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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state of the United States or other jurisdiction. The securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act and may not be offered or sold within the United States absent registration or an exemption from registration under the Securities Act. No public offering of the securities will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and will contain detailed information about the Company and management, as well as financial statements. The Company does not intend to register any part of the offering in the United States.

HYDOO INTERNATIONAL HOLDING LIMITED
毅德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1396)

(1) EXCHANGE OFFER FOR THE COMPANY'S OUTSTANDING US$157,000,000 12% SENIOR NOTES DUE 2020 (ISIN: XS1809865378)
(2) PROPOSED ISSUANCE OF NEW US$ SENIOR UNSECURED NOTES
(3) KEY OPERATING FIGURES FOR THE EIGHT MONTHS ENDED AUGUST 31, 2019
AND
(4) UNAUDITED INTERIM FINANCIAL RESULTS FOR THE EIGHT MONTHS ENDED AUGUST 31, 2019

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the Securities Futures Ordinance (Cap. 571 of the laws of Hong Kong).

On December 2, 2019, the Company commenced the Exchange Offer with respect to the Existing Notes held by non-U.S. persons outside the United States. The Exchange Offer is being made upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum.

The Company has mandated AMTD as the sole financial advisor and sole structuring advisor. AMTD and Admiralty Harbour are the Dealer Managers in relation to the Exchange Offer. The Company has also mandated D.F. King as Information and Exchange Agent. For detailed descriptions of the terms and conditions of the Exchange Offer, the Eligible Holders should refer to the Exchange Offer Memorandum.

The Company is conducting a concurrent offering to issue and sell additional New Notes. The completion of the Concurrent New Money Issuance is subject to market conditions. If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance for repayment of debts, financing acquisition or development of assets or property in the ordinary course of business, and general corporate purposes.

Application will be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Exchange Offer, the Company or the New Notes. No listing of the New Notes has been sought in Hong Kong.

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarised in the announcement. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED UNDER REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER THE EXISTING NOTES IN THE EXCHANGE OFFER.

(1) THE EXCHANGE OFFER

Introduction

The Company is offering to exchange any and all of its outstanding Existing Notes held by Eligible Holders in accordance with the terms and conditions as set out in the Exchange Offer Memorandum and as summarised under the "Summary of Terms of the Exchange Offer" section below.

The Exchange Offer is subject to certain conditions as described in the Exchange Offer Memorandum, including an affirmative determination by the Company that effecting the Exchange Offer is in its best interests.

Notwithstanding anything to the contrary contained herein, but subject to applicable law, the Company may extend, withdraw or terminate the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date and amend, modify or waive any of the terms and conditions of the Exchange Offer.

Concurrently with the Exchange Offer, the Company is conducting a concurrent offering to issue and sell additional New Notes. If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance for repayment of debts, financing acquisition or development of assets or property in the ordinary course of business, and general corporate purposes. AMTD and BNP PARIBAS are acting as the joint global coordinators, joint bookrunners and joint lead managers in connection with the Concurrent New Money Issuance.

The Exchange Offer is not being made within, and the Exchange Offer Memorandum is not for distribution in the United States or to or for the account or benefit of any U.S. person (as defined under Regulation S). The Exchange Offer Memorandum is not an offer of securities for sale in the United States or to or for the account or benefit of any U.S. person (as defined under Regulation S) or any other jurisdiction where it is unlawful to offer such securities, including the New Notes and any guarantees with respect thereto, for sale. Securities may not be offered, sold or delivered in the United States absent registration or an exemption from registration. The New Notes and the related guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to or for the account or benefit of any U.S. person.

Summary of Terms of The Exchange Offer

Upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum, the Company is offering to exchange any and all of its outstanding Existing Notes for the Exchange Consideration (as defined below).

Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Notes (other than the right to receive the relevant components of the applicable Exchange Consideration) and will release and discharge the Company from any and all claims such Eligible Holder may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon.

Exchange Consideration

For each US$1,000 principal amount of outstanding Existing Notes that is validly tendered prior to the Exchange Expiration Deadline and accepted for exchange, an Eligible Holder of the Existing Notes will receive the consideration below (the "Exchange Consideration"):

(A) the applicable New Notes Consideration;

(B) Accrued Interest (rounded to the nearest US$0.01, with US$0.005 rounded upwards); and

(C) subject in each case to the requirement that any New Notes issued to any Eligible Holder be in a minimum principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof, in the event that such Eligible Holder is entitled to receive any New Notes in a principal amount that is not an integral multiple of US$1,000, cash (rounded to the nearest US$0.01, with US$0.005 rounded upwards) in lieu of any fractional amount of the New Notes equal to the principal amount of the New Notes not issued (after rounding downward the amount of the New Notes to the nearest multiple of US$1,000).

New Notes Consideration

For each US$1,000 principal amount of the outstanding Existing Notes that is validly tendered prior to the Exchange Expiration Deadline and accepted for exchange, an Eligible Holder of the Existing Notes will receive US$1,000 in aggregate principal amount of the New Notes.

Summary Timetable

The following summarises the anticipated timetable for the Exchange Offer. Please note that the expiration of the Exchange Offer and the settlement of the New Notes, as well as the other events listed below, may be earlier or later than indicated below.

This summary is qualified in its entirety at the Company's sole and absolute discretion to any extension, and the right to terminate the Exchange Offer at any time prior to its expiration. All references below are to Hong Kong time, unless otherwise stated.

Date	Event
December 2, 2019	Commencement of the Exchange Offer and announcement via the websites of Stock Exchange and the SGX-ST and the Exchange Website, and through Euroclear or Clearstream, as applicable. Exchange Offer Memorandum will be made available to Eligible Holders of the Existing Notes who are non-U.S. persons outside the United States, via the Exchange Website.
On or about December 4, 2019	Announcement of the minimum yield of the New Notes.
December 11, 2019 (4:00 p.m., London time)	Exchange Expiration Deadline. This being the last date and time on which Eligible Holders of the Existing Notes who validly tender the Existing Notes are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders of the Existing Notes to participate in the Exchange Offer.
December 12, 2019 or as soon as practicable after the Exchange Expiration Deadline	Announcement of (i) the amount of tenders for exchange received prior to the Exchange Expiration Deadline, and the final total aggregate principal amount of the New Notes to be issued to Eligible Holders in exchange for the Existing Notes validly tendered, accepted and exchanged, (ii) determination of final interest rates of the New Notes, and (iii) pricing of the Concurrent New Money Issuance (if any).
On or about December 19, 2019	Settlement of the New Notes, delivery of the Exchange Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange.
On or about December 20, 2019	Listing of the New Notes on the SGX-ST.

Procedures for Tendering Existing Notes

IMPORTANT NOTICE — THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED IN REGULATION S); PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

To participate in the Exchange Offer, an Eligible Holder must validly tender its Existing Notes for exchange pursuant to the Exchange Offer prior to the Exchange Expiration Deadline pursuant to the procedures described in the Exchange Offer Memorandum.

Each of the Existing Notes being tendered for exchange may only be submitted in a minimum principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof. The aggregate principal amount of each of the New Notes to be issued to any Eligible Holder will be in a minimum principal amount of US$200,000 and integral multiples of US$1,000 in excess thereof; provided that, if an Eligible Holder shall elect to partially exchange its Existing Notes into New Notes, the principal amount of each retained Existing Note must be in a minimum principal amount of US$200,000.

Instructions in connection with the Exchange Offer are irrevocable, unless withdrawal thereof is required by the applicable law.

Conditions to the Exchange Offer

The obligation of the Company to consummate the Exchange Offer is conditional upon the following:

- there being no material adverse change in the market from the date of the Exchange Offer Memorandum to the Settlement Date;
- an affirmative determination by the Company that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in its best interests; and
- the satisfaction of other conditions described in the Exchange Offer Memorandum.

Subject to applicable law, the Company may terminate or withdraw the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date. The Company may also extend the Exchange Offer from time to time until the conditions are satisfied or waived.

Use of Proceeds

The Company will not receive any cash proceeds from the Exchange Offer.

Purpose of the Exchange Offer

The Company intends to refinance the Existing Notes and improve its debt structure to enable the Company to extend its debt maturity profile, develop more steadily, strengthen its balance sheet and improve cash flow management.

(2) CONCURRENT NEW MONEY ISSUANCE

Introduction

The Company is conducting a concurrent offering to issue and sell the additional New Notes. The completion of the Concurrent New Money Issuance is subject to market conditions. AMTD and BNP PARIBAS are acting as the joint global coordinators, joint bookrunners and joint lead managers in connection with the Concurrent New Money Issuance.

If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance for repayment of debts, financing acquisition or development of assets or property in the ordinary course of business, and general corporate purposes.

It is expected that the pricing terms of the Concurrent New Money Issuance will be announced as soon as practicable following any such pricing or, if the Company decides not to proceed with the Concurrent New Money Issuance (or any portion thereof), it will announce such decision as soon as practicable following such decision being made. Pricing of the Concurrent New Money Issuance is expected to occur as soon as practicable after the Exchange Expiration Deadline. However, there can be no assurance that the Concurrent New Money Issuance will price at all. If the Concurrent New Money Issuance is not consummated with respect to any or all of the New Notes, the final interest rate of such New Notes will be announced as soon as practicable following the confirmation that the Concurrent New Money Issuance with respect to such New Notes. Other relevant details of the New Notes will also be confirmed together with the final interest rate.

Listing of New Notes

Application will be made to the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the offering, the Exchange Offer, the Company, the or the New Notes. No listing of the New Notes has been sought in Hong Kong.

Further Details

For a detailed statement of the terms and conditions of the Exchange Offer, Eligible Holders should refer to the Exchange Offer Memorandum.

D.F. King has been appointed as the Information and Exchange Agent. To contact D.F. King in London, +44 20 7920 9700 and in Hong Kong, +852 3953 7231 or via email at hydoo@dfkingltd.com.

The Exchange Offer Memorandum will be distributed in electronic format to Eligible Holders via the Exchange Website: https://sites.dfkingltd.com/hydoo. Any requests for additional copies of the Exchange Offer Memorandum should be directed to D.F. King at the above contact points.

Information About the Company

The Company is an investment holding company, and its subsidiaries are principally engaged in the development and operation of large-scale business centers in the PRC.

General

This announcement is not an offer to purchase, a solicitation of an offer to purchase, an offer to sell or a solicitation of an offer to sell, securities in the United States or elsewhere. No securities of the Company or any of its subsidiaries are being, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and no such securities may be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state or local securities laws. No public offering of securities is being or will be made in the United States or any other jurisdiction. This announcement is provided to you because you are a non-U. S. person outside the United States in accordance with Regulation S. Nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions. Forward-looking statements in this announcement, including, among others, those statements relating to the Exchange Offer are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Existing Notes and/or the New Notes, changes in the business and financial condition of the Company and its subsidiaries, changes in the property industry and changes in the capital markets in general.

The Company plans to issue the New Notes in exchange for the Existing Notes validly tendered and accepted for exchange pursuant to the Exchange Offer on or about the Settlement Date.

The distribution of the Exchange Offer Memorandum is restricted by law in certain jurisdictions. Persons who come into possession of the Exchange Offer Memorandum are required to inform themselves of and to observe any of these restrictions. The Exchange Offer Memorandum does not constitute, and may not be used in connection with, an offer to buy Existing Notes or New Notes or a solicitation to sell the Existing Notes by anyone in any jurisdiction in which such an offer or solicitation is not authorised or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or a solicitation. The Company will not accept any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

No assurance can be given that the Exchange Offer will be completed and the Company reserves the right, at its sole and absolute discretion, to extend, withdraw or terminate the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date and amend, modify or waive any of the terms and conditions of the Exchange Offer.

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarised in the announcement. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

(3) KEY OPERATING FIGURES FOR THE EIGHT MONTHS ENDED AUGUST 31, 2019

The Exchange Offer Memorandum will be made available to Eligible Holders of the Existing Notes. As the Exchange Offer Memorandum contains certain operating figures of the Group for the eight months ended August 31, 2019 and the interim financial results of the Group for the eight months ended August 31, 2019, which are material information concerning affairs of the Company, the Company hereby discloses to the public the information necessary for shareholders and investors to make informed investment decisions.

Contracted Sales Performance

During the eight months ended August 31, 2019, the Group recorded contracted sales of approximately RMB2,157.7 million and contracted sales area of 378,505 sq.m., representing increases of 123.3% and 120.7% respectively (eight months ended 31 August 2018: approximately RMB966.5 million and 171,532 sq.m.).

Details of contracted sales recorded the eight months ended August 31, 2019 are shown in the table below:

	For the eight months ended 31 August					
	2019			2018		
	Contracted sales area	**Average contracted sales price (before deduction of value added tax and surcharges)**	**Contracted sales amount (before deduction of value added tax and surcharges)**	Contracted sales area	Average contracted sales price (before deduction of value added tax and surcharges)	Contracted sales amount (before deduction of value added tax and surcharges)
	(contracted sales area in sq.m., average contracted sales price in RMB per sq.m. and contracted sales amount in thousands of RMB)					
Jining Trade Center						
Residence	**56,905**	**5,949**	**338,548**	2,230	4,409	9,832
Wholesale trading market units	**26,215**	**4,150**	**108,788**	15,133	3,990	60,376
Ganzhou Trade Center						
Residence	**92,236**	**7,084**	**653,369**	391	6,875	2,688
Wholesale trading market units	**418**	**10,455**	**4,370**	2,298	9,417	21,640
Yulin Trade Center						
Wholesale trading market units	**59,715**	**5,156**	**307,875**	38,004	4,895	186,047
Shopping mall	**11,043**	**4,093**	**45,201**	–	–	–
Lanzhou Trade Center						
Wholesale trading market units	**35,609**	**4,674**	**166,423**	38,651	5,304	205,010
Wuzhou Trade Center						
Residence	**35,059**	**4,552**	**159,603**	–	–	–
Wholesale trading market units	**11,815**	**3,999**	**47,253**	13,665	4,500	61,499
Heze Trade Center						
Wholesale trading market units	**20,868**	**5,537**	**115,547**	12,710	3,907	49,656
Yantai Trade Center						
Serviced apartments	**6,255**	**9,501**	**59,430**	–	–	–
Wholesale trading market units	**9,570**	**5,923**	**56,680**	7,670	6,323	48,500
Liuzhou Trade Center						
Wholesale trading market units	**8,808**	**7,855**	**69,183**	34,898	8,227	287,123
Mianyang Trade Center						
Wholesale trading market units	**3,989**	**6,365**	**25,388**	4,991	6,166	30,777
Ningxiang Trade Center						
Serviced apartments	**–**	**–**	**–**	891	3,715	3,310
Total	**378,505**	**5,700**	**2,157,658**	171,532	5,634	966,458

Land Bank

As of August 31, 2019, the Group had a total land bank of 7.9 million sq.m. and we were simultaneously developing 12 projects in 7 provinces and autonomous regions in the PRC.

Details of land bank for each project are shown in the table below:

	Completed Properties				Properties under Development	Properties Planned for Future Development	
	Actual GFA of completed properties (sq.m.)	Saleable GFA of completed properties (sq.m.)	Total GFA of properties delivered as of 31/08/2019 (sq.m.)	Undelivered saleable GFA of completed properties as of 31/08/2019 (sq.m.)	Estimated GFA of properties under development (sq.m.)	Estimated GFA of properties planned for future development (sq.m.)	Land bank (sq.m.)
Lanzhou Trade Center	585,165	490,976	316,658	174,318	115,598	1,745,548	2,035,464
Ganzhou Trade Center	998,863	923,890	647,975	275,915	223,542	2,054,043	2,553,500
Jining Trade Center	865,696	818,734	669,497	149,237	196,542	308,822	654,601
Wuzhou Trade Center	452,759	405,168	277,660	127,508	158,301	553,348	839,157
Heze Trade Center	301,846	284,104	189,147	94,957	84,736	308,111	487,804
Jiamusi Trade Center	6,344	6,344	–	6,344	–	449,038	455,382
Yulin Trade Center	432,680	357,721	269,340	88,381	123,978	113,458	325,817
Yantai Trade Center	154,212	127,523	55,518	72,005	127,253	–	199,258
Liuzhou Trade Center	188,168	188,168	168,957	19,211	–	112,093	131,304
Ningxiang Trade Center	382,842	374,948	294,743	80,205	61,518	–	141,723
Mianyang Trade Center	511,435	437,880	402,364	35,516	–	80,321	115,837
Haode Yinzuo	48,650	48,650	39,833	8,817	–	–	8,817
Total	4,928,660	4,464,106	3,331,692	1,132,414	1,091,468	5,724,782	7,948,664

The preliminary figures disclosed above are based on preliminary internal information of the Group. They shall not be taken as a measure or indication of the Group's current or future operating or financial performance. As such, the above figures are provided for shareholders' and investors' reference only.

Investors are advised not to place undue reliance on such information and to exercise caution when dealing in the securities of the Company. Investors who are in doubt are advised to seek advice from professional or financial advisers.

(4) UNAUDITED INTERIM FINANCIAL RESULTS FOR THE EIGHT MONTHS ENDED AUGUST 31, 2019

The Board hereby present the unaudited interim financial results for the eight months ended August 31, 2019 together with comparative figures for the corresponding period in 2018. This announcement contains the full text of the unaudited interim financial report for the eight months ended August 31, 2019 of the Group, which has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Accrued Interest"	accrued and unpaid interest on the Existing Notes validly tendered and accepted for exchange, up to but not including the Settlement Date, will be payable in cash;
"Admiralty Harbour"	Admiralty Harbour Capital Limited;
"AMTD"	AMTD Global Markets Limited;
"Board"	the board of Directors;
"Clearing Systems"	Euroclear and/or Clearstream, and "Clearing System" means any one of them;
"Clearstream"	Clearstream Banking S.A.;

"Company"	Hydoo International Holding Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
"Concurrent New Money Issuance"	a concurrent offering by the Company to issue and sell additional New Notes;
"Dealer Managers"	AMTD and Admiralty Harbour as dealer managers of the Exchange Offer;
"Director(s)"	the director(s) of the Company;
"Eligible Holders"	holders who are non-U.S. persons located outside the United States (as those terms are defined under Regulation S) and hold the Existing Notes through Euroclear and Clearstream, or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States (as those terms are defined under Regulation S) with the Existing Notes held through Euroclear and Clearstream;
"Euroclear"	Euroclear Bank SA/NV;
"Exchange Expiration Deadline"	4:00 p.m., London time, on December 11, 2019, unless extended or earlier terminated at the sole discretion of the Company;
"Exchange Offer"	the offer made by the Company upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum;
"Exchange Offer Memorandum"	the exchange offer memorandum dated December 2, 2019 in relation to the Exchange Offer;
"Exchange Website"	https://sites.dflsingltd.com/hydoo, the website set up by the Information and Exchange Agent for the purpose of hosting the documents relating to the Exchange Offer;
"Existing Notes"	the Company's outstanding US$157,000,000 12% Senior Notes due 2020 (ISIN: XS1809865378, Common Code: 180986537);
"GFA"	gross floor area;

“Group”	the Company and its subsidiaries;
“Holders”	holder(s) of the Existing Notes and “Holder” means any one of them;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Information and Exchange Agent”	D.F. King, the information and exchange agent for the Exchange Offer;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Notes”	the US$ denominated Senior Unsecured Notes due 2021 to be issued by the Company, to be exchanged in accordance with the Exchange Offer for those Existing Notes that are accepted for exchange by the Company;
“PRC”	the People’s Republic of China, excluding for purposes of this announcement, Hong Kong;
“Regulation S”	Regulation S under the U.S. Securities Act;
“RMB”	Renminbi(s), the lawful currency of the PRC;
“Settlement Date”	the date of settlement which is expected to occur on or about December 19, 2019, unless the Exchange Offer is extended or earlier terminated;
“SGX-ST”	Singapore Exchange Securities Trading Limited;
“sq.m.”	square meter;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.” or “United States”	The United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;

"US$"	United States dollars, the lawful currency of the United States; and
"%"	percent.

By order of the Board
Hydoo International Holding Limited
WONG Choi Hing
Chairman and Executive Director

Hong Kong, December 2, 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Wong Choi Hing, Mr. Cai Hongwen, Mr. Zeng Yunshu, and Mr. Wang Dewen; and the independent non-executive Directors of the Company are Mr. Zhao Lihua, Mr. Lam Chi Yuen Nelson and Mr. Yue Zheng.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE EIGHT MONTHS ENDED 31 AUGUST 2019 – UNAUDITED

(Expressed in Renminbi)

		Eight months ended 31 August	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	4	**1,026,829**	1,119,182
Cost of sales		**(637,123)**	(680,334)
Gross profit		**389,706**	438,848
Other income	5	**238,319**	82,478
Selling and distribution expenses		**(75,147)**	(56,156)
Administrative and other operating expenses		**(306,009)**	(273,850)
Impairment loss on trade and other receivables	6(b)	**(21,689)**	(15,409)
Profit from operations before fair value gain on investment properties		**225,180**	175,911
Fair value gain on investment properties	10	**29,769**	145,272
Profit from operations after fair value gain on investment properties		**254,949**	321,183
Share of loss of an associate		**(251)**	(587)
Share of loss of joint ventures		**(3,096)**	(1,745)
Finance income	6(a)	**33,220**	12,619
Finance costs	6(a)	**(179,096)**	(241,424)
Profit before taxation	6	**105,726**	90,046
Income tax	7	**(128,564)**	(122,268)
Loss for the period		**(22,838)**	(32,222)

		Eight months ended 31 August	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Attributable to:			
Equity shareholders of the Company		**(16,524)**	(33,029)
Non-controlling interests		**(6,314)**	807
Loss for the period		**(22,838)**	(32,222)
Loss per share	8		
Basic and diluted *(RMB cents)*		**(0.41)**	(0.82)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE EIGHT MONTHS ENDED 31 AUGUST 2019 – UNAUDITED

(Expressed in Renminbi)

	Eight months ended 31 August	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
Loss for the period	**(22,838)**	(32,222)
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	**(41,484)**	(53,573)
Other comprehensive income for the period	**(41,484)**	(53,573)
Total comprehensive income for the period	**(64,322)**	(85,795)
Attributable to:		
Equity shareholders of the Company	**(58,008)**	(86,602)
Non-controlling interests	**(6,314)**	807
Total comprehensive income for the period	**(64,322)**	(85,795)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2019 – UNAUDITED

(Expressed in Renminbi)

	Note	**31 August 2019** *RMB'000*	31 December 2018 *(Note)* *RMB'000*
Non-current assets			
Property, plant and equipment	9	**439,345**	441,210
Investment properties	10	**2,675,293**	2,623,137
Intangible assets		**16,705**	17,634
Goodwill		**2,252**	2,252
Interest in an associate		**–**	2,820
Interest in joint ventures	11	**131,878**	132,672
Other financial assets	12	**251,968**	121,003
Deferred tax assets		**186,336**	157,568
Finance lease receivables		**19,673**	27,394
		3,723,450	3,525,690
Current assets			
Inventories and other contract costs	13	**7,530,042**	7,484,547
Prepaid tax		**152,549**	53,354
Other financial assets	12	**20,113**	–
Trade and other receivables	14	**1,400,201**	1,772,278
Pledged and restricted cash	15	**714,806**	585,583
Cash and cash equivalents	16	**1,005,299**	1,123,145
		10,823,010	11,018,907
Investment properties classified as held for sale	10	**–**	26,463
		10,823,010	11,045,370
Current liabilities			
Trade and other payables	17	**2,328,519**	2,923,528
Contract liabilities		**2,590,320**	1,843,463
Bank loans and other borrowings	18	**728,738**	487,661
Lease liabilities	2(d)	**8,829**	–
Senior notes	20	**1,100,337**	411,311
Corporate bonds	21	**259,255**	261,334
Current tax liabilities		**756,287**	803,651
Deferred income	19	**521,322**	623,296
		8,293,607	7,354,244
Net current assets		**2,529,403**	3,691,126
Total assets less current liabilities		**6,252,853**	7,216,816

	Note	31 August 2019 RMB'000	31 December 2018 (Note) RMB'000
Non-current liabilities			
Bank loans and other borrowings	18	**858,472**	779,250
Lease liabilities	2(d)	**34,866**	–
Senior notes	20	**–**	1,054,670
Deferred income	19	**–**	653
Deferred tax liabilities		**130,948**	103,349
Other financial liability	23	**32,642**	–
		1,056,928	1,937,922
NET ASSETS		**5,195,925**	5,278,894
CAPITAL AND RESERVES	22		
Share capital		**31,825**	31,825
Reserves		**5,148,095**	5,207,006
Total equity attributable to equity shareholders of the Company		**5,179,920**	5,238,831
Non-controlling interests		**16,005**	40,063
TOTAL EQUITY		**5,195,925**	5,278,894

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE EIGHT MONTHS ENDED 31 AUGUST 2019 – UNAUDITED

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company											
	Share capital (*note 22(b)*)	**Share premium**	**PRC statutory reserve**	**Capital reserve**	**Reserve – transaction with non-controlling interests**	**Equity settled share-based payment reserve**	**Capital redemption reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2018	31,825	978,266	487,354	1,435,617	(62,466)	10,427	120	48,654	2,261,793	5,191,590	27,671	5,219,261
Imapact on initial application of IFRS 15	–	–	–	–	–	–	–	–	3,173	3,173	–	3,173
Adjusted balance at 1 January 2018	31,825	978,266	487,354	1,435,617	(62,466)	10,427	120	48,654	2,264,966	5,194,763	27,671	5,222,434
Changes in equity for eight months ended 31 August 2018:												
Loss for the period	–	–	–	–	–	–	–	–	(33,029)	(33,029)	807	(32,222)
Other comprehensive income	–	–	–	–	–	–	–	(53,573)	–	(53,573)	–	(53,573)
Total comprehensive income	–	–	–	–	–	–	–	(53,573)	(33,029)	(86,602)	807	(85,795)
Share options forfeited	–	–	–	–	–	(109)	–	–	109	–	–	–
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2,000)	(2,000)
Balance at 31 August 2018	31,825	978,266	487,354	1,435,617	(62,466)	10,318	120	(4,919)	2,232,046	5,108,161	26,478	5,134,639
Changes in equity for eight months ended 31 December 2018:												
Profit for the period	–	–	–	–	–	–	–	–	140,024	140,024	2,085	142,109
Other comprehensive income	–	–	–	–	–	–	–	(9,354)	–	(9,354)	–	(9,354)
Total comprehensive income	–	–	–	–	–	–	–	(9,354)	140,024	130,670	2,085	132,755
Equity settled share-based transaction												
Share options forfeited	–	–	–	–	–	(10,318)	–	–	10,318	–	–	–
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	–	11,500	11,500
Appropriation to PRC statutory reserve	–	–	54,682	–	–	–	–	–	(54,682)	–	–	–
Balance at 31 December 2018 (*note*)	31,825	978,266	542,036	1,435,617	(62,466)	–	120	(14,273)	2,327,706	5,238,831	40,063	5,278,894

	Attributable to equity shareholders of the Company										
	Share capital (note 22(b))	Share premium	PRC statutory reserve	Capital reserve	Reserve – transaction with non-controlling interests	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	31,825	978,266	542,036	1,435,617	(62,466)	120	(14,273)	2,327,706	5,238,831	40,063	5,278,894
Impact on initial application of IFRS 16	–	–	–	–	–	–	–	(903)	(903)	–	(903)
Adjusted balance at 1 January 2019	31,825	978,266	542,036	1,435,617	(62,466)	120	(14,273)	2,326,803	5,237,928	40,063	5,277,991
Changes in equity for eight months ended 31 August 2019:											
Loss for the period	–	–	–	–	–	–	–	(16,524)	(16,524)	(6,314)	(22,838)
Other comprehensive income	–	–	–	–	–	–	(41,484)	–	(41,484)	–	(41,484)
Total comprehensive income	–	–	–	–	–	–	(41,484)	(16,524)	(58,008)	(6,314)	(64,322)
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(3,000)	(3,000)
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	3,800	3,800
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(18,544)	(18,544)
Balance at 31 August 2019	31,825	978,266	542,036	1,435,617	(62,466)	120	(55,757)	2,310,279	5,179,920	16,005	5,195,925

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE EIGHT MONTHS ENDED 31 AUGUST 2019 – UNAUDITED

(Expressed in Renminbi)

		Eight months ended 31 August	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Operating activities			
Cash generated from/(used in) operations		**454,656**	(277,045)
PRC taxes paid		**(282,401)**	(260,733)
Net cash generated from/(used in) operating activities		**172,255**	(537,778)
Investing activities			
Net cash inflow from disposal of subsidiaries		**208,477**	156,733
Payment for purchase of other non-current financial assets		**(21,520)**	(21,680)
Proceeds from disposal of other non-current financial assets		**–**	20,800
Prepayment for investment		**–**	(188,000)
Proceeds from repayment of investment		**149,048**	–
Proceeds from disposal of wealth management products		**183,265**	330,360
Payment for purchase of wealth management products		**(196,140)**	(25,500)
Other cash flows arising from/(used in) investing activities		**46,359**	(608)
Net cash generated from investing activities		**369,489**	272,105

	Note	Eight months ended 31 August 2019 RMB'000	2018 (Note) RMB'000
Financing activities			
Proceeds from new bank loans and other borrowings		**522,006**	1,140,590
Repayment of bank loans and other borrowings		**(204,183)**	(1,307,283)
Repayments of senior notes		**(425,274)**	–
Interest paid		**(191,939)**	(208,813)
Payment of pledged deposits for loans		**(347,340)**	(48,377)
Net proceeds from the issue of senior notes		**–**	330,406
Repayment of corporate bonds		**(3,022)**	–
Dividends paid to non-controlling interests		**(3,000)**	(2,000)
Capital injection by non-controlling interests		**3,800**	–
Capital element of lease rentals paid		**(4,355)**	–
Interest element of lease rentals paid		**(2,587)**	–
Net cash used in financing activities		**(655,894)**	(95,477)
Net decrease in cash and cash equivalents		**(114,150)**	(361,150)
Cash and cash equivalents at 1 January	16	**1,123,145**	1,000,443
Effect of foreign exchange rate changes		**(3,696)**	6,196
Cash and cash equivalents at 31 August	16	**1,005,299**	645,489

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2. It was authorized for issue on 29 November 2019.

The preparation of an interim financial report in conformity with IAS 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"), requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Hydoo International Holding Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 54.

The financial information relating to the financial year ended 31 December 2018 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2018 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2019.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, Leases

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases – incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property as disclosed in note 25(b).

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value; and

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties").

(iv) Sale and leaseback transactions before the date of initial application

The Group had sale and leaseback transaction accounted for as a sale and operating lease applying IAS 17 before the date of initial application. Under IFRS 16, the Group accounts for the leaseback in the same way as it accounts for any other operating lease that exists at the date of initial application; and adjust the leaseback right-of-use asset for any deferred gains or losses that relate to off-market terms recognised in the statement of financial position immediately before the date of initial application.

(v) Lessor accounting

In addition to leasing out the investment property referred to in paragraph (a)(iii) above, the Group leases out a number of items of machinery as the lessor of finance leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) ***Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies***

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) ***Transitional impact***

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.76% and 3.53%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 25(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *RMB'000*
Operating lease commitments at 31 December 2018	67,475
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(1,844)
	65,631
Less: total future interest expenses	(17,656)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and total lease liabilities recognised at 1 January 2019	47,975

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

So far as the impact of the adoption of IFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *RMB'000*	**Capitalisation of operating lease contracts** *RMB'000*	**Adjustment of fair value of ownership interests in leasehold investment properties** *RMB'000*	**Adjustment of deferred income related to sale and leaseback transactions** *RMB'000*	**Carrying amount at 1 January 2019** *RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:					
Property, plant and equipment	441,210	5,257	–	–	446,467
Investment properties	2,623,137	42,718	(903)	(815)	2,664,137
Total non-current assets	**3,525,690**	**47,975**	**(903)**	**(815)**	**3,571,947**
Lease liabilities (current)	–	9,782	–	–	9,782
Deferred income (current)	623,296	–	–	(162)	623,134
Current liabilities	**7,354,244**	**9,782**	**–**	**(162)**	**7,363,864**
Net current assets	**3,691,126**	**38,193**	**(903)**	**(653)**	**3,727,763**
Total assets less current liabilities	**7,216,816**	**38,193**	**(903)**	**(653)**	**7,253,453**
Lease liabilities (non-current)	–	38,193	–	–	38,193
Deferred income (non-current)	653	–	–	(653)	–
Total non-current liabilities	**1,937,922**	**38,193**	**–**	**(653)**	**1,975,462**
Net assets	**5,278,894**	**–**	**(903)**	**–**	**5,277,991**

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At 31 August 2019	At 1 January 2019
	RMB'000	*RMB'000*
Included in "Property, plant and equipment":		
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost	**384,075**	392,170
Other properties leased for own use, carried at depreciated cost	**4,092**	5,257
	388,167	397,427
Included in "Investment properties":		
Ownership interests in leasehold investment properties, carried at fair value	**2,675,293**	2,664,137
Included in "Inventories and other contract costs":		
Leasehold land held for development for sale	**1,090,644**	1,090,240
Property held for/under for development for sale	**883,354**	949,656
Completed properties for sale	**498,995**	617,674
	2,472,993	2,657,570
	5,536,453	5,719,134

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 31 August 2019		At 1 January 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**8,829**	**10,392**	9,782	10,353
After 1 year but within 2 years	**9,083**	**10,067**	9,079	10,370
After 2 years but within 5 years	**18,284**	**25,016**	19,130	26,074
After 5 years	**7,499**	**13,307**	9,984	18,834
	34,866	**48,390**	38,193	55,278
	43,695	**58,782**	47,975	65,631
Less: total future interest expenses		**(15,087)**		(17,656)
Present value of lease liabilities		**43,695**		47,975

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result, segment results and cash flows for the eight months ended 31 August 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

			2019		**2018**
	Amounts reported under IFRS 16	**Add back: IFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating lease as if under IAS 17** *(note i)*	**Hypothetical amounts for 2019 as if under IAS 17**	**Compared to amounts reported for 2018 under IAS 17**
	(A)	**(B)**	**(C)**	**(D=A+B-C)**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial result for the eight months ended 31 August 2019 impacted by the adoption of IFRS 16:					
Profit from operations before fair value gain on investment properties	**225,180**	**1,222**	**(5,563)**	**220,839**	**175,911**
Fair value gain on investment properties	29,769	1,601	–	31,370	145,272
Finance costs	(179,096)	2,587	–	(176,509)	(241,424)
Profit before taxation	**105,726**	**5,410**	**(5,563)**	**105,573**	**90,046**
Loss for the period	**(22,838)**	**4,058**	**(4,173)**	**(22,953)**	**(32,222)**

	2019			2018
	Amounts reported under IFRS 16 (A)	**Estimated amounts related to operating lease as if under IAS 17** *(note i)* **(B)**	**Hypothetical amounts for 2019 as if under IAS 17 (C=A+B)**	**Compared to amounts reported for 2018 under IAS 17**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Line items in the condensed consolidated cash flow statement for the eight months ended 31 August 2019 impacted by the adoption of IFRS 16:				
Cash generated from/(used in) operations	454,656	(6,942)	447,714	(277,045)
Net cash generated from/(used in) operating activities	**172,255**	**(6,942)**	**165,313**	**(537,778)**
Capital element of lease rentals paid	(4,355)	4,355	–	–
Interest element of lease rentals paid	(2,587)	2,587	–	–
Net cash used in financing activities	**(655,894)**	**6,942**	**(648,952)**	**(95,477)**

Note i: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note ii: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

3 SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the interim financial report, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the People's Republic of China (the "PRC"). The Group does not operate any material business in any other geographical or business segment during the period.

4 REVENUE

The principal activities of the Group are development, sales and operation of commercial trade and logistic centers and residential properties in the PRC.

Revenue represents income from sales of properties, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

	Eight months ended 31 August	
	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of properties	**932,799**	1,042,631
– Property management services	**38,866**	30,075
– Others	**23,926**	22,789
	995,591	1,095,495
Revenue from other sources		
– Rental income	**31,238**	23,687
	1,026,829	1,119,182

5 OTHER INCOME

	Eight months ended 31 August	
	2019	**2018**
	RMB'000	*RMB'000*
Government grants	**1,689**	31,779
Unrealised fair value gain from financial assets measured at fair value through profit and loss ("FVPL")	**11,742**	33,844
Net gain on disposal of subsidiaries *(i)*	**225,842**	6,570
Net gain on disposal of investments in wealth management products	**3,025**	3,612
Net gain on disposal of other non-current financial assets	**–**	2,599
Net gain on disposal of property, plant and equipment	**414**	146
Net loss on disposal of investment property and investment properties classified as held for sale *(note 10)*	**(10,247)**	–
Others	**5,854**	3,928
	238,319	82,478

(i) On 9 April 2019, the Group disposed of its 100% equity interest in Beijing Hydoo Yingchuang Corporate Management Company Limited (北京毅德盈創企業管理有限公司) and Lanzhou Hydoo Yingchuang Estate Company Limited (蘭州毅德盈創置業有限公司)(collectively "Yingchuang") to an associate, Beijing Sunac Hydoo Corporate Management Company Limited (北京融創毅德企業管理有限公司), of the Group, and generated a net gain on disposal of RMB220,663,000 (note 23(a)). On 29 May 2019, the Group disposed its entire equity interest in Yulin Jingde Real Estate Company Limited (玉林景德房地產開發有限公司) to the non-controlling shareholder, Guangxi Junjing Real Estate Company Limited (廣西駿景房地產開發有限公司), and generated a net gain on disposal of RMB5,179,000 (note 23(b)).

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs:

	Eight months ended 31 August	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
Finance income		
Interest income	**(33,220)**	(12,619)
Finance costs		
Interest on bank loans and other borrowings	**64,224**	88,975
Interest on corporate bonds	**14,060**	14,470
Interest on senior notes	**126,956**	167,067
Interest on lease liabilities	**2,587**	–
	207,827	270,512
Less: Interest expenses capitalised into properties under development	**(42,357)**	(46,343)
	165,470	224,169
Net foreign exchange loss	**13,626**	17,255
	179,096	241,424

(b) Other items:

	Eight months ended 31 August	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
Depreciation and amortisation		
– plant and equipment	**10,508**	10,836
– right-of-use assets	**9,317**	8,649
Impairment losses/(reversal of impairment losses)		
– trade and other receivables	**21,840**	3,672
– finance lease receivables	**(151)**	11,737
Cost of properties sold *(i)*	**592,485**	629,141

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

(i) Cost of properties sold is after netting off benefits from government grants of RMB125,038,000 (eight months ended 31 August 2018: RMB62,017,000).

7 INCOME TAX

	Eight months ended 31 August	
	2019	2018
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax ("PRC CIT")	**83,832**	39,871
PRC Land Appreciation Tax ("PRC LAT")	**45,901**	48,309
	129,733	88,180
Deferred tax		
Origination and reversal of temporary differences	**(1,169)**	34,088
	128,564	122,268

(a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.

(b) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the period.

(c) PRC CIT

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

In July 2013, Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. was approved to enjoy a preferential PRC CIT rate of 15% from the years 2012 to 2020 according to a tax notice issued by the local tax bureau.

In December 2015, Wuzhou Hydoo Commercial and Trade Centre Development Co., Ltd. was also approved to enjoy a preferential PRC CIT rate of 15% for the years from 2015 to 2020 according to a tax notice issued by the local tax bureau.

The preferential tax treatment was based on various tax rules and regulations in relation to PRC government's strategy in encouraging investment and development of wholesale trading markets in certain regions in the PRC.

(d) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the PRC, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

(e) PRC dividend withholding tax

Withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 at 5%.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to equity shareholders of the Company of RMB16,524,000 (eight months ended 31 August 2018: RMB33,029,000) and the weighted average of 4,014,844,000 ordinary shares (eight months ended 31 August 2018: 4,014,844,000 ordinary shares).

(b) Diluted loss per share

All options granted under the Company's Pre-IPO Share Option Scheme had expired on 31 December 2018. There is no effect of deemed issue of the share option scheme for the eight months ended 31 August 2019. For the eight months ended 31 August 2018, the deemed issue of shares under the Company's Pre-IPO Share Option Scheme for nil consideration was anti-dilutive.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

As discussed in note 2, the Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 2.

During the eight months ended 31 August 2019, the Group entered into a lease agreement for use of an apartment, and therefore recognised the additions to right-of-use assets of RMB58,000.

(b) Additions of owned assets

During the eight months ended 31 August 2019, the Group acquired items of plant and equipment with a cost of RMB12,762,000 (eight months ended 31 August 2018: RMB9,208,000).

(c) Disposals of owned assets

Items of plant and equipment with a net book value of RMB967,000 were disposed of during the eight months ended 31 August 2019 (eight months ended 31 August 2018: RMB283,000), resulting in a gain on disposal of RMB414,000 (eight months ended 31 August 2018: a gain on disposal of RMB146,000).

10 INVESTMENT PROPERTIES

(a) Right-of-use assets

As discussed in note 2, the Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 2.

(b) Disposals

During the eight months ended 31 August 2019, items of investment properties with a net book value of RMB21,092,000 (eight months ended 31 August 2018: RMB Nil) and investment properties classified as held for sale with a net book value of RMB26,463,000 (eight months ended 31 August 2018: RMB Nil) were disposed, resulting in a loss of RMB10,247,000 (note 5).

(c) Valuations

During the eight months ended 31 August 2019, a gain on fair value of RMB29,769,000 (eight months ended 31 August 2018: RMB10,039,000) in respect of existing investment properties, with the total corresponding deferred tax of RMB7,161,000 (eight months ended 31 August 2018: RMB2,339,000), had been recognised in the consolidated statement of profit or loss for the period.

During the eight months ended 31 August 2018, a gain on fair value of RMB135,233,000 in respect of transfer of inventory to investment properties, with corresponding deferred tax of RMB33,808,000, has been recognised in the consolidated statement of profit or loss. No such transfer incurred during the eight months ended 31 August 2019.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB688,300,000 (31 December 2018: RMB683,900,000) (note 18).

The Group's investment properties are held on leases of between 3 to 15 years in the PRC.

11 INTEREST IN JOINT VENTURES

As at 31 August 2019, the Group's interest in Hydoo Best Group Co., Ltd ("Hydoo Best") amounted to RMB126,200,000 (31 December 2018: RMB126,200,000).

In 2018, Hydoo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydoo Best was obligated to repurchase certain shares in Hydoo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydoo Best held by the Group.

The directors expect that the Group will be able to recover part of its interest in Hydoo Best by obtaining the land pieces still held by Hydoo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydoo Best and a specific loss allowance of RMB19,613,000 on the amount due from Hydoo Best in 2018. The directors considered that no further provision for impairment loss was necessary during eight months ended 31 August 2019.

12 OTHER FINANCIAL ASSETS

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Non-current		
Financial assets measured at FVPL		
Unlisted equity securities not held for trading	**166,236**	118,594
Derivative financial instrument	**–**	2,409
Amount due from an associate *(note)*	**85,732**	–
	251,968	121,003
Current		
Financial assets measured at FVPL		
Derivative financial instrument	**4,385**	–
Wealth management products	**15,728**	–
	20,113	–

Note: As at 31 August 2019, the amount due from an associate measured at FVPL included consideration receivables of disposed entities amounted RMB53,552,000 and the amounts due from disposed entities of RMB32,180,000 as set out in note(23(a)). The amount due from an associate measured at FVPL will be recovered according to the development progress of the underlying projects in the disposed project company (note 23(a)).

13 INVENTORIES AND OTHER CONTRACT COSTS

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Properties under development for sale	**3,800,832**	3,247,891
Completed properties held for sale	**2,626,481**	3,140,175
Properties held for future development for sale	**1,090,644**	1,090,240
	7,517,957	7,478,306
Other contract costs	**10,985**	5,052
Others	**1,100**	1,189
	7,530,042	7,484,547

As at 31 August 2019, certain properties under development for sale, completed properties held for sale and properties held for future development for sale were pledged for certain bank loans granted to the Group (note 18).

14 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 1 month	**8,165**	214,980
1 to 3 months	**11,595**	14,544
3 to 6 months	**9,137**	4,056
Over 6 months	**208,756**	6,799
Trade and bill receivables	**241,074**	243,070
Less: loss allowance	**(3,421)**	(2,691)
	237,653	240,379
Finance lease receivables	**91,434**	70,058
Less: loss allowance	**(12,435)**	(12,450)
	78,999	57,608
Amount due from a joint venture	**19,613**	19,613
Less: loss allowance *(note 11)*	**(19,613)**	(19,613)
	–	–
Amounts due from associates	**9,469**	4,000
Other debtors	**122,577**	340,855
	132,046	344,855
Financial assets measured at amortised cost	**448,698**	642,842
Prepaid sales related tax and other taxes	**252,586**	139,199
Deposits and prepayments	**698,917**	990,237
	1,400,201	1,772,278

(i) In respect of other receivables due from the third parties, the Group reviews the exposures and manages them based on the need of operation.

(ii) Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

15 PLEDGED DEPOSITS AND RESTRICTED CASH

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Pledged for bank loans	**347,340**	–
Pledged to banks for certain mortgage facilities	**248,337**	496,583
Pledged for bills payables	**119,129**	89,000
	714,806	585,583

16 CASH AND CASH EQUIVALENTS

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Cash at bank and in hand	**1,005,299**	1,123,145

17 TRADE AND OTHER PAYABLES

As at the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on due date, is as follows:

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Due within 1 month or on demand	**83,258**	293,081
Due after 1 month but within 3 months	**199,088**	208,607
Due after 3 months but within 6 months	**765,552**	322,785
Due after 6 months	**534,410**	1,183,204
Trade and bills payables	**1,582,308**	2,007,677
Other payables and accruals	**596,242**	731,424
Financial liabilities measured at amortised cost	**2,178,550**	2,739,101
Receipts in advance	**10,195**	8,471
Deposits	**139,774**	175,956
	2,328,519	2,923,528

18 BANK LOANS AND OTHER BORROWINGS

At 31 August 2019, the Group's bank loans and other borrowings were repayable as follows:

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Current		
Secured		
– short-term bank loans and other borrowings	**144,758**	–
– current portion of non-current bank loans and other borrowings	**583,980**	472,661
Unsecured		
– short-term bank loans and other borrowings	**–**	15,000
	728,738	487,661
Non-current		
Secured		
– repayable after 1 year but within 2 years	**522,811**	498,750
– repayable after 2 years but within 5 years	**287,782**	223,250
– repayable after 5 years	**46,879**	56,250
Unsecured		
– repayable after 1 year but within 2 years	**1,000**	1,000
	858,472	779,250
	1,587,210	1,266,911

(a) At 31 August 2019, bank loans and other borrowings are all denominated in Renminbi, of which RMB439,061,000 (31 December 2018: RMB353,000,000) bear fixed interest rates and the remaining bear variable interest rate. Bank loans and other borrowings bear interest rates ranging from 3.38% to 9.60% per annum for the eight months ended 31 August 2019 (31 December 2018: 2.12% to 9.60% per annum), and are secured by the following assets:

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Completed properties held for sale	**583,916**	712,045
Properties held for future development for sale	**1,149,050**	441,523
Properties under development for sale	**620,187**	214,354
Investment properties	**688,300**	683,900
Property, plant and equipment	**350,375**	357,053
Pledged deposits	**347,340**	–
	3,739,168	2,408,875

(b) As at 31 August 2019, bank loan of RMB50,000,000 (31 December 2018: RMB50,000,000) is guaranteed by Mr. Wong Sheung Tak, a controlling shareholder of the Company and therefore, a connected person of thse Company.

19 DEFERRED INCOME

	31 August 2019	31 December 2018 *(Note)*
	RMB'000	*RMB'000*
Current		
– Government grants *(i)*	**521,322**	623,134
– Sales and operating leaseback arrangement *(ii)*	**–**	162
	521,322	623,296
Non-current		
– Sales and operating leaseback arrangement *(ii)*	**–**	653

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The Group had sale and leaseback transaction accounted for as a sale and operating lease applying IAS 17 before the date of initial application. Under IFRS 16, the Group accounts for the leaseback in the same way as it accounts for any other operating lease that exists at the date of initial application; and adjust the leaseback right-of-use asset for any deferred gains or losses that relate to off-market terms recognised in the statement of financial position immediately before the date of initial application.

(i) Pursuant to the respective agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by the Group's property development subsidiaries. During the eight months ended 31 August 2019, the Group recognised grants of RMB23,226,000 (eight months ended 31 August 2018: RMB34,299,000) from certain governments for the Group's projects.

(ii) In conjunction with certain sales contracts entered into by Wuzhou Hydoo Commercial and Trade Centre Development Co., Ltd. (梧州毅德商貿物流城開發有限公司). for sales of properties, the Group subsequently leased back certain sold properties from the respective buyers under operating leases for terms of 10 years at agreed rental rates. Upon recognition of the sales of such properties, a portion of the sales proceeds, which represent the excess of sales price over fair value of such properties, is deferred and amortised over the respective terms.

20 SENIOR NOTES

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
Current		
US$60 million senior notes due in 2019 *(i)*	**–**	411,311
US$157 million senior notes due in 2020		
– Tranche 1 *(ii)*	**911,030**	–
– Tranche 2 *(iii)*	**189,307**	–
	1,100,337	411,311
Non-current		
US$157 million senior notes due in 2020		
– Tranche 1 *(ii)*	**–**	873,225
– Tranche 2 *(iii)*	**–**	181,445
	–	1,054,670
	1,100,337	1,465,981

(i) On 30 August 2016, the Company issued senior notes of US$60 million (equivalent to RMB400,872,000) at par with a coupon rate of 11% per annum. The senior notes was due on 30 August 2019 and the Company had redeemed all these senior notes on maturity on 30 August 2019.

(ii) On 24 April 2018, the Company offered its 12% senior notes due 2020 in an exchange offer to existing holders who held the senior notes issued in 2018. US$98,400,000 (approximately 61.5%) of the senior notes issued in 2018 were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US$25,893,000 of additional 2020 senior notes, which, together with the US$104,107,000 of the 2020 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US$130,000,000, 12% due 2020 senior notes (the "2020 Senior Notes"). The exchange offer and the concurrent new issue were completed on 9 May 2018, and the net proceeds from the new issue, after including interest in arrear and deducting the transaction costs, of US$25,893,000 (equivalent to RMB151,201,000) was received by the Company on 10 May 2018. Interest expense on the 2020 Senior Notes is calculated using effective interest rate of 13.78% per annum.

(iii) On 10 August 2018, the Company issued additional 2020 Senior Notes with an aggregate principal amount of US$27,000,000 (equivalent to RMB184,667,000) at 98.44% of the principal amount plus accrued interest, which are consolidated and formed a single class with the US$130,000,000 aggregate principal amount of 12% 2020 Senior Notes due 2020 issued by the Company on 9 May 2018. The net proceeds from the additional 2020 Senior Notes, after including interest in arrear and deducting the transaction costs, of US$26,201,000 (equivalent to RMB179,204,000) was received by the Company on 16 August 2018. Interest expense on the additional 2020 Senior Notes is calculated using the effective interest rate of 13.74% per annum.

21 CORPORATE BONDS

	31 August 2019 *RMB'000*	31 December 2018 *RMB'000*
HK$11.5 million corporate bonds *(i)*	**–**	2,944
RMB260 million corporate bonds *(ii)*	**259,255**	258,390
Total	**259,255**	261,334

(i) In 2016, the Company issued certain unlisted bonds totaling HK$11.5 million (equivalent to RMB10,287,000) with a coupon rate of 5.00% to 8.00% per annum. The net proceeds from bonds issued, after deducting the transaction costs, of HK$10,693,000 (equivalent to RMB9,565,000) was received by the Company. Interest expenses on these unlisted bonds are calculated with the effective interest rate of 8.41% to 13.78% per annum respectively. The corporate bonds were fully redeemed by the end of August 2019.

(ii) In 2017, the Group issued certain non-public offering of corporate bonds totaling RMB260 million with a coupon rate of 7.50% per annum. The net proceeds from bonds issued, after deducting the transaction costs, of RMB256,360,000 was received by the Group. Interest expenses on these non-public offering corporate bonds are calculated with the effective interest rate of 8.04% per annum.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board have resolved not to declare any interim dividends for the eight months ended 31 August 2019 (eight months ended 31 August 2018: Nil). No dividends was paid to equity shareholders attributable to the previous financial year, approved and paid during the interim period (eight months ended 31 August 2018: Nil).

(b) Share capital

Authorised and issued share capital:

	At 31 August 2019		At 31 December 2018	
	Number of shares *'000*	**Amount** *HK$'000*	Number of shares *'000*	Amount *HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**8,000,000**	**80,000**	8,000,000	80,000

Ordinary shares, issued and fully paid:

	Par value *HK$*	**Number of shares** *'000*	**Nominal value of ordinary shares** *HK$'000*	*RMB'000*
At 1 January 2018, 31 December 2018 and 31 August 2019	0.01	4,014,844	40,148	31,825

There is no change in ordinary shares during the eight months ended 31 August 2019.

(c) Share option scheme

In order to enable the Company to grant options to the employees of the members of the Group and any persons who have contributed to the Group at the time of granting Options (the "Qualified Participants") as incentives or to reward the Qualified Participants for their contribution to the growth of the Group, the Company approved and adopted the share option scheme on 30 May 2019. As at the date of this interim report, the Board has not granted any Options.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio. The Group defines this ratio as total interest-bearing liabilities (includes bank loans and other borrowings, senior notes, corporate bonds and lease liabilities) divided by total assets of the Group.

The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group recognises right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. The adoption of IFRS 16 does not have a significant impact on the Group's gearing ratio on 1 January 2019 when compared to its position as at 31 December 2018.

The Group's gearing ratio at the end of the current and previous reporting periods and at the date of transition to IFRS 16 was as follows:

	31 August 2019	1 January 2019	31 December 2018
		(Note)	*(Note)*
	RMB'000	*RMB'000*	*RMB'000*
Bank loans and other borrowings	**1,587,210**	1,266,911	1,266,911
Senior notes	**1,100,337**	1,465,981	1,465,981
Corporate bonds	**259,255**	261,334	261,334
Lease liabilities	**43,695**	47,975	–
Total interest-bearing borrowings	**2,990,497**	3,042,201	2,994,226
Total assets	**14,546,460**	14,617,317	14,571,060
Gearing ratio	**20.6%**	20.8%	20.5%

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 2.

23 DISPOSAL OF SUBSIDIARIES

(a) Beijing Hydoo Yingchuang Corporate Management Company Limited (北京毅德盈創企業管理有限公司) and Lanzhou Hydoo Yingchuang Estate Company Limited (蘭州毅德盈創置業有限公司) (collectively "Yingchuang") were subsidiaries of the Group. On 9 April 2019, the Group disposed its 100% equity interest in Yingchuang to an associate, Beijing Sunac Hydoo Corporate Management Company Limited (北京融創毅德企業管理有限公司) ("Sunac Hydoo"), which was established by the Group, Beiijng Sunac Construction Investment Real Estate Co., Ltd (北京融創建投房地產集團有限公司) ("Sunac"). and Mr Yi Jiming (collectively "Partners").

Pursuant to the agreement entered into between the Group and Partners (the "Agreement"), the consideration of disposal of the equity interest was RMB255,390,000 (the "Consideration") and the amounts due to the Group held by Yingchuang related to the initial land cost paid by the Group on behalf of Yingchuang was RMB102,940,000.

As agreed, the amounts due to the Group held by Yingchuang would be settled by Yingchuang directly. Since the consideration for equity interest is agreed to be settled according to the development progress of the underlying projects in Yingchuang and there is no fixed repayment schedule, the consideration receivables are measured at FVPL and discounted at the weighted average borrowing cost of the Group. Up to 31 August 2019, the above consideration receivables of RMB184,460,000 was settled by the associate.

As at 31 August 2019, the fair value of the outstanding consideration receivables was RMB53,552,000 (note 12), which was classified as non-current assets according to the expected development progress.

As at 31 August 2019, among the amounts due to the Group held by Yingchuang of RMB102,940,000, RMB32,180,000 (note 12) is interest-bearing at 15% per annum and expected to be recovered in 2020. The remaining balance of RMB70,760,000 was settled in July 2019.

Pursuant to the agreement, if the Group consummates the change of use for certain pieces of land held by Yingchuang with government, an additional compensation amount would be recovered from Yingchuang. As the negotiation with the government for change in the planned use of lands has not been initiated by the Group and the date of completion can not be reasonably expected, the Group considers that the fair value of this additional compensation amount cannot be reliably measured as at 31 August 2019, and the Group has not recognised this contingent consideration in the consolidated financial statements.

Pursuant to the agreement, if the Group fail to change the title of the certain purchase documents related to initial land cost to Yingchuang, the Group has to compensate Sunac the relevant future tax expenses to be incurred. As the potential payment obligation would be measured based on future matters, it is the contingent consideration payable recorded as financial liability at FVPL of RMB32,642,000 as at 31 August 2019.

After the above disposal, a net gain of RMB220,663,000 was recognised during the eight months ended 31 August 2019.

The Group's assets and liabilities disposed of and net cash inflow from these disposals are analysed below:

	Note	*RMB'000*
Property, plant and equipment		523
Inventories		193,840
Trade and other receivables		52,008
Cash and cash equivalents		43
Trade and other payables		(159,118)
Amounts due to the Group		(102,940)
Net liabilities attributable to the Group		(15,644)
Gain on disposal of the subsidiaries	5	220,663
Considerations		205,019
Cash and cash equivalents disposed of		(43)
Amount due from an associate measured at FVPL		(52,654)
Contingent consideration payable		32,095
Net cash inflow		184,417

(b) Yulin Jingde Real Estate Company Limited (玉林景德房地產開發有限公司) ("Jingde")("景德") was previously a subsidiary of the Group. On 29 May 2019, the Group disposed its entire equity interest in Jingde to the non-controlling shareholder, Guangxi Junjing Real Estate Company Limited (廣西駿景房地產開發有限公司). The total consideration was RMB24,480,000 and a net gain on disposal of RMB5,179,000 was recognised during the eight months ended 31 August 2019.

The Group's assets and liabilities disposed of and net cash inflow from the disposal are analysed below:

	Note	*RMB'000*
Property, plant and equipment		63
Inventories		42,208
Trade and other receivables		16,852
Cash and cash equivalents		420
Trade and other payables		(21,698)
Non-controlling interest		(18,544)
Net assets attributable to the Group		19,301
Gain on disposal of the subsidiary	5	5,179
Considerations		24,480
Cash and cash equivalents disposed of		(420)
Net cash inflow		24,060

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
Level 3 valuations:	Fair value measured using significant unobservable inputs

	Note	**Fair value at 31 August 2019**	**Fair value measurement as at 31 August 2019 categorised into**	
			Level 2	**Level 3**
		RMB'000	***RMB'000***	***RMB'000***
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments	12	**4,385**	**4,385**	**–**
Wealth management products	12	**15,728**	**15,728**	**–**
Unlisted equity securities not held for trading	12	**166,236**	**–**	**166,236**
Amount due from an associate	12	**85,732**	**–**	**85,732**
Financial liability:				
Derivative financial instruments	23(a)	**32,642**	**–**	**32,642**

	Note	Fair value at 31 December 2018	Fair value measurement as at 31 December 2018 categorised into	
			Level 2	Level 3
		RMB'000	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments	12	2,409	2,409	–
Unlisted equity investments not held for trading	12	118,594	–	118,594

During the eight months ended 31 August 2019, there were no transfer between Level 2 and Level 3 (2018: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The carrying amounts of the Group's financial instruments are carried at amortised cost is not materially different from their fair values as at 31 August 2019 and 31 December 2018.

(b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments in Level 2 is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the option counterparties.

(c) Information about Level 3 fair value measurements

The fair value of unlisted equity investments is determined using the price/earnings ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The fair value of amount due from an associate measured at FVPL and other financial liability are determined using future estimated cash flow to be recovered/paid, future profit forecast of disposal entity and applicable discount rate.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	31 August 2019
	RMB'000
At 1 January	**118,594**
Additional	**258,719**
Decrease	**(184,460)**
Net unrealised gains recognised in profit or loss during the period	**26,473**
At 31 August	**219,326**
Total gains for the period included in profit or loss for assets held at the end of the reporting period	**26,473**

(d) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments which are carried at cost or amortised cost are not materially different from their fair values as at 31 August 2019 and 31 December 2018.

25 COMMITMENTS

(a) At the end of the reporting period, the Group's outstanding commitments contracted but not provided for in respect of property development expenditure are as follows:

	31 August 2019	31 December 2018
	RMB'000	*RMB'000*
Construction and development contracts	**1,744,316**	2,050,974

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	31 December 2018 *RMB'000*
Within 1 year	12,163
After 1 year but within 2 years	10,464
After 2 years but within 5 years	26,014
After 5 years	18,834
	67,475

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

26 CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the reporting date is as follows:

	31 August 2019 ***RMB'000***	31 December 2018 *RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**2,666,159**	2,204,505

The directors consider that it is not probable that the Group will sustain a loss under these guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

27 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amount due from associates and amount due from a joint venture as set out in note 12 and note 14, the other material related party transactions are disclosed as follows:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors are as follows:

	Eight months ended 31 August	
	2019	2018
	RMB'000	*RMB'000*
Wages, salaries and other benefits in kind	**28,037**	19,785
Contribution to defined contribution retirement plans	**235**	278
	28,272	20,063

28 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 28 July 2019, the Company was informed by Most Trend Holdings Limited, the ultimate holding company, (the "Vendor") that the Vendor and China Guangdong – Hong Kong Greater Bay Area Holdings Limited (the "Offeror") entered into a sale and purchase agreement to sell 2,070,000,000 shares representing approximately 51.56% of the entire issued share capital of the Company, at a total cash consideration of HK$631,350,000 (equivalent to HK$0.305 per share). On 11 October 2019, the Offeror further acquired 14.74% of the entire issued share capital of the Company through a mandatory unconditional cash offer as required under the listing rules. Immediately after the above transaction, the Offeror and parties acting in concert with it were interested in an aggregate of 2,661,956,801 Shares, representing approximately 66.30% of the entire issued share capital of the Company and became the controlling shareholders of the Company.

29 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF HYDOO INTERNATIONAL HOLDING LIMITED
(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 16 to 53 which comprises the consolidated statement of financial position of Hydoo International Holding Limited ("the Company") as of 31 August 2019 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the eight months period then ended and explanatory notes. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 31 August 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 November 2019