

Project	Location	Land Use	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Holding Proportion of SRE
Albany Oasis Garden	No. 699, Zhong Xing Road, Zhabei District, Shanghai, The PRC	Residential Phase III	159,500	2016	90%	40%
		Residential Phase IV	45,000	2018	0%	40%
		Commercials	40,000	2018	0%	40%
		Office & Hotel	100,500	2018	0%	40%
Shenyang Albany	South Heping Road, Heping District, Shenyang City, Liaoning Province, The PRC	Residential Phase IIA	3,213	2016	100%	97.50%
		Residential Phase IIB	90,100	2017	85%	97.50%
		Commercial Phase IIB	3,038	2017	85%	97.50%
		Super Market Phase IIIA	24,231	2017	90%	97.50%
		Residential Phase IIIB	120,003	Not decide yet	0%	97.50%
		Commercial Phase IIIB	7,754	Not decide yet	0%	97.50%
		Residential Phase IIIC	85,700	Not decide yet	0%	97.50%
Commercial Phase IIIC	1,890	Not decide yet	0%	97.50%		

## Property Details

Project	Location	Land Use	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Holding Proportion of SRE
Huating Project (previously named as “Bairun Project”)	Lane 68, Eastern Xie Tu Road, Huangpu District, Shanghai, The PRC	Residential	27,119	2016	100%	50.36%
		Commercials	4,152	2016	100%	50.36%
		Parking	5,681	2016	100%	50.36%
Rich Gate I (Qinhai Oasis Garden)	Daxing Road, Huangpu District, Shanghai, The PRC	Residential	75,757	2019	0%	100%
		Office	41,820	2019	0%	100%
		Service Apartment	12,000	2019	0%	100%
		Underground	83,000	2019	0%	100%
Shenyang Yosemite Oasis Community	Lee Sang New Town, Dongling District, Shenyang City, Liaoning Province, The PRC	Town House Phase I (Shuangxing section)	97,612	2017	90%	98.95%
		Residential Phase III	203,960	2018	0%	98.95%
Jiaxing Project	No.1, Linghu Road, Nanhu District, Jiaxing City, Zhejiang Province, The PRC	Residential and Commercial – 1# Phase II	73,144	2018	0%	98.75%
Wuxi Yongqing	Within Wuxi Hongshan New Town	Residential	204,219	2018	0%	98.75%

## Property Details

Project	Location	Land Use	GFA (sqm)	Expected Date of Completion	Completion Rate of Construction	Holding Proportion of SRE
Dalian Oasis City Garden	Dalian WaFang Dian City in Liaoning Province, West outer ring street west of south of north ring Road	Residential Phase I	154,001	2017	0%	50.36%
		Commercial Phase I	20,234	2017	0%	50.36%
		Underground Phase I	78,039	2017	0%	50.36%
		Office Phase II	18,000	2018	0%	50.36%
		Commercial Phase II	65,136	2018	0%	50.36%
		Underground Phase II	47,950	2018	0%	50.36%
		Residential Phase III	271,623	2019	0%	50.36%
		Underground Phase III	102,830	2019	0%	50.36%

### Details of completed investment properties:

Project	Location	Land Use	GFA (sqm)	Group's Equity Interest (%)
Shenyang Rich Gate	No.118, Harbin Road, Shenhe District, Shenyang City, Liaoning Province, The PRC	Commercial	245,252	100%
Oasis Central Ring Center	Lane 1628, Jinshajiang Road, Putuo District, Shanghai, The PRC	Retail & Office	32,602	95.79%
Oasis Central Ring Center	No. 1678, Jinshajiang Road, Putuo District, Shanghai, The PRC	Retail	6,499	95.79%
Oasis Central Ring Center	Lane 1628, Jinshajiang Road, Putuo District, Shanghai, The PRC	Car Park	57,045	95.79%
Unit 2605, 2606, 26(3A), 2803, 2806 and 28(3A) of Universal Mansion	No. 172 Yuyuan Road, Jing'An District, Shanghai, The PRC	Office	732	98%
Shanghai Shuocheng supermarket	No. 350, Zhong Hua Xin Road, Zhabei District, Shanghai, The PRC	Retail	Approx. 24,000	40%

# Corporate Information

## Board of Directors

He Binwu (*Chairman*)  
Peng Xinkuang (*Chief Executive Officer*)  
Chen Donghui  
Chen Chao  
Shi Janson Bing  
Zhu Qiang  
Qin Wenying  
Zhuo Fumin\*  
Chan, Charles Sheung Wai\*  
Guoping\*  
Ma Lishan\*

\* Independent Non-executive Directors

## Authorized Representatives

He Binwu  
Peng Xinkuang

## Company Secretary

Pang Ka Fai Angus

## Principal Place of Business in Hong Kong

Suites 1301-1302, 13th Floor  
AIA Central  
1 Connaught Road Central  
Hong Kong

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## Principal Share Registrar and Transfer Office

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

## Hong Kong Branch Share Registrar and Transfer Office

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

## Legal Adviser

Norton Rose Fulbright Hong Kong

## Auditor

PricewaterhouseCoopers  
Certified Public Accountants

## Principal Bankers

Hong Kong: The Agricultural Bank of China  
CITIC Bank International Limited

PRC: The Industrial and Commercial Bank of China  
The Agricultural Bank of China  
China Construction Bank  
Shanghai Pudong Development Bank  
Xiamen International Bank

## Stock Code

1207

## Internet Web Site

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