SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

		Year ended 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**7,172,037**	3,027,741
Cost of sales	*7*	**(6,360,457)**	(2,914,478)
Gross profit		**811,580**	113,263
Other (Losses)/gains – net	*6*	**(24,038)**	1,157,379
Net impairment losses on financial assets		**(56,963)**	–
Selling and marketing expenses	*7*	**(196,909)**	(106,427)
Administrative expenses	*7*	**(340,270)**	(417,116)
Change in fair value of investment properties		**1,705**	63,236
Share of results of associates		**(48,498)**	(15,429)
Share of results of a joint venture		**–**	140,540
Finance costs – net	*8*	**(805,072)**	(749,755)
(Loss)/Profit before income tax		**(658,465)**	185,691
Income tax expense	*9*	**(321,711)**	(56,534)
(Loss)/Profit for the year		**(980,176)**	129,157
(Loss)/Profit for the year attributable to:			
– Owners of the Company		**(905,485)**	34,400
– Non-controlling interests		**(74,691)**	94,757
		(980,176)	129,157
(Loss)/Earnings per share			
– Basic	*11*	**HK$(6.09) Cents**	HK$0.23 Cent
– Diluted	*11*	**HK$(6.09) Cents**	HK$0.23 Cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit for the year	**(980,176)**	129,157
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(258,442)**	321,814
Release of exchange differences on disposal of subsidiaries	**31,548**	150,324
Release of exchange differences on disposal of an associate	**(1,335)**	–
Release of exchange differences upon business combination	**–**	39,170
	(228,229)	511,308
Items that will not be reclassified subsequently to profit or loss:		
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**8,262**	–
Gain on revaluation of land and buildings	**–**	7,625
Other comprehensive (loss)/income for the year, net of tax	**(219,967)**	518,933
Total comprehensive (loss)/income for the year	**(1,200,143)**	648,090
Total comprehensive (loss)/income attributable to:		
– Owners of the Company	**(1,125,222)**	534,927
– Non-controlling interests	**(74,921)**	113,163
Total comprehensive (loss)/income for the year	**(1,200,143)**	648,090

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

		As at 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**595,709**	616,770
Investment properties		**3,180,068**	3,326,492
Land use rights		**470,810**	517,999
Investment in associates		**18,994**	121,816
Available-for-sale financial assets		**–**	64,061
Financial assets at fair value through other comprehensive income		**37,984**	–
Amounts due from an associate		**246,884**	249,701
Deferred income tax assets		**5,234**	34,363
Pledged bank deposits	*13*	**254,695**	–
Total non-current assets		**4,810,378**	4,931,202
Current assets			
Properties under development and completed properties held-for-sale		**11,000,960**	14,169,388
Inventories		**3,218**	2,404
Contract assets		**11,455**	–
Trade and other receivables	*12*	**664,668**	706,883
Deposits for properties under development		**15,268**	27,337
Amounts due from an associate		**10,575**	721,352
Available-for-sale financial assets		**–**	7,805
Financial assets at fair value through profit or loss		**13,366**	–
Tax prepayments		**215,167**	271,526
Pledged bank deposits	*13*	**879,943**	857,494
Cash and cash equivalents		**843,049**	1,420,068
		13,657,669	18,184,257
Assets of disposal group classified as held-for-sale		**–**	1,245,416
Total current assets		**13,657,669**	19,429,673
Total assets		**18,468,047**	24,360,875

CONSOLIDATED BALANCE SHEET – CONTINUED

	Notes	As at 31 December **2018** ***HK$'000***	 2017 *HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**297,587**	297,587
Reserves		**2,769,137**	3,059,236
(Accumulated losses)/Retained earnings		**(352,867)**	429,965
		2,713,857	3,786,788
Non-controlling interests		**74,386**	140,452
Total equity		**2,788,243**	3,927,240
Non-current liabilities			
Borrowings and loans		**3,828,558**	5,847,647
Deferred income tax liabilities		**749,764**	947,584
Other payables	*14*	**19,326**	187,463
Total non-current liabilities		**4,597,648**	6,982,694
Current liabilities			
Trade and other payables	*14*	**3,681,881**	2,489,637
Contract liabilities		**3,279,438**	–
Receipts in advance from customers		**–**	5,706,829
Amounts due to minority owners of subsidiaries		**570,966**	719,749
Borrowings and loans		**3,140,228**	3,668,501
Tax payables		**409,643**	567,171
		11,082,156	13,151,887
Liabilities of disposal group classified as held-for-sale		**–**	299,054
Total current liabilities		**11,082,156**	13,450,941
Total liabilities		**15,679,804**	20,433,635
Total equity and liabilities		**18,468,047**	24,360,875

NOTES

1. GENERAL

Shanghai Zendai Property Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is at Unit 6508, 65/F, Central Plaza,18 Harbour Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in property development, property investment and provision of property management and hotel operation. The Company and all its subsidiaries are referred as the Group. The Group has operations mainly in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in HK dollars ("HK$"), unless otherwise stated.

These financial statements have been approved for issue by the Board of Directors (the "Board") on 28 March 2019.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial assets, which are carried at fair value.

2.1 Going concern

The Group meets its day-to-day working capital requirements through its operation sales and bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- HKFRS 9 Financial Instruments
- HKFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to HKFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to HKAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

Following the adoption of HKFRS 9 and HKFRS 15, the Group had changed its accounting policies and applied the modified retrospective adjustments approach which means that the cumulative impact of the adoption have been recognised in retained earnings or other reserves as of 1 January 2018 and that comparative figure of the financial information will not be restated. The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in note 3 below.

The other amendments listed above have no material impact to the Group.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

HKFRS 16 Leases

Nature of change

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

The accounting for lessors will not significantly change.

Impact

The Group has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$131,175,000.

The Group expects an increase in right-of-use assets and an increase in financial liabilities in the consolidated balance sheet. In the consolidated income statement, as a result, the operating expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expenses will increase.

Operating cash flows will increase and financing cash flows decrease as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group does not expect any significant impact on the financial statements as a lessor. However, some additional disclosures will be required from next year.

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* on the Group's financial statements.

3.1 Impact on the financial statements

As explained in Note 2.2(a) above, the Group has applied HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9 and HKFRS 15, comparative figures have not been restated.

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

	As at 1 January 2018			
	As previously stated	**HKFRS 9**	**HKFRS 15**	**Restated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Consolidated balance sheet (extract)				
Properties under development and completed properties held-for-sale	14,169,388	–	(432,633)	13,736,755
Trade and other receivables	706,883	–	(28,749)	678,134
Available-for-sale financial assets	71,866	(71,866)	–	–
Financial assets at fair value through profit or loss	–	7,805	–	7,805
Financial assets at fair value through other comprehensive income	–	64,061	–	64,061
Contract assets	–	–	29,995	29,995
Tax prepayments	271,526	–	(5,470)	266,056
Assets of disposal group classified as held-for-sale	1,245,416	–	(44,589)	1,200,827
Receipts in advance from customers	5,706,829	–	(5,706,829)	–
Contract liabilities	–	–	5,177,680	5,177,680
Tax payables	567,171	–	22,744	589,915
Liabilities of disposal group classified as held-for-sale	299,054	–	(53,325)	245,729
Deferred income tax liabilities	947,584	–	16,909	964,493
Retained earnings	429,965	–	52,291	482,256
Non-controlling interests	140,452	–	9,084	149,536

3.2 HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 *Financial Instruments* ("HKAS39") that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 *Financial Instruments* from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

(i) Classification and measurement of financial instruments

There is no significant impact on the Group's retained earnings as at 1 January 2018 by adoption of HKFRS 9.

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The main effects resulting from this reclassification are as follows:

	Available-for-sale financial assets ("AFS")	**FVOCI**	**FVPL**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2018			
Closing balance 31 December 2017			
– HKAS 39	71,866	–	–
Reclassify from AFS to FVOCI *(a)*	(64,061)	64,061	–
Reclassify from AFS to FVPL *(b)*	(7,805)	–	7,805
Opening balance 1 January 2018			
– HKFRS 9	–	64,061	7,805

There is no material effects resulting from this reclassification on the Group's opening balance of the equity.

(a) *Equity investments previously classified as AFS*

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of HK$64,061,000 were reclassified from available-for-sale financial assets to financial assets at FVOCI on 1 January 2018.

(b) *Reclassification from AFS to FVPL*

Certain redeemable investment product issued by banks were reclassified from available-for-sale to financial assets at FVPL (HK$7,805,000 as at 1 January 2018). They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. There is no related fair value gains of such investment were transferred from the available-for-sale financial assets reserve to retained earnings on 1 January 2018.

(c) *Reclassifications of financial instruments on adoption of HKFRS 9*

On the date of initial application, 1 January 2018, the financial instruments of the Group were as follows, with any reclassifications noted:

	Measurement category		Carrying amount		
	Original (HKAS 39)	**New (HKFRS 9)**	**Original** *HK$'000*	**New** *HK$'000*	**Difference*** *HK$'000*
Non-current financial assets					
Equity investment	Available for sale	FVOCI	64,061	64,061	–
Amount due from an associate	Amortised cost	Amortised cost	249,701	249,701	–
Current financial assets					
Trade receivables	Amortised cost	Amortised cost	39,916	39,916	–
Redeemable investment product issued by banks	Available for sale	FVPL	7,805	7,805	–
Cash and cash equivalents	Amortised cost	Amortised cost	1,420,068	1,420,068	–
Other receivables	Amortised cost	Amortised cost	666,967	666,967	–
Amounts due from an associate	Amortised cost	Amortised cost	721,352	721,352	–

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

(ii) Impairment of financial assets

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

- trade receivables for sales of properties and from the provisions of services
- contract assets relating to sales of properties, and
- other receivables carried at amortized cost,

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. There is no material impact of the change in impairment methodology on the Group's retained earnings and equity.

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

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. This does not resulted in any increase of the loss allowance on 1 January 2018 for trade receivables and contract assets.

The loss allowance increased by a further HK$424,000 for trade receivables during the current reporting period.

Amount due from an associate

The Group applies the HKFRS 9 three-stages approach to assess the expected credit losses for amount due from an associate. This does not result in material increase of the loss allowance on 1 January 2018 for amount due from an associate. The loss allowance of HK$53,684,000 for amount due from an associate is recognised during the current reporting period.

3.3 HKFRS 15 Revenue from contracts with customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in HKFRS 15, the Group has adopted the new rules modified retrospectively, has recognised the cumulative impact of the adoption in retained earnings or other reserves as of 1 January 2018 and has not restated comparatives for the 2017 financial year.

HKFRS 15 replaces the provisions of HKAS 18 Revenue ("HKAS18") and HKAS 11 Construction contracts ("HKAS11") that relate to the recognition, classification and measurement of revenue and costs.

The effects of the adoption of HKFRS 15 are as follows:

Accounting for property development activities

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

Under HKFRS 15, when the properties that have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The contract assets will be reclassified as receivables when the progress billings are issued or properties are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. The contract liability is recognised as revenue when the Group satisfies its performance obligations.

Accounting for costs incurred to obtain a contract

Following the adoption of HKFRS 15, stamp duty, sales commissions and other costs incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded as contract assets.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

Presentation of contract liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

Contract liabilities for progress billing recognised in relation to property development activities were previously presented as receipts in advance from customers.

(a) In summary, the following adjustments were made to the amounts recognised in the Group's financial position at the date of initial application (1 January 2018):

	HKAS 18 Carrying amount 31 December 2017	Reclassifications	Remeasurements	HKFRS 15 Carrying amount 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated balance sheet (extract)				
Properties under development and completed properties held-for-sale	14,169,388	–	(432,633)	13,736,755
Trade and other receivables	706,883	–	(28,749)	678,134
Contract assets	–	–	29,995	29,995
Tax prepayments	271,526	–	(5,470)	266,056
Assets of disposal group classified as held-for-sale	1,245,416	–	(44,589)	1,200,827
Receipts in advance from customers	5,706,829	(5,177,680)	(529,149)	–
Contract liabilities	–	5,177,680	–	5,177,680
Tax payables	567,171	–	22,744	589,915
Liabilities of disposal group classified as held-for-sale	299,054	–	(53,325)	245,729
Deferred income tax liabilities	947,584	–	16,909	964,493
Retained earnings	429,965	–	52,291	482,256
Non-controlling interests	140,452	–	9,084	149,536

(b) **The amounts by each financial statements line items affected in the current period and period to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:**

	As at 31 December 2018			
	Results without the adoption of HKFRS15	Reclassifications under HKFRS 15	Effects of the adoption of HKFRS 15	Results as reported
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated balance sheet (extract)				
Properties under development and completed properties held-for-sale	11,113,186	–	(112,226)	11,000,960
Trade and other receivables	674,524	–	(9,856)	664,668
Contract assets	–	–	11,455	11,455
Tax prepayments	218,966	–	(3,799)	215,167
Receipts in advance from customers	3,439,557	(3,279,438)	(160,119)	–
Contract liabilities	–	3,279,438	–	3,279,438
Tax payables	395,959	–	13,684	409,643
Deferred income tax liabilities	743,484	–	6,280	749,764
Foreign exchange reserve	(260,463)	–	(1,847)	(262,310)
Accumulated Losses	(374,032)	–	21,165	(352,867)
Non-controlling interests	67,975	–	6,411	74,386

	For the year ended 31 December 2018		
	Results without the adoption of HKFRS 15	Effects of the adoption of HKFRS 15	Results as reported
	HK$'000	*HK$'000*	*HK$'000*
Consolidated statement of income and comprehensive income(extract)			
Revenue	7,570,870	(398,833)	7,172,037
Cost of sales	(6,725,116)	364,659	(6,360,457)
Selling and marketing expenses	(184,548)	(12,361)	(196,909)
Income tax expense	(334,447)	12,736	(321,711)
Loss for the period attributable to:			
– Owners of the Company	(874,359)	(31,126)	(905,485)
– Non-controlling interests	(72,018)	(2,673)	(74,691)

(c) Contract assets

i) As at 31 December and 1 January 2018, the contract assets mainly included stamp duty, sales commissions and other costs incurred directly attributable to obtaining a contract.

ii) Management expects the incremental costs, primarily sale commission and stamp duty paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised. For the year ended 31 December 2018, the amount of amortisation was HK$25,147,000 and there was no impairment loss in relation to the costs capitalised.

(d) Contracts liabilities

i) As at 31 December and 1 January 2018, the contract liabilities mainly included the payments received from sales of properties which were usually received in advance of the performance under the contracts.

ii) Revenue from sales of properties totalled HK$4,485,826,000 was recognised in current reporting period that was included in the contract liability balance at the beginning of the period.

4. SEGMENT REPORTING

Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Board considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently mainly organized into three operating segments which comprise (i) sales of properties; (ii) hotel operations; and (iii) properties rental, management and agency services.

The Board assesses the performance of the operating segments based on a measure of adjusted profit or loss before income tax. Certain income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the Board for assessment of segment performance.

Total segment assets mainly exclude pledged bank deposits and head office and corporate assets, all of which are managed on a centralised basis.

Total segment liabilities mainly exclude unallocated borrowings and loans and unallocated head office and corporate liabilities, all of which are managed on a centralised basis.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated income statement.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss before income tax and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue from external sales *(i)*	**6,684,554**	2,512,153	**159,846**	166,264	**327,637**	349,324	**7,172,037**	3,027,741
Reportable segment (loss)/profit before income tax	**152,354**	(266,604)	**(20,731)**	8,367	**77,481**	74,285	**209,104**	(183,952)
Other information								
Bank interest income	**10,774**	36,738	**54**	17	**926**	3,962	**11,754**	40,717
Depreciation of property, plant and equipment	**3,102**	4,548	**29,709**	31,093	**1,150**	1,309	**33,961**	36,950
Amortisation of land use rights	**–**	–	**21,351**	20,773	**–**	–	**21,351**	20,773
Change in fair value of investment properties	**–**	–	**–**	–	**1,705**	63,236	**1,705**	63,236
Share of results of associates	**–**	(6,845)	**(48,498)**	(8,584)	**–**	–	**(48,498)**	(15,429)
Share of results of a joint venture	**–**	140,540	**–**	–	**–**	–	**–**	140,540
(Loss)/Gain on sale of property, plant and equipment	**(1,132)**	94	**(83)**	(133)	**–**	–	**(1,215)**	(39)
(Loss)/Gain on disposal of subsidiaries	**17,363**	(47,921)	**–**	–	**–**	–	**17,363**	(47,921)
Gain on disposal of investment properties	**–**	–	**–**	–	**–**	4,202	**–**	4,202
Reportable segment assets	**12,618,389**	18,350,775	**992,017**	1,067,733	**3,654,002**	4,003,029	**17,264,408**	23,421,537
Amounts included in the measure of segment assets:								
Additions to non-current assets *(ii)*	**45,781**	94,160	**539**	–	**5,041**	2,034	**51,361**	96,194
Investment in associates	**–**	52,647	**18,994**	69,169	**–**	–	**18,994**	121,816
Reportable segment liabilities	**12,595,202**	16,107,872	**85,299**	82,474	**606,129**	1,044,450	**13,286,630**	17,234,796

(i) For the year ended 31 December 2018, included in the revenue of sales of properties, HK$6,215,306,000 was recognised at a point in time, the remaining HK$469,248,000 was recognised over time.

(ii) Amounts comprise additions to investment properties, property, plant and equipment and land use rights.

(b) Reconciliation of reportable segment (loss)/profit before income tax, assets and liabilities

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Reportable segment profit/(loss) before income tax	**209,104**	(183,952)
Fair value gain on the re-measurement of a joint venture	**–**	1,192,852
Unallocated bank interest income	**108**	237
Dividend income from available-for-sale financial assets	**–**	2,767
Dividend income from financial assets at FVOCI	**3,555**	–
Finance costs	**(805,072)**	(749,755)
Unallocated head office and corporate expenses	**(66,160)**	(68,696)
Share-based-payments	**–**	(7,762)
(Loss)/Profit before income tax	**(658,465)**	185,691

	As at 31 December	
Assets	**2018**	2017
	HK$'000	*HK$'000*
Reportable segment assets	**17,264,408**	23,421,537
Pledged bank deposits	**1,134,638**	857,494
Head office and corporate assets	**69,001**	81,844
Total assets	**18,468,047**	24,360,875

	As at 31 December	
Liabilities	**2018**	2017
	HK$'000	*HK$'000*
Reportable segment liabilities	**13,286,630**	17,234,796
Borrowings and loans	**2,250,272**	3,089,061
Unallocated head office and corporate liabilities	**142,902**	109,778
Total liabilities	**15,679,804**	20,433,635

(c) Geographical information

At 31 December 2018 and 31 December 2017, the majority of the Group's revenue and non-current assets other than financial instruments and deferred tax assets are located in the PRC.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the years ended 31 December 2018 and 2017.

5 REVENUE

Revenue representing the aggregate of proceeds from sales of properties and amounts received and receivable from the hotel operations, properties rental, management and agency income is summarised as follows:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Sales of properties	**6,684,554**	2,512,153
Hotel operations	**159,846**	166,264
Properties rental, management and agency income	**327,637**	349,324
	7,172,037	3,027,741

6. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**11,862**	40,954
Rental income *(a)*	**6,770**	5,791
Gain on disposal of investment properties	**–**	4,202
Gain/(Loss) on disposal of subsidiaries	**17,363**	(47,921)
Loss on settlement of arbitration *(b)*	**(62,858)**	–
Fair value gain on the re-measurement of a joint venture	**–**	1,192,852
Gain on disposal of an associate	**3,739**	–
Dividend income from available-for-sale financial assets	**–**	2,767
Dividend income from FVOCI	**3,555**	–
Government grants	**498**	828
Others	**(4,967)**	(42,094)
Total	**(24,038)**	1,157,379

(a) Rental income was derived from leases of certain office units included in properties for sales, which the Group intends to sell.

(b) On 5 September 2018, the Group entered into an agreement with third parties to settle the arbitration in relation to the disposal of certain project in pervious year (the"Disposal"). Accordingly, a net loss amounted to HK$62,858,000 was recognised to reflect the waive of receivables amounting to HK$123,122,000 offset by the reversal of liabilities amounted to HK$60,264,000 in connection with the Disposal, which have been eliminated in accordance with the settlement. Details of the arbitration are disclosed in the announcement of the Company dated 6 September 2018.

7. EXPENSES BY NATURE

Expenses by nature comprise cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Cost of properties sold	**6,190,770**	2,648,489
Tax and levis	**99,675**	129,934
Impairment of properties under development and completed properties held-for-sale	**70,012**	136,055
Employee benefit expense	**200,451**	199,418
Auditors' remuneration:		
– Audit services	**2,880**	3,860
– Non-audit services	**300**	1,583
Consulting and service expenses	**50,198**	47,217
Depreciation and amortisation charge	**55,312**	57,723
Advertising costs	**102,136**	53,225
Operating lease payments	**9,155**	11,037
Maintenance and consumption expenses for hotel business	**76,713**	61,847
Other expenses	**40,034**	87,633
Total	**6,897,636**	3,438,021

8. FINANCE COSTS

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Interest expense:		
– Bank borrowings	**361,100**	476,763
– Other borrowings	**681,347**	678,421
Less: amounts capitalised in properties under development at a capitalisation rate of 6.7% (2017: 9.45%) per annum	**(237,375)**	(405,429)
FINANCE COSTS – NET	**805,072**	749,755

9. INCOME TAX EXPENSE

The amount of income tax in the consolidated income statement represents:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current income tax:		
– PRC enterprise income tax	**250,883**	15,157
– PRC land appreciation tax ("LAT")	**205,491**	61,857
Deferred income tax	**(134,663)**	(20,480)
	321,711	56,534

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2018 and 2017.

PRC Enterprise Income Tax

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2017: 25%) during the year ended 31 December 2018.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures, with an exemption provided for property sales of ordinary residential properties (普通標準住房) if their appreciation values do not exceed 20% of the sum of total deductible items. Certain property development projects are subjected to LAT which is calculated based on deemed levying rates of their revenue under the approved taxation method if the specific circumstances as approved by the local tax authority are met and the companies have been de-registered or the approval has exceeded three years whichever is earlier.

The tax expense for the year can be reconciled to the (loss)/profit before income tax per the consolidated income statement as follows:

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	**(658,465)**	185,691
Tax calculated at domestic rates applicable in countries concerned	**(116,405)**	(30,336)
Tax effect of share of results of associates	**12,124**	3,857
Tax effect of share of results of a joint venture	**–**	(23,189)
Effect of higher tax rate for LAT in the PRC	**154,118**	46,392
Tax effect of expenses not deductible for tax purposes	**177,406**	79,690
Tax effect of losses/(gains) not taxable for tax purposes	**9,118**	(199,099)
Tax effect of tax losses not recognised	**105,247**	197,666
Utilisation of tax losses previously not recognised as deferred tax assets	**(38,537)**	(17,283)
Provision/(Reversal) of withholding tax on dividend	**12,233**	(7,096)
Under provision in respect of prior years	**6,407**	5,932
Tax expense	**321,711**	56,534

10. DIVIDENDS

No dividend was proposed for the years ended 31 December 2018 and 2017.

11. (LOSS)/EARNINGS PER SHARE

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

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
(Loss)/Profit		
(Loss)/Profit attributable to owners of the Company	**(905,485)**	34,400
Number of shares		
Weighted average number of ordinary shares in issue *(thousands)*	**14,879,352**	14,879,352
	HK Cents	*HK Cent*
Basic and diluted (loss)/earnings per share	**(6.09)**	0.23

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing cost associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Since there was no dilutive ordinary shares during the year ended 31 December 2018, diluted earnings per share is equal to basic earnings per share (2017: Assumed exercise of share options have not been included in the computation of diluted earnings/(loss) per share as they are anti-dilutive for the years ended 31 December 2017).

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**43,871**	39,916
Less: provision for impairment of trade receivables	**(424)**	–
Trade receivables – net *(a)*	**43,447**	39,916
Prepayments for turnover tax and others	**574,232**	480,017
Consideration receivables on disposal of subsidiaries	**–**	120,077
Deposits	**16,123**	22,668
	633,802	662,678
Other receivables	**81,747**	92,231
Less: provision for impairment of receivables	**(50,881)**	(48,026)
Other receivables-net	**30,866**	44,205
	664,668	706,883

As at 31 December 2018 and 2017, the majority of the Group's trade and other receivables are dominated in RMB.

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis.

(a) The ageing analysis of trade receivables at the end of reporting period is as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current (i)	**39,116**	34,833
Less than 1 month past due	**188**	702
1 to 3 months past due	**1,043**	599
More than 3 months but less than 12 months past due	**935**	1,955
More than 12 months past due	**2,165**	1,827
Amount past due but not impaired	**4,331**	5,083
	43,447	39,916

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
At 1 January	**–**	–
Provision for receivable impairment	**(424)**	–
At 31 December	**(424)**	–

13. PLEDGED BANK DEPOSITS

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current portion	**879,943**	857,494
Non-current portion	**254,695**	–
	1,134,638	857,494

Pledged bank deposits represent deposits pledged to banks to secure certain borrowings and loans granted to the Group. The pledged bank deposits carry interest ranging from 0.35% to 1.00% per annum (2017: 1.10% to 2.00% per annum).

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Trade payables (a)	**2,240,884**	1,475,415
Consideration payable for acquisition of land use rights	**–**	163,170
Advances received for disposal group classified as held-for-sale	**–**	160,903
Other payables and accruals	**1,460,323**	877,612
	3,701,207	2,677,100
Less: non-current liabilities		
Consideration payable for acquisition of land use rights	**–**	(153,564)
Others	**(19,326)**	(33,899)
	3,681,881	2,489,637

(a) The aging analysis of trade payables at the end of reporting period is as follows:

	As at 31 December	
	2018	2017
	HK$'000	*HK$'000*
Current or less than 1 month	**1,892,565**	1,165,761
1 to 3 months	**3,880**	228
More than 3 months but less than 12 months	**3,360**	5,375
More than 12 months	**201,985**	230,280
	2,101,790	1,401,644
Retention money	**139,094**	73,771
	2,240,884	1,475,415

The trade payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

15. CLOSURE OF REGISTER OF MEMBERS

As no final dividend will be proposed for the year, it was not necessary to close the register of members of the Company for the purpose of determining entitlements for such final dividend.

CHAIRMAN’S STATEMENT

Financial Results

The board of directors (the “**Directors**”) of Shanghai Zendai Property Limited (the “**Company**” or “**Shanghai Zendai**”) hereby announces the annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2018 (the “**year**” or “**year under review**”).

During the year under review, the Group recorded a turnover of approximately HK$7,172,037,000, representing an increase of 1.37 times as compared with approximately HK$3,027,741,000 for the year in 2017. The significant increase in turnover was mainly due to the acquisition of the remaining equity interests of 南京証大大拇指商業發展有限公司 (Nanjing Thumb Commercial Development Co., Ltd*, “**Nanjing Zendai**”) by the Group in December 2017, in which the turnover of Nanjing Zendai of approximately HK$2,564,946,000 was consolidated during the year (last year: approximately HK$23,092,000) and the initial delivery of the second phase of Riverside Thumb Plaza in Nanjing. The turnover of the Group for the year was mainly attributed to:

- revenue recognition of service apartments, commercial units and office buildings of Nanjing Himalayas Center
- revenue recognition of the apartments and commercial units of the first and the second phase of Riverside Thumb Plaza in Nanjing
- revenue recognition of residential properties in Nantong, Xizhen and Haimen
- hotel operation, rental and property management income

Loss attributable to shareholders of the Company (the “**Shareholders**”) was approximately HK$905,485,000 as compared to the profit of HK$34,400,000 recorded for the year ended 31 December 2017. Basic loss per share of the Company (the “**Share**”) was HK$6.09 cents (basic profit per share for the year in 2017: HK$0.23 cent).

In December 2017, the Group acquired the remaining ownership interest of Nanjing Zendai which constituted a business combination. The carrying value of the Group’s previously held equity interests in Nanjing Zendai which was accounted for using the equity method was re-measured to fair value at the acquisition date and a fair value gain on remeasurement of HK$1,193 million was recognized as other income and gains. The absence of the one-off gain in 2018 led to a reversal from profit in 2017 to loss in 2018.

BUSINESS REVIEW

During the year under review, Shanghai Zendai developed and continuously improved a domestic business presence with Shanghai and Nanjing as the centre and radiating outwards into major regions and cities nationwide relying on its complete construction, operation and management capabilities and independent teams responsible for planning and development, investment promotion programming, operation and property management.

During the year, with respect to the Group's performance in the first and second tier cities, the "Nanjing Himalayas Center" project and the "Riverside Thumb Plaza" project in Nanjing remained the major sales, and thus the important drivers for the Group's future turnover growth, of which the "Nanjing Himalayas Center" project of Nanjing Zendai was honored as the Benchmarking Project for the Commercial Property Sector of China in 2018 and ranked among the TOP10 Commercial Property Developers of China for 2018 in terms of brand value. During the year, construction of Phase I and Phase II of the "Feng Yun Mansion" of Riverside Thumb Plaza in Nanjing were completed and ready for delivery. Besides, Qingdao Zendai Himalayas Hotel was honored as an excellent service provider for its performance during the 2018 Shanghai Cooperation Organization Summit held in Qingdao. In Shanghai, the Group, leveraging its solid strength established over years of operation, kept on exploring new development opportunities.

For the business in the third and fourth tier cities, the Group has successively disposed of relevant business in recent years, and has completed the disposal of projects located in Haikou City and Erdos City successfully during the year. While actively seeking for any opportunity that can enable it to strip off its projects from these cities, and operating under such an asset-light business strategy, the Group is capable of concentrating resources and efforts in extensively exploring development potential in Nanjing, Shanghai and other major cities.

COMMERCIAL PROPERTY PROJECTS IN CHINA

Shanghai

Shanghai Zendai Thumb Plaza

Shanghai Zendai Thumb Plaza (the "**Plaza**") is an integrated commercial complex in a prime location adjacent to Shanghai's Century Park and the Lujiazui financial district. As at 31 December 2018, the Group still owns 40,333 square metres of commercial space and 430 underground carparking spaces in the Plaza. As at 31 December 2018, more than 98% of the commercial space in the Plaza has been leased. Rental received during the year was approximately RMB70,144,000 (equivalent to approximately HK$83,119,000).

Grand Mercure Shanghai Century Park

The Group's five-star Grand Mercure Shanghai Century Park is located in the Plaza. The 18-storey hotel, which is managed under the "Grand Mercure" brand by HUAZHU Hotel Group, boasts a gross floor area of 31,530 square metres and 361 guest rooms, a four storey ancillary building and one level of basement. During the year under review, the average occupancy rate of the hotel was 74%, and total income amounted to approximately RMB76,981,000 (equivalent to approximately HK$91,221,000).

Shanghai Himalayas Center

The Group's 45%-owned Shanghai Himalayas Center is located in the heart of Pudong, Shanghai. Designed by Arata Isozaki, an internationally acclaimed architect, it is a landmark within the Pudong New District. The Shanghai Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, shopping mall and other auxiliary facilities (comprising the DaGuan Theatre and the Himalayas Art Museum). The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 162,207 square metres (including underground carparking space of 26,287 square metres).

The Jumeirah Himalayas Hotel Shanghai, a luxury five-star hotel managed by the Jumeirah Hotel Group from Dubai, is the Jumeirah Hotel Group's first hotel in Asia Pacific. The hotel boasts a gross floor area of 60,452 square metres, providing 393 guest rooms. Enjoying a favourable location, the hotel is adjacent to the Shanghai New International Expo Center which connects with Metro Line 7 and is within walking distance to the maglev station. The average occupancy rate of the hotel during the year under review was 75%, with a total income of approximately RMB225,514,000 (equivalent to approximately HK$267,228,000). The high quality environment and service of the Jumeirah Himalayas Hotel Shanghai won acclaims across the industry. Over the years, the hotel was successively awarded the "Best Conference Hotel" by Chance Lifestyle (Chance品味), the Best Space Design TOP 10 for Shang-High Cuisine Restaurant by Hurun Report, the Best Guest Experience by Shen Bao (申報), the Best Wedding Hotel by Fashion Hotel and the Best Business Hotel of the Year by CityTraveller. Shang-High Cuisine Restaurant was awarded as one-star restaurant by The Michelin Guide for three consecutive years and the hotel was granted as the Most Popular Resort Hotel by Ctrip. During the year under review, an average of approximately 87% of the commercial space of the shopping centre in Shanghai Himalayas Center with a leasable area of 23,362 square metres was leased, with a rental income of approximately RMB77,599,000 (equivalent to approximately HK$91,953,000).

Nanjing

Nanjing Himalayas Center

The Group is developing the G15 land parcel in a prime location around Nanjing South Train Station into Nanjing Himalayas Center with a site area of approximately 93,526 square metres and an expected total gross floor area of approximately 619,462 square metres. The project is being developed in three phases.

The first phase of the project has a gross floor area of approximately 182,658 square metres, including 20,394 square metres of service apartments, 3,437 square metres of commercial space, 71,084 square metres of office building, 19,558 square metres of hotel and 68,185 square metres of underground car-parking space. The first phase, with a total saleable area of 93,884 square metres, including 20,164 square metres of service apartments, 3,437 square metres of commercial space and 70,283 square metres of office building, commenced pre-sale in April 2015. During the year under review, total contracted areas of service apartments and office building of 964 square metres and 3,368 square metres were sold, respectively, generating a total contract value of RMB13,791,000 (equivalent to approximately HK$16,342,000) and RMB52,203,000 (equivalent to approximately HK$61,859,000), respectively. During the year, the delivered areas of service apartments, commercial space and office building were 1,737 square metres, 40 square metres and 4,526 square metres respectively, with a total contract value of RMB25,599,000 (equivalent to approximately HK$30,334,000), RMB1,482,000 (equivalent to approximately HK$1,756,000) and RMB75,963,000 (equivalent to approximately HK$90,014,000). A total amount of RMB95,661,000 (equivalent to approximately HK$113,356,000) was recognised as turnover during the year. As at 31 December 2018, cumulative areas of 20,164 square metres, 3,269 square metres and 68,068 square metres of service apartments, commercial space and office building had been sold respectively, generating a total contract value of RMB340,553,000 (equivalent to approximately HK$403,547,000), RMB127,271,000 (equivalent to approximately HK$150,813,000) and RMB1,210,589,000 (equivalent to approximately HK$1,434,517,000) respectively. The Group had signed a contract for the hotel portion with a contract value of RMB359,640,000 (equivalent to approximately HK$426,164,000) and the transaction is scheduled to be completed within 2019.

The second phase of the project, covering a gross floor area of approximately 208,488 square metres, is planned to be developed into service apartments, a commercial complex, commercial streets and office buildings, including 53,967 square metres of service apartments, 17,968 square metres of commercial space, 53,136 square metres of office building and 83,417 square metres of underground car-parking space. The second phase of the project commenced pre-sale in July 2016, with a total saleable area of 119,844 square metres, including 52,710 square metres of service apartments, 16,873 square metres of commercial space and 50,261 square metres of office building. During the year under review, total contracted areas of service apartments, commercial space and office building of 23,605 square metres, 1,615 square metres and 18,915 square metres were sold respectively, generating a total contract value of RMB459,433,000 (equivalent to approximately HK$544,416,000), RMB60,455,000 (equivalent to approximately HK$71,638,000) and RMB323,061,000 (equivalent to approximately HK$382,819,000) respectively. As at 31 December 2018, the cumulative areas of 52,037 square metres, 16,577 square metres and 49,576 square metres of service apartments, commercial space and office building had been sold respectively, generating a total contract value of RMB994,797,000 (equivalent to approximately HK$1,178,809,000), RMB619,125,000 (equivalent to approximately HK$733,647,000) and RMB875,344,000 (equivalent to approximately HK$1,037,260,000) respectively. The second phase of the project commenced delivery in the first half year of 2018. During the year, the delivered areas of service apartments, commercial space and office building were 50,357 square metres, 14,835 square metres and 47,609 square metres respectively, with a total contract value of RMB964,493,000 (equivalent to approximately HK$1,142,900,000), RMB562,392,000 (equivalent to approximately HK$666,420,000) and RMB844,513,000 (equivalent to approximately HK$1,000,726,000). During the year, a total amount of RMB2,048,456,000 (equivalent to approximately HK$2,427,368,000) was recognised as turnover.

The third phase of the project, covering a gross floor area of approximately 228,316 square metres, is intended to be developed into service apartments, a commercial complex and office buildings, including 15,843 square metres of service apartments, 82,886 square metres of commercial space, 57,962 square metres of office building and 71,625 square metres of underground car-parking space. The third phase of the project commenced pre-sale in the first half of 2018. The total saleable area of 69,441 square metres, including 14,922 square metres of service apartments and 54,519 square metres of office building. During the year under review, total contracted areas of service apartments and office building of 11,903 square metres and 10,707 square metres were sold, respectively, generating a total contract value of RMB298,873,000 (equivalent to approximately HK$354,157,000) and RMB208,795,000 (equivalent to approximately HK$247,417,000), respectively.

The First Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns a parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 13,220 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 84,770 square metres, including 78,548 square metres of apartments and 6,222 square metres of commercial space. Construction of the project commenced in June 2014 and pre-sale started in December 2015, with a total saleable area of 81,160 square metres, comprising 77,374 square metres of apartments and 3,786 square metres of commercial space. During the year under review, the total contracted areas of commercial space of 412 square metres were sold, generating a total contract value of RMB19,705,000 (equivalent to approximately HK$23,350,000). As at 31 December 2018, cumulative areas of 77,374 square metres and 2,978 square metres of apartments and commercial space had been sold respectively, generating a total contract value of RMB1,926,989,000 (equivalent to approximately HK$2,283,433,000) and RMB134,110,000 (equivalent to approximately HK$158,917,000) respectively. During the year, the delivered areas of apartments and commercial space were 20,020 square metres and 2,154 square metres respectively, with a total contract value of RMB501,616,000 (equivalent to approximately HK$594,402,000) and RMB96,711,000 (equivalent to approximately HK$114,600,000). During the year, a total amount of RMB508,133,000 (equivalent to approximately HK$602,125,000) was recognised as turnover.

The Second Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 26,318 square metres is planned to be developed into an integrated complex comprising apartments, commercial space and office building with a gross floor area of approximately 163,184 square metres, including 134,627 square metres of apartments, 7,042 square metres of commercial space and 21,515 square metres of office building. Construction of the project commenced in March 2015 and the pre-sale started in September 2016, with total saleable areas of 160,307 square metres, including 132,965 square metres of apartments, 6,745 square metres of commercial space and 20,597 square metres of office building. During the year under review, the total contracted areas of apartments, commercial space and office building of 43,820 square metres, 1,195 square metres and 9,572 square metres were sold respectively, generating a total contract value of RMB1,515,990,000 (equivalent to approximately HK$1,796,410,000), RMB63,321,000 (equivalent to approximately HK$75,034,000) and RMB178,392,000 (equivalent to approximately HK$211,390,000). As at 31 December 2018, cumulative areas of 132,852 square metres, 3,068 square metres and 9,572 square metres of apartments, commercial space and office building had been sold respectively, generating a total contract value of RMB4,211,149,000 (equivalent to approximately HK$4,990,104,000), RMB179,489,000 (equivalent to approximately HK$212,690,000) and RMB178,392,000 (equivalent to approximately HK$211,390,000) respectively. During the year, the delivered areas of apartments and commercial space were 68,696 square metres and 1,909 square metres respectively, with a total contract value of RMB1,978,699,000 (equivalent to approximately HK$2,344,708,000) and RMB119,678,000 (equivalent to approximately HK$141,815,000). During the year, a total amount of RMB2,035,575,000 (equivalent to approximately HK$2,412,105,000) was recognised as turnover.

The Third Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the east of Jiangbian Road and the north of Jianning Road, Gulou District, Nanjing, Jiangsu Province with a site area of approximately 15,566 square metres. The land with a gross floor area of approximately 126,995 square metres is planned to be developed into an integrated complex comprising office building, commercial space and apartments, including 77,390 square metres of office building, 6,419 square metres of commercial space and 43,186 square metres of apartments. Construction of the project commenced in June 2018 and the pre-sale was planned to start in the third quarter of 2019.

Other Cities

Qingdao Zendai Thumb Plaza

Qingdao Zendai Thumb Plaza is located in the central area of business district on Haier Road in Qingdao City, Shandong Province, the PRC. The project has a site area of approximately 38,092 square metres with a total gross floor area occupying approximately 213,059 square metres. It includes retail shops (68,129 square metres), a hotel (29,593 square metres), service apartments (70,066 square metres) and car-parking space (45,271 square metres).

During the year under review, a total contracted area of service apartments of 5,702 square metres was sold, generating a total contract value of RMB83,456,000 (equivalent to approximately HK$98,893,000). As at 31 December 2018, a cumulative area of 62,303 square metres had been sold, generating a contract value of RMB926,948,000 (equivalent to approximately HK$1,098,410,000). During the year, an area of 6,633 square metres was delivered with a total contract value of RMB95,692,000 (equivalent to approximately HK$113,393,000). During the year, a total amount of RMB91,346,000 (equivalent to approximately HK$108,243,000) was recognised as turnover.

As at 31 December 2018, around 88% of the commercial space (with a leasable area of 50,233 square metres) was leased, with a rental income of RMB26,966,000 (equivalent to approximately HK$31,954,000) during the year.

Himalayas Qingdao Hotel, located in the Qingdao Zendai Thumb Plaza, is managed by the Group's own hotel management company under the Group's "Himalayas" brand. The average occupancy rate of the hotel during the year was 74%, with a total income of RMB57,046,000 (equivalent to approximately HK$67,598,000).

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza has a total site area of 281,912 square metres. Due to its prime location, the project has been included in the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 279,076 square metres (including car-parking space and ancillary facilities of 77,143 square metres). Construction of the project is divided into three phases.

The first phase named Phase 1 of Old Town, with a commercial area of approximately 38,737 square metres, of which 86% has been leased as at 31 December 2018, with a rental income of RMB4,595,000 (equivalent to approximately HK$5,445,000) during the year.

The second phase is an ancillary residential project with commercial space with a total gross floor area of approximately 74,528 square metres. An area of 212 square metres of commercial space were sold during the year, generating a total sales contract value of RMB3,745,000 (equivalent to approximately HK$4,438,000). As at 31 December 2018, a total cumulative contracted area of 71,344 square metres (including 40,824 square metres of multi-storey apartments, 27,909 square metres of townhouses, 2,237 square metres of detached villas and 374 square metres of commercial space) was sold, generating a total contract value of RMB844,522,000 (equivalent to approximately HK$1,000,737,000). During the year under review, an area of 4,816 squares metres (including 2,248 square metres of multi-storey apartments, 2,039 square metres of townhouses, 436 square metres of detached villas and 93 square metres of commercial space) was delivered with a total contract value of RMB65,533,000 (equivalent to approximately HK$77,655,000). During the year, a total amount of RMB35,689,000 (equivalent to approximately HK$42,291,000) was recognised as turnover.

The third phase occupies a total area of approximately 147,688 square metres (with an underground area of 53,150 square metres), comprising Phase 2 of Old Town, with commercial area of 60,979 square metres (with an underground area of 21,000 square metres) and Old Town, New Port, with a commercial area of approximately 14,967 square metres and a residential area of approximately 71,742 square metres (with an underground area of 32,150 square metres). The Old Town, New Port commenced construction in May 2014 and started pre-sale in September 2016, with a total saleable area of 41,000 square metres. An area of 899 square metres of residential properties and 3,727 square metres of commercial space were sold during the year under review, generating a total contract value of RMB21,552,000 (equivalent to approximately HK$25,539,000) and RMB49,156,000 (equivalent to approximately HK$58,249,000) respectively. As at 31 December 2018, a cumulative area of 33,306 square metres of residential properties and 3,727 square metres of commercial space were sold respectively, generating a total contract value of RMB566,557,000 (equivalent to approximately HK$671,356,000) and RMB49,156,000 (equivalent to approximately HK$58,249,000) respectively. During the year under review, an area of 27,194 squares metres of residential properties were delivered with a total contract value of RMB442,583,000 (equivalent to approximately HK$524,450,000) respectively. During the year, a total amount of RMB423,238,000 (equivalent to approximately HK$501,526,000) was recognised as turnover. The construction of Phase 2 of Old Town has not commenced yet.

Yangzhou Commercial Project

The Group has an integrated project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, including 12 blocks and 243 units with a gross floor area of approximately 20,089 square metres. As at 31 December 2018, the remaining area of 15,974 square metres was used for rental purposes.

Project in Chengmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chengmai County, Hainan Province with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities.

RESIDENTIAL PROJECTS IN CHINA

Shanghai

Zendai Xizhen Thumb Plaza

The Group owns a parcel of land with an area of approximately 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end residential properties, retail shops, resort villas and resort hotel in two phases, with a total gross floor area of approximately 169,004 square metres.

Phase I of the project has a gross floor area of approximately 98,479 square metres, which consists of residential properties (40,945 square metres) and commercial space (57,534 square metres). The Group intends to bring in tenants for the commercial areas, including large international cinemas, mid-range to high-end restaurants and supermarkets. An area of 852 square metres of residential properties and 10,713 square metres of commercial space were sold respectively during the year, generating a total contract value of RMB21,104,000 (equivalent to approximately HK$25,008,000) and RMB159,022,000 (equivalent to approximately HK$188,437,000), respectively. As at 31 December 2018, the total cumulative residential and commercial areas of 23,084 square metres and 23,035 square metres had been sold respectively, generating a total contract value of RMB441,669,000 (equivalent to approximately HK$523,367,000) and RMB472,593,000 (equivalent to approximately HK$560,011,000) respectively. Residential properties with areas of 3,657 square metres and commercial space with areas of 11,505 square metres were delivered respectively during the year with a total contract value of RMB87,626,000 (equivalent to approximately HK$103,835,000) and RMB169,913,000 (equivalent to approximately HK$201,343,000). During the year, a total amount of RMB237,173,000 (equivalent to approximately HK$281,044,000) was recognised as turnover.

Construction of Phase II with a gross floor area of approximately 70,525 square metres commenced in the fourth quarter of 2013, with resort villas (occupying 46,155 square metres) and a resort hotel (occupying 24,370 square metres) to be erected respectively. A sales contract with the consideration of RMB106,702,000 (equivalent to approximately HK$126,439,000) in relation to the resort hotel was entered into in April 2018, the transaction of which was completed in September 2018. Resort villas started pre-sale in November 2014 and was completed in April 2016. As at 31 December 2018, a cumulative area of resort villas of 28,253 square metres had been sold, generating a total contract value of RMB443,478,000 (equivalent to approximately HK$525,510,000).

Other Cities

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,389,021 square metres. The first parcel of land is to be developed in two parts.

"Dong Zhou Mansion", the first part of the first parcel, is being developed in two phases with Phase I offering 52 detached villas which were all sold out. Phase II of the "Dong Zhou Mansion" is to be developed into 94 detached villas with a total gross floor area of approximately 82,202 square metres, the construction of which already commenced in February 2014. However, the construction of the project has been suspended due to changes in market conditions.

"Multiflora Garden", the second part of the first parcel of land, is being developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer a total of 212 units with a saleable area of approximately 57,232 square metres which were all sold out. As at 31 December 2018, an area of 3,334 square metres remained undelivered. Phase III has a saleable area of approximately 91,817 square metres. As at 31 December 2018, a total cumulative area of 78,250 square metres had been sold, generating a total contract value of RMB464,499,000 (equivalent to approximately HK$550,419,000). During the year, an area of 5,437 square metres was delivered with a total contract value of RMB29,747,000 (equivalent to approximately HK$35,249,000). During the year, a total amount of RMB25,113,000 (equivalent to approximately HK$29,758,000) was recognised as turnover.

The second parcel of land is being developed into residential properties and ancillary commercial space in phases.

The Phase I, Qinghua Garden Ecological Houses, occupies a site area of approximately 42,070 square metres with a saleable area of approximately 56,169 square metres. As at 31 December 2018, a cumulative area of 51,268 square metres was sold, generating a total cumulative contract value of RMB230,446,000 (equivalent to approximately HK$273,073,000). During the year, an area of 915 square metres involving total contract value of RMB3,768,000 (equivalent to approximately HK$4,465,000) was delivered. During the year, a total amount of RMB3,730,000 (equivalent to approximately HK$4,420,000) was recognised as turnover.

The Phase II, Shui Qing Mu Hua Garden, with a site area of 157,717 square metres, is being developed into small high-rise residential properties with ancillary commercial space in two phases with a saleable area of approximately 194,088 square metres. The first phase offers a saleable area of 81,394 square metres. As at 31 December 2018, a cumulative area of 79,785 square metres was sold, generating a total contract value of RMB359,515,000 (equivalent to approximately HK$426,016,000). During the year, an area of 1,161 square metres involving a contract value of RMB5,134,000 (equivalent to approximately HK$6,084,000) was delivered. During the year, a total amount of RMB4,962,000 (equivalent to approximately HK$5,880,000) was recognised as turnover.

The Phase III, named as Spanish Exotic Street, with a site area of 760 square metres, has been developed into a commercial plaza with a saleable area of 1,164 square metres.

The Phase IV, named as “Thumb Plaza” with a site area of 18,919 square metres, has been developed into a commercial plaza with a total gross floor area of 45,514 square metres, the construction of which commenced in April 2012 and was completed in the second half of 2015.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres. The two land parcels are intended to be developed into villas in phases with a planned saleable area of 122,890 square metres. The project was suspended due to changes in market conditions. Taking into account the market value, overall prospects and capital requirements of the project, the Group entered into an agreement with a purchaser in September 2017 to dispose of the entire project at a consideration of approximately RMB215,000,000 (equivalent to approximately HK$245,154,000), the transaction of which was completed in October 2018. The details of the transaction was disclosed in the announcement of the Company dated 11 September 2017.

A Parcel of Land in Yantai Development Zone

The Group and 煙台開發區宏遠物業有限公司 (Yantai Hong Yuan Property Company Limited*) entered into a cooperation agreement to develop "Yantai Thumb Project" located at E-9 District, Yantai Development Zone, Yantai, Shandong Province, pursuant to which Shanghai Zendai holds 70% equity interests in the "Yantai Thumb Project". The project occupies an area of 26,476 square metres and is still under planning stage.

CHANGE OF INTEREST

As disclosed in the announcement of the Company dated 16 May 2018, Topper Shiny Limited completed its sale of 4,462,317,519 Shares (representing approximately 29.99% of the issued share capital of the Company) to Nantong Sanjian Holding (HK) Co., Limited. As at 31 December 2018, Nantong Sanjian Holding (HK) Co., Limited held 4,462,317,519 Shares (representing approximately 29.99% of the issued share capital of the Company), while Topper Shiny Limited did not hold any Shares.

PROSPECTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

In the second half of 2018, with the implementation of regulatory policies on real estate across China, the rapid development of the real estate industry stopped. The third and fourth-tier cities saw a decline in housing prices, and the property turnover rates in the first-tier cities dropped. However, the performance of housing prices remained stable.

Looking forward, Shanghai Zendai will continue to adhere to the development strategy of "extensively developing in areas of the first and second tier cities, while gradually stripping off its business from the third and fourth tier cities", persistently focus on Shanghai, Nanjing and other first and second tier cities as key development areas, deploy and plan for quality and industry benchmarking commercial and residential property projects, concentrate on studies on market trends and demands, and optimize and strategically deploy assets of the Group, in an effort to establish the image of a premium brand. The "Nanjing Himalayas Center" project and the "Riverside Thumb Plaza" project in Nanjing will remain to constitute the major sales of the Group, and thus the important drivers for the Group's future turnover growth. In Shanghai, the Group will continue to make use of the competitive advantages accumulated after years of operation and explore new development opportunities.

As a comprehensive urban developer with commercial and residential real estate as its core business, the Group will continue to improve its strategic layout of domestic business, which is to establish presence in all major regions and cities of the country with base in Shanghai and Nanjing. As a brand-oriented integrated real estate developer, Zendai Property adheres to its corporate tenet of "pursuing professional quality, integrating architecture and art", creating value in a more open and innovative mind, to reward the society and shareholders. With the rapid development of the Company, we have always adhered to the differentiated brand strategy of "Architecture • Art • Life", while continuously seeking for new cooperation opportunities. Through actively capturing the latest market trend, Shanghai Zendai will leverage its advantages in the first and second tier cities to keep exploring new development areas and to provide consumers with a high quality living space.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operation

During the year under review, the Group recorded a loss as compared to a profit in 2017, primarily attributable to the absence of the one-off fair value re-measurement gain of HK$1,193 million from a business combination of the equity interests in Nanjing Zendai in the previous year. During the year, the Group completed the disposal of projects located in Haikou City and Erdos City. On the other hand, as at the end of last year, the Group completed the repurchase of remaining equity interests in Nanjing Zendai which changed from a joint venture to a subsidiary of the Company. The Nanjing Himalayas Center (project in Nanjing Zendai) and the first and second phases of Riverside Thumb Plaza were expected to be the Group's main driver and contributor to the growth of turnover in the forthcoming years.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 31 December 2018, the Group had a healthy financial position with net assets value of approximately HK$2,788 million (31 December 2017: approximately HK$3,927 million). Net current assets amounted to approximately HK$2,576 million (31 December 2017: approximately HK$5,979 million) with current ratio decreased from 1.44 times at 31 December 2017 to approximately 1.23 times at 31 December 2018. The capital structure of the Group consists of borrowings (including current and non-current borrowings as shown in the consolidated balance sheet), net of cash and cash equivalents, and equity attributable to owners of the Company. The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2018, the Group had consolidated borrowings and loans of approximately HK$6,969 million, in which HK$3,140 million was repayable within one year and HK$3,829 million was repayable more than one year. As at 31 December 2018, borrowings of the amount of HK$5,904 million (31 December 2017: HK$6,604 million) bear interest at fixed interest rates ranging from 5% to 18.15% per annum (31 December 2017: 3.30% to 12.10% per annum). As at 31 December 2018, the Group's bank balances and cash including restricted cash were approximately HK$1,978 million (31 December 2017: HK$2,278 million). The gearing ratio of the Group increased from 2.45 times at 31 December 2017 to 2.68 times at 31 December 2018 (basis: net debts, which is defined as total amounts of borrowings and loans and amounts due to minority owners of subsidiaries less total amounts due from an associate, divided by shareholders' funds).

Segment Information

Sales of properties

The turnover of this segment for the year was approximately HK$6,684,554,000 (2017: HK$2,512,153,000). The increase was due to the increase of turnover to be recognized as a result of the consolidation of Nanjing Zendai at the end of last year.

Property rental, management and agency services

The turnover of this segment for the year was approximately HK$327,637,000 (2017: HK$349,324,000). The decrease was due to decrease of investment properties available for leasing and properties managed by the Group after the disposal of subsidiaries in the second half of last year.

Hotel Operations

The turnover of this segment for the year was HK$159,846,000 (2017: HK$166,264,000) which remained stable overall.

Foreign Currency and Interest Rates Exposures and Hedging

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to risks arised from exchange rate fluctuations. The Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Group as at 31 December 2018 were mainly denominated in RMB, USD and HK$. Bank borrowings of the Group as at 31 December 2018 were mainly denominated in USD and RMB. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and pledged bank deposits. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Employees

As at 31 December 2018, the Group employed approximately 1,202 employees in Hong Kong and the PRC (2017: 1,352 employees in Hong Kong and the PRC). They were remunerated with basic salary and bonuses according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance as well as share option scheme.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed below and elsewhere in this announcement, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the year under review:

(a) On 12 August and 24 August 2015, the Group entered into an equity transfer agreement and a supplementary agreement respectively (collectively, the "**Agreements**") to acquire the equity interest of 6 companies which hold land parcels (the "**Land Parcels**") in Gulou District, Nanjing (the "**Acquisitions**"). The aggregate site area of the Land Parcels was approximately 110,489 square metres and the total consideration for the Acquisitions was RMB4,513,609,000 (equivalent to approximately HK$5,389,384,000). Details of the Acquisitions were disclosed in the Company's announcement dated 25 August 2015.

As a result of the regulatory land plan adjustment to the district where the Land Parcels are located since late 2015, the Land Parcels are also subject to land plan adjustment. As at the date of this announcement, 4 out of 13 land title certificates of the Land Parcels have been obtained and delivered to the Company and it is expected that the remaining land title certificates of the Land Parcels will be obtained and delivered to the Company by no later than 31 December 2020. The parties to the Agreements have been making efforts to proceed the completion of the Acquisitions as soon as possible.

(b) As at 12 February 2018, the Group entered into an agreement with a purchaser to dispose of an indirect wholly owned subsidiary of the Company, which owns certain office and commercial areas and carpark spaces in 海墾國際金融中心 (Haiken International Finance Centre*) located in Haikou, Hainan Province, at a total consideration of RMB126,800,000 (equivalent to approximately HK$142,712,000). The details of disposal were set out in the announcement of the Company dated 12 February 2018. The transaction has been completed in November 2018.

PLEDGE OF ASSETS

As at the end of reporting period, the carrying amounts of following assets of the Group were pledged to secure certain borrowings and loans:

	2018	2017
	HK$'000	*HK$'000*
Property, plant and equipment	**541,688**	596,007
Land use rights	**454,452**	517,999
Investment properties	**2,680,346**	1,848,204
Properties under development and completed properties held-for-sale	**4,483,740**	2,843,639
Pledged bank deposits	**568,335**	857,494
	8,728,561	6,663,343

CONTINGENT LIABILITIES

As at 31 December 2018, the Group provided guarantees to the extent of approximately HK$988,658,000 (2017: HK$763,552,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group, net of mortgages received and included in receipts in advance from customers. These guarantees provided by the Group to the banks would be released upon receiving the property title certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the Directors, the fair value of guarantee contracts is insignificant at initial recognition.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the CG Code during the year except the deviations as stipulated below.

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings of the Company. Due to personal commitments, the following directors did not attend the meetings:

Ms. Wang Zheng, Mr. Gong Ping, Ms. Jiang Zhengyan, Dr. Xu Changsheng and Dr. Di Ruipeng did not attend the annual general meeting of the Company held on 28 June 2018.

The Company's annual results for the year ended 31 December 2018 has been reviewed by the audit committee of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2018.

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

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and related notes thereto for the year ended 31 December 2018 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.zendaiproperty.com). The 2018 Annual Report of the Company containing the information required by the Listing Rules will be dispatched to the shareholders and made available on the same websites in due course.

By order of the Board
Shanghai Zendai Property Limited
Mr. Qiu Haibin
Chairman

Hong Kong, 28 March 2019

As at the date of this announcement, the executive Directors are Mr. Qiu Haibin, Mr. Qin Renzhong, Mr. Zhang Huagang and Mr. Tang Jian. The non-executive Directors are Ms. Wang Zheng, Mr. Gong Ping and Ms. Jiang Zhengyan. The independent non-executive Directors are Mr. Chow Alexander Yue Nong, Dr. Xu Changsheng, Mr. Ng Man Kung, Mr. How Sze Ming and Dr. Di Ruipeng.

* *For identification purpose only*