

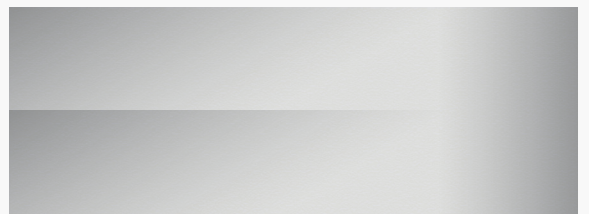


2017

Interim Report | Stock Code: 01777

FANTASIA
花樣年

花樣年控股集團有限公司
FANTASIA HOLDINGS GROUP CO., LIMITED



Creating Value with Aspirations.

目錄 CONTENTS

F
A
N
T
A
S
I
A

02	Corporate Information
03-04	Honours and Awards
05-06	Corporate Social Responsibility
07-10	Chairman's Statement
11-36	Management Discussion and Analysis
37-42	Disclosure of Interests
43-49	Corporate Governance and Other Information
50	Report on Review of Condensed Consolidated Financial Statements
51	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
52-53	Condensed Consolidated Statement of Financial Position
54-55	Condensed Consolidated Statement of Changes in Equity
56-57	Condensed Consolidated Statement of Cash Flows
58-83	Notes to the Condensed Consolidated Financial Statements

Directors

Executive Directors

Mr. Pan Jun (Chairman and Chief Executive Officer)
Ms. Zeng Jie, Baby
Mr. Lam Kam Tong
Mr. Zhou Jinqun (resigned on 17 January 2017)
Mr. Deng Bo (appointed on 17 January 2017)

Non-Executive Directors

Mr. Li Dong Sheng
Mr. Yuan Hao Dong (resigned on 31 March 2017)
Mr. Liao Qian (appointed on 31 March 2017)

Independent Non-Executive Directors

Mr. Ho Man
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

Company Secretary

Mr. Lam Kam Tong

Authorized Representatives

Mr. Pan Jun
Mr. Lam Kam Tong

Audit Committee

Mr. Ho Man (Committee Chairman)
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

Remuneration Committee

Mr. Huang Ming (Committee Chairman)
Mr. Ho Man
Mr. Pan Jun
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

Nomination Committee

Mr. Pan Jun (Committee Chairman)
Mr. Ho Man
Mr. Huang Ming
Ms. Zeng Jie, Baby
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Principal Bankers

Agricultural Bank of China
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

Legal Advisors

As to Hong Kong Law
Sidley Austin

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman

Registered Office

Cricknet Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Corporate Head Office in Hong Kong

Room 1202-03
New World Tower 1
16-18 Queen's Road Central
Hong Kong

Corporate Headquarters in People's Republic of China

Block A, Funian Plaza
Shihua Road and Zijing Road
Interchange in Futian Duty-free Zone
Shenzhen 518048
Guangdong Province
China

Cayman Islands Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House - 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Listing Information

The Company's Share Listing

Ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 1777

The Company's Senior Notes Listing

USD250 million 13.75%,
5 years senior notes due 2017
USD200 million 11.50%,
3 years senior notes due 2018
USD350 million 5.50%,
1 year senior notes due 2018
CNY1.6 billion 9.50%,
3 years senior notes due 2019
USD250 million 10.75%,
7 years senior notes due 2020
USD500 million 7.375%,
5 years senior notes due 2021
The Singapore Exchange
Securities Trading Limited

Website

<http://www.cnfantasia.com>



F
A
N
T
A
S
I
A



Honours and Awards

© In March 2017, Fantasia Group (China) Co., Ltd. was awarded the title of “China’s Top 100 Real Estate Companies” (中國房地產百強企業) jointly granted by the Development Research Center of the State Council, Institute of Real Estate Studies at Tsinghua University and China Index Academy. The company has been awarded the same title for nine times. Moreover, based on its good operating conditions and sound financial position, the company was also awarded the titles of “Outstanding Company with Light Asset Operations in 2017” (2017輕資產運營優秀企業), “China’s Top 100 Real Estate Companies in 2017 – TOP 10 in Financing Capability (2017中國房地產百強企業 – 融資能力TOP 10), “China’s Top 100 Real Estate Companies in 2017 – TOP 10 in Stability” (2017中國房地產百強企業 – 穩健性TOP 10 and “Outstanding Company with Light Asset Operations in 2017” (2017輕資產運營優秀企業).

© In May 2017, the People’s Government of Longgang District in Shenzhen awarded the title of “Top 10 Companies in Industrial Investment in Longgang District in 2016” (2016年度龍崗區工業投資十強企業) to Shenzhen Fantasia Real Estate Group Co., Ltd., a subsidiary of Fantasia Group (China) Co., Ltd.

© In May 2017, Fantasia Cultural Tourism Management Group’s U Hotel Shenzhen was awarded the title of “The Best Boutique Hotel” in Langya Ratings in 2017 (2017年度琅琊榜“最佳精品飯店”) by Shenzhen Hotel Association. In June, Shenzhen Fantasia Hotel Management Co., Ltd. was awarded the “Golden Pearl Award” for GHM hotels in 2017 (2017粵港澳酒店GHM“金珠獎”) by the GHM Hotel General Manager Association.

© In June 2017, Colour Life Services Group Co., Limited (“Colour Life”, together with its subsidiaries, “Colour Life Group”), a subsidiary of Fantasia Holdings Group Co., Limited (the “Company” or “Fantasia”, together with its subsidiaries, the “Group” or “Fantasia Group”), was awarded various honorary titles by China Index Academy (中國指數研究院),

such as “China’s Top 100 Property Service Companies for Nine Consecutive Years From 2009 to 2017” (2009–2017連續九年中國物業服務百強企業獎), “World’s Largest Community Service Platform in 2016 (2016社區服務平台全球最大), China’s Top 100 Leading Property Service Companies in Satisfaction (中國物業服務百強滿意度領先企業), “China’s Top 10 Property Service Companies in Overall Strength” (中國物業服務百強企業綜合實力TOP 10), “Top 10 Among China’s Top 100 Property Service Growth Companies” (中國物業服務百強企業成長性TOP 10), “Leading Featured Property Service Company in China – Intelligent Community” (中國特色物業服務領先企業 – 智慧社區) and “TOP 10 Among China’s Top 100 Property Service Companies in terms of Business Scale”(中國物業服務百強企業服務規模TOP 10). During the same period, Colour Life Group was awarded the title of “Shenzhen’s Top 50 Property Service Companies in Overall Strength” (深圳市物業服務企業綜合實力50強) in 2016 by Shenzhen Property Management Association, and was rated as “Top 30 (Sampled Units) in Terms of Shenzhen Index on Owners’ Satisfaction in Property Management in 2016” (2016年度物業管理業主滿意度深圳指數(抽樣單位)領先30).

© In June 2017, the Group was granted the “2017 Quality China Real Estate Company Award” (2017優質中國房地產企業大獎) by the Organizing Committee on Quality China Real Estate Company Awards formed by the Hong Kong Institute of Financial Analysts and Professional Commentators and a number of senior stock commentators.

© In June 2017, Aerospace Property, a subsidiary of Shenzhen Home E&E Commercial Services Group Co., Ltd. which is a subsidiary of the Group, ranked among Shenzhen’s top 30 property service companies in overall strength (深圳市物業服務企業綜合實力30強) for three consecutive years.



Committed to the concept of “One Good Deed a Day to Enjoy Doing Charity” (日行一善、樂享公益), Fantasia Group played a proactive role in contributing to society and supporting the development of social charity projects while maintaining its rapid corporate development during the first half of 2017. Taking Fantasia Charity Foundation as a platform for integrating resources, the Group launched three brand projects, namely Art Charity, Education Charity and Pension Charity, as a move to introduce innovative modes of charity, striving to build the foundation into an interactive platform for charity and making it a part of its corporate culture.

“Fantasia: Voyage to Happiness” (「花樣年•發現幸福之旅」), a charity project which has been documenting and passing on happiness events for more than a decade, is presenting from a unique artistic perspective how different groups of people appreciate happiness and explore it. In December 2016, Fantasia concluded Art Charity’s achievements under the “Fantasia: Voyage to Happiness” project over a decade with the launch of a “Design for Happiness – Happiness • Museum Design Contest” (為幸福設計 – 福•藝術館設計競賽), featuring the transformation of an old factory in Wuhuan in the southeast of Beijing into an art museum, and collected topics on happiness from the general public and designers.



Design For Happiness – Happiness • Museum Design Contest

The event lasted for more than five months, during which five design workshops, two site surveys, two rounds of online and offline reviews as well as evaluations by ten cross-industry experts with “big names” were carried out, and more than 700 contestants participated in the contest, 37 experts participated in a professional preliminary evaluation and 795,000 people were involved in the public evaluation. At Continuous Happiness Art Museum (不斷幸福藝術館), architects, designers, teachers and students from colleges, artists, curators and professional judges explored the topic on “happiness, art and art museum” (幸福、藝術、藝術館) together with the general public. How different groups of people appreciate happiness and explore it were in fact measuring the “body temperature” of the city during the year.

As at 31 March, 459 entries to the contest were collected in total, including 158 from the professional category and 301 from the creative category. The final evaluation was held successfully on 26 May, during which contestants from 25 entries were in a face-to-face “player killing” combat hosted by nine expert judges to examine the “Design for Happiness” works, and 14 winning entries were finally selected with winners awarded RMB200,000 cash prizes. In the future, Fantasia will continue to roll out more “Happiness • Art Museum” (福•藝術館) design contests, and apply the achievements from the “Fantasia: Voyage to Happiness” project and design contest to “Happiness • Art Museum”.

In January 2017, the Fantasia Charity Foundation contributed nearly RMB170,000 to the overall maintenance of the main building and ancillary facilities of Ji’an Hope Primary School (吉安希望小學), which has been operating with contributions from the foundation for more than a decade. A special maintenance fund of RMB30,000 was set up for the repair and maintenance of the school each year. Ji’an Hope Primary School also continued to roll out a series of “Rainbow Class” (七彩課堂) aimed at improving the quality of education for the children of rural migrant workers. A series of courses in music, painting and China studies were launched in an effort to cultivate local rural students in Ji’an to become “ordinary and happy people” as well as qualified citizens for the benefit of society.

In the first half of 2017, various community outlets of Fantasia’s Ankangnian, which offers community services for elderly people, rolled out an array of services featuring “serving and respecting the elderly” (為老尊老) as the theme. In total, 38 “happy birthday parties” (悅生日會), “spring festival events” (迎春活動), “vocal music classes” (聲樂班活動), “parent-child book reading events” (親子讀書活動), “volunteer events” (與愛同行義工活動) and other community public service projects were launched for the benefit of community residents, which attracted more than 1,657 participants and won public praise among community residents. In June, by bidding for a government procurement project tender for supporting the elderly and people with disabilities in the Chengdu High-tech Zone, Ankangnian also secured a RMB10 million government procurement project for supporting the elderly and people with disabilities (a three-year contract) for four street offices at Xiaojiahe, Hezuo, Fangcao and Zhonghe in the high-tech zone.



Fantasia Volunteers



F
A
N
T
A
S
I
A

Dear Shareholders,

In the first half of 2017, China's gross domestic products (GDP) grew by 6.9%, continuing the positive momentum amidst steady paces. In the first half of the year, the service sector became a more dominant economic driver, demonstrating a growth of 7.7% in its GDP contribution along with the trends such as the manufacturing upgrade towards a mid-to-high end, household consumption in faster transformation and upgrades, fast-growing high-tech investments and the improving consumption mix and investment structure. While sustaining a mid-to-high growth, China witnessed better economic quality and efficiency and stronger emerging dynamics.

The supply-side reform, an established key note in domestic economic and development efforts, led to more macro certainties as reflected in the better-than-consensus 6.8% GDP growth expectation for the first half of 2017, allowing China to take the lead to step into the New Normal of the target growth trajectory in the global economic recovery context. Fantasia adhering to its strategic transformation plan formulated since 2012, is determined to introduce the Second Transformation in 2017 – 2020 based on the leading community platform established under its First Transformation strategy. The aim is to innovatively create a four-pillar ecosystem incorporating community services, community intelligence, community technology and community applications based on the "Community Plus" framework. In this new strategic implementation stage, Fantasia will focus on both "asset-light and heavy" approaches and continuously promote the integration of industrial and financial capital to extend its presence at a faster pace, seeking to grow into an industrial financial group rooted in community services to provide customers with interesting, exciting and insightful living space and experience.

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I am pleased to present the interim report of the Group for the six months ended 30 June 2017 (the "Reporting Period" or the "Period"). For the Period, the Group recorded revenue of approximately RMB3,637 million, profit of approximately RMB156 million and profit attributable to the owners of the Company of approximately RMB81 million, representing a decrease of 32.2%, 52.7% and 69.4%, respectively, as compared to the same period of the previous year.

Real Estate Business Sped up Again under a Deepening Strategy

The property market in the first half of the year was most featured by frequent rollouts of policies and regulations, as a string of first-tier cities and popular second-tier cities launched the initiatives to tighten "restrictions on house purchases, mortgage loans, housing prices and house selling". However, the total sales in the industry performed in a direction different from the expected under these policies, as the policy tightening drove the investment needs and capital flows into third- and fourth-tier cities which hence saw soaring sales and prices. Overall, we expect that the policies will continue to evolve in the second half of the year and steer the real estate industry into divergence and correction amid the continuous monetary tightening, a touchstone for comprehensive strength of the industry players going ahead.

During the Period, the Group's real estate business recorded a total contracted sales area of 641,441 sq.m. and total contracted sales of RMB5.053 billion. Sales maintained a sound momentum in our key regional markets such as Chengdu, Wuhan, Guilin and Huizhou.

In the second half of the year, the Group will focus its efforts on debuts of landmark projects including "Jiatianxia (家天下)" as a leading brand for its intelligent communities in Chengdu and Shenzhen, as well as Yaxinke (亞新科) Beijing and projects in Ningbo, Wuhan and Taicang to be marketed during the year. These projects in the pipeline are to lay a solid foundation for us to meet the annual target. As to land acquisition, the Company is also extending its footprints in first- and second-tier cities, while building up its presence to Qingdao, Xi'an and Zhengzhou. Looking ahead, Fantasia will draw upon its community application segment and tap on a variety of capital sources to improve the project reserves and land acquisition speed, in an effort to offer more communities and projects with its hallmark.

Superior Asset-Light Model Helped Expand the Community Service Ecosystem

In the first half of the year, Colour Life Group rode on its industry-leading asset-light model to swiftly facilitate the strategic partnership with regional industry leaders such as China Real Estate Development Union Investments, Jiangsu Zhongzhu Property Management and Lanzhou Chengguan Property Management, pooling their strengths to seek mutual success through the Colour Life B2F service platform. Based on the upgraded Caizhiyun (彩之雲) platform architecture and featuring the enhanced modules including “Colour Wealth Life”, “Colour Residence”, “E-series Products” and “Colour Meal Ticket” modules, Colour Life integrated more resource advantages into its strategic ecosystem to co-develop an open strategy for community service scenes as a catalyst to sustainable rapid development of the platform and model.

F
A
N
T
A
S
I
A
As at the end of the Period, the Colour Life Group's platform provided services covering an area of approximately 848.9 million sq.m., with its registered users and active users increasing to 4.121 million and 2.434 million respectively. The value-added service segment with a continued high growth contributed approximately 30.1% to the platform's profit and became a key driver to revenue and profit, mirroring Colour Life Group's strategic evolution from “Property + Internet” to “Internet + Property”. During the Period, Colour Life won six awards including the “China Top 100 Property Service Providers” issued by China Index Academy.

Wanxiangmei Opened a New Chapter to Demonstrate its Community Operation Capacity

Since Wanda Property Management Co., Ltd. (“Wanda Property”) was successfully acquired by a limited partnership invested by the Group, Wanxiangmei (formerly known as Wanda Property) has gradually introduced Fantasia's property management system and significantly improved its business results, as advised by Kaiyuan International Property and Home E&E under the Colour Life Group. During the Reporting Period, Wanxiangmei recorded significant improvements both in profit margin and fee collection rate. The cost and quality concepts introduced from Fantasia also helped Wanxiangmei achieve superior cost control, supported by further upgrades and investments in hardware and software. As such, Fantasia's community service concept and ability gained further recognition, thanks to its proven community operation capacity and efficiency.

Rooting in Communities with the Booming Community Financial Business

Our Community Financial Group, as a core community application, witnessed a booming growth across the board as driven by a wide diversity of community-based financial offerings in the business lines, such as offline microloan, community P2P Internet finance, finance leases, insurance brokerage and third-party payment. During the Period, the planned targets were completed desirably, including community financing volume exceeding RMB4 billion, lending amount exceeding RMB3 billion and nearly 500,000 newly registered members. Meanwhile, community P2P Internet financial products improved significantly in product concepts, processes and experience. Leveraging upon community resources and a unique model, the Community Financial Group made numerous positive marketing progresses through developing financial products in community service scenes and adopting innovative risk control measures. While the balance of loans increased rapidly, non-performing loans stayed at a low level healthily.

Business Management Segment Set to Profit from its Meticulous Market Cultivation

The business management segment moved into a fast track after experience accumulation and cultivation over the years. During the Period, the business management segment performed remarkably in promoting its asset-light management model, successfully securing six projects including Yangzhou Lippo Plaza, Yizheng Project and Kunming Lingxiu Town. Among them, five projects are located in eastern China, which enhanced local market share and influence of Fantasia Business Management. Upon the maturing capabilities of its business management segment, Fantasia will adhere to the group-wide “asset-light and heavy” strategy to increase capital expenditure in the commercial sector, gradually enhance the segment's revenue and profit fundamentals and thus consolidate Fantasia's commercial influence.

Improving Retirement Life Services under a Maturing Business Model

Leveraging the government's incentives, Fantasia took retirement life services as an innovative strategic segment and kept abreast of market demand to establish its industry presence as an early mover. While improving the existing home care and day care centres and retirement homes in Chengdu and Nanjing, the Group drew upon its operation expertise to extend presence across the country under the "asset-light and heavy" strategy. We went further to develop a unique elderly service and support system by introducing the "self-help plus support" system originated by Takeuchi Takahito, a Japanese expert, and became the first firm adopting the system in China.

"Community Thermometer 2.0" Released to Structure A Sophisticated Life Space

On 18 June 2017, Soushe Community Services Development Research Institute (搜社社區服務發展研究院) ("Soushe"), which was jointly established by Fantasia Group, Colour Life Services Group, Worldunion, Dataway, Zhongguancun Big Data Industry Alliance and China Property Management Institute, released its Result Report – "Community Thermometer 2.0" (社區溫度計2.0) in Chengdu. Further to its version 1.0, the "Community Thermometer 2.0" report focused on illustrating practices and the roadmap to improve community sophistication, so as to better activate communities and reengineer the interaction among people, nature and creativity in communities. The target is to establish sophisticated community connections and ultimately build a closed-loop ecosystem comprising community space, users and relations to underpin Fantasia's "Community Plus" strategy.

Prospects and Development

The year 2017 opened a new chapter for Fantasia to deepen its strategic evolution. During the five years since its strategic transformation proposed in 2012, Fantasia increased the revenue contribution of its community-based asset-light business from less than 5% to over 25%, and a range of incubated community applications are taking shape. In the coming year, Fantasia will continue to root itself in communities to grow into a community platform with the best user stickiness in China by improving its business mix, integrating internal and external resources, and creating a four-pillar ecosystem incorporating community services, community intelligence, community technology and community applications based on

the "Community Plus" framework. The Group will adhere to the "asset-light and heavy" strategy to integrate industrial and financial capital for its business system, and step up its efforts in business model innovation and value addition of services. Looking forward, leveraging the synergy achieved through overall planning and well-coordinated edges and resources of each business segment, the Company aspires to grow into an industrial finance group focusing on living space and experience.

Appreciation

Fantasia's growth and success are founded on our dedicated and assiduous staff and the trust and support from all shareholders, investors, partners and customers. On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to everyone. Staying rooted in communities, Fantasia seeks to build up a sophisticated "Community Plus" ecosystem and persistently enhance its industry leadership in the community operation service sector, with a commitment to exploring a broader prospect of integrating finance with community services and bringing maximal value and return to our society, shareholders and investors.

Pan Jun
Chairman
24 August 2017



Shenzhen Funian Plaza

Financial Review

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services and (vi) the provision of travel agency service, manufacturing and sale of fuel pumps. For the six months ended 30 June 2017, revenue of the Group amounted to approximately RMB3,637 million, representing a decrease of approximately 32.2% from approximately RMB5,362 million for the corresponding period in 2016. The decrease in revenue was primarily attributable to the decline in the revenue arising from sales of properties of approximately RMB2,266 million due to the decrease in the number and the GFA of developed property projects delivered. Meanwhile, the revenue arising from property management increased by approximately RMB289 million as compared to the corresponding period in last year due to the increase in GFA managed under the Group's property management sector.

The table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in the first half of 2017 and 2016.

	For the six months ended 30 June 2017			For the six months ended 30 June 2016		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	Square meters	RMB	RMB'000	Square meters	RMB
Huizhou Fantasia Special Town (惠州別樣城)	15,308	1,679	9,116	35,017	4,046	8,656
Huizhou Love Forever (惠州花郡)	7,959	1,269	6,272	8,038	1,681	4,781
Dongguan Wonderland (東莞江山)	2,108	147	14,352	19,000	1,368	13,892
Guilin Fantasia Town (桂林花樣城)	9,347	1,545	6,050	266,098	63,209	4,210
Chengdu Fantasia Town (成都花樣城)	(5,611)	(573)	9,791	31,720	5,339	5,941
Guilin Lakeside Eden (桂林麓湖)	292,985	58,841	4,979	287,694	57,637	4,991
Tianjin Love Forever (天津花郡)	230,299	43,445	5,301	221,781	43,179	5,136
Chengdu Grande Valley (成都大溪谷)	35,076	1,789	19,605	38,252	5,323	7,186
Chengdu Future Plaza (成都香年廣場)	-	-	-	606	67	9,000
Suzhou Lago Paradise (蘇州太湖天城)	29,956	3,872	7,736	224,567	24,701	9,091
Wuxi Hailun Complex (無錫喜年中心)	3,356	476	7,049	80,267	13,494	5,948
Nanjing Yuhuatai (南京花生唐)	-	-	-	3,524	120	29,356
Chengdu Meinian International Plaza (成都美年國際廣場)	-	-	-	650	57	11,493
Ningbo Love Forever (寧波花郡)	-	-	-	669,902	73,420	9,124
Wuhan Love Forever (武漢花郡)	79,592	6,115	13,016	666,842	71,243	9,360
Chengdu Longnian Building (成都龍年中心)	100,564	16,302	6,169	84,618	13,242	6,390
Chengdu Hailun (成都喜年)	-	-	-	1,308	94	13,951
Suzhou Hailun Plaza (蘇州喜年廣場)	40,627	2,406	16,889	1,106,793	64,851	17,067
Shenzhen Lung Kei Sea (深圳龍岐灣)	50,342	792	63,534	90,625	1,433	63,239
Shenzhen Longnian Building (深圳龍年大廈)	-	-	-	30,123	1,125	26,779
Shenzhen Lenian (深圳樂年)	86,716	3,872	22,398	-	-	-
Huizhou TCL Kangchengsiji (惠州TCL康城四季)	467,525	49,711	9,405	429,500	78,913	5,443
Wuhan Fantasia Town (武漢花樣城)	594,030	82,611	7,191	-	-	-
Dali Human Art Wisdom (大理藝墅花鄉)	378	55	6,865	-	-	-
Sub-total	2,040,556	274,353		4,296,924	524,543	
Others	28,221			37,976		
Total	2,068,777			4,334,900		

Property Development

The Group recognises revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, that is when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents the proceeds from sales of properties held for sales. During the Reporting Period, revenue derived from property development decreased by 52.3% to approximately RMB2,069 million for the six months ended 30 June 2017 from approximately RMB4,335 million for the corresponding period in 2016, which was primarily due to the reduced number of newly-recognised properties brought forward from the current period.

Property Investment

Revenue generated from property investment increased by approximately 24.8% to approximately RMB117 million for the six months ended 30 June 2017 from approximately RMB94 million for the corresponding period in 2016. The increase was primarily due to an increase in rental area.

Property Agency Services

Revenue derived from property agency services increased by approximately 349.4% to approximately RMB27 million for the six months ended 30 June 2017 from approximately RMB6 million for the corresponding period in 2016. The increase was primarily due to the transfer of Xingyanhang from Colour Life to Fantasia in the late 2016 and the corresponding expansion of the agency services business.

Property Operation Services

Revenue derived from property operation services increased by approximately 42.0% to approximately RMB978 million for the six months ended 30 June 2017 from approximately RMB689 million for the corresponding period in 2016. The increase was primarily due to the increased GFA of the properties managed by the Group and the extended scope of value-added services provided by the Group during the Period.

Hotel Operation and Related Services

Revenue derived from hotel operation and related services increased by approximately 58.5% to approximately RMB64 million for the six months ended 30 June 2017 from approximately RMB40 million for the corresponding period in 2016. The increase was primarily due to the enhanced popularity of Sheraton Guilin Hotel (桂林喜來登酒店) and the noticeable growth in its revenue since its opening in late 2016.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by approximately 25.0% to approximately RMB1,109 million for the six months ended 30 June 2017 from approximately RMB1,480 million for the corresponding period in 2016, while the Group's gross profit margin was approximately 30.5% for the six months ended 30 June 2017 as compared to a gross profit margin of approximately 27.6% for the corresponding period in 2016. The increase in gross profit margin was primarily due to the expansion of the Group's property management services, the enhanced operation capacity, the higher gross profit margin of the property management segment as compared to the corresponding period in 2016 resulting from the increased revenue and satisfactory cost control of the segment and the stronger overall gross profit margin driven by the bringing forward of two property projects with high gross profits, i.e. Shenzhen Lenian Villa (深圳樂年別墅) and Shenzhen Lung Kei Sea Apartment (深圳龍歧灣公寓) during the Reporting Period.

Other Income, Gain and Losses

Other income, gain and losses increased by approximately 207.3% to realise a net gain of approximately RMB185 million for the six months ended 30 June 2017 from a net loss of approximately RMB173 million for the corresponding period in 2016, which was due to an exchange gain of RMB248 million (the corresponding period in 2016: an exchange loss of RMB197 million) resulting from the appreciation of RMB against U.S. dollars during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 7.1% to approximately RMB113 million for the six months ended 30 June 2017 from approximately RMB122 million for the corresponding period in 2016. The decrease was due to the reduced promotional cost incurred for physical advertising and the lower sales agency fee.

Administrative Expenses

The Group's administrative expenses increased by approximately 22.0% to approximately RMB574 million for the six months ended 30 June 2017 from approximately RMB470 million for the corresponding period in 2016. The increase was primarily due to the higher management costs incurred for new acquisitions and establishment of companies. In particular, the expenses for acquisitions of ASIMCO (亞新科) and Chengdu Fantasia Commercial Management Company Limited in 2016 were approximately RMB55 million and approximately RMB12 million, respectively.

Finance Costs

The Group's finance costs increased by approximately 84.2% to approximately RMB610 million for the six months ended 30 June 2017 from approximately RMB331 million for the corresponding period in 2016. The increase in finance costs was mainly due to the increase in the average annual balance of interest-bearing liabilities.

Income Tax Expenses

The Group's income tax expenses decreased by approximately 7.6% to approximately RMB521 million for the six months ended 30 June 2017 from approximately RMB564 million for the corresponding period in 2016. The decrease was mainly due to the lower land value increment tax.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2017, the Group's total cash (including restricted/pledged bank deposits) was approximately RMB9,816 million (31 December 2016: approximately RMB11,134 million), representing a decrease of approximately 11.8% as compared to that as at 31 December 2016.

Net Gearing Ratio

The Net gearing ratio was approximately 89.0% as at 30 June 2017 (31 December 2016: 83.0%). The Net gearing ratio was calculated in terms of the total debt (aggregated borrowings, senior notes and bonds and asset-backed securities issued), net of bank balances and cash and restricted/pledged bank deposits over the total equity. The total debt (being aggregated borrowings, senior notes and bonds and asset-backed securities issued) over total assets ratio continued to be healthy, maintaining at approximately 43.7% as at 30 June 2017 (31 December 2016: 44.3%). Due to the fact that the Group optimized its equity structure and maintained a reasonable proportion of long-term and short-term debts as well as strictly implemented the budgeting for cash flows, the Net gearing ratio slightly increased as compared to that as at the end of last year.

Borrowings and Charges on the Group's Assets

As at 30 June 2017, the Group had aggregated borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB3,310 million (31 December 2016: approximately RMB3,367 million) in total, approximately RMB18,739 million (31 December 2016: approximately RMB18,380 million) in total and approximately RMB252 million (31 December 2016: approximately RMB275 million) in total, respectively. Amongst the borrowings, approximately RMB1,657 million (31 December 2016: approximately RMB929 million) will be repayable within one year and approximately RMB1,653 million (31 December 2016: approximately RMB2,438 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB5,286 million (31 December 2016: approximately RMB1,575 million) will be repayable within one year and approximately RMB13,452 million (31 December 2016: approximately RMB16,804 million) will be repayable after one year.

As at 30 June 2017, a substantial part of the bank borrowings was secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by the pledge of shares of certain subsidiaries of the Group.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, bank borrowings, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. For the six months ended 30 June 2017, the exchange rates of RMB against U.S. dollars and the Hong Kong dollars increased with an exchange gain of RMB248 million.

Contingent Liabilities

As at 30 June 2017, the Group had provided guarantees amounting to approximately RMB7,100 million (31 December 2016: approximately RMB6,258 million) 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 accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the six months ended 30 June 2017 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2017, excluding the employees of communities managed on a commission basis, the Group had approximately 29,366 employees (31 December 2016: approximately 29,038 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice. Apart from salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme on 27 October 2009. As at 30 June 2017, a total of 142,660,000 share options were granted. As at 30 June 2017, none of the share option was lapsed and 225,000 share options had been exercised. As at 30 June 2017, the outstanding share options were 85,101,000 in total.

Interim Dividend

The Board had resolved that no interim dividend be paid for the Period (six months ended 30 June 2016: nil).

Business Review

Property Development

Contracted Sales and Project Development

It has been ten months since China tightened its control on the property market in last October. Judging from the policy results, the property market has been undoubtedly heading in a direction different from the expected one under these policies. On the one hand, first-tier cities and popular second-tier cities launched unprecedentedly strict policies to regulate the property market by tightening “restrictions on house purchases, mortgage loans, housing prices and house selling”. On the other hand, in the first half of this year, China’s total commercial housing sales and sales area rose 21.5% and 16.1% year on year respectively to hit record highs – RMB5.92 trillion and 74,700 sq.m. When it comes to specific market, first- and second-tier cities witnessed “shrinking sales and stable prices”, while third- and fourth-tier cities saw “rising sales and prices”.

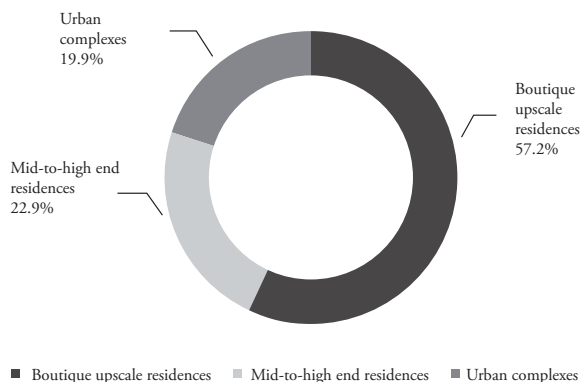
Judging from the status quo, the restrictive policies will go even further, and with housing supply expected to increase substantially, the first-hand property market will experience certain changes accordingly as short supply eases. Third- and fourth-tier cities will see market adjustments in the second half of this year, which would last longer than first- and second-tier cities. As currently the majority of homebuyers in third- and fourth-tier cities are property investors, mostly from surrounding first- and second-tier cities, housing prices in

these cities will be adjusted downwards when these investors retreat. Despite the tightening policies and strict control over supply and demand, the property market still enjoys stable sales volume and prices, showing that market demands and industry confidence remain strong.

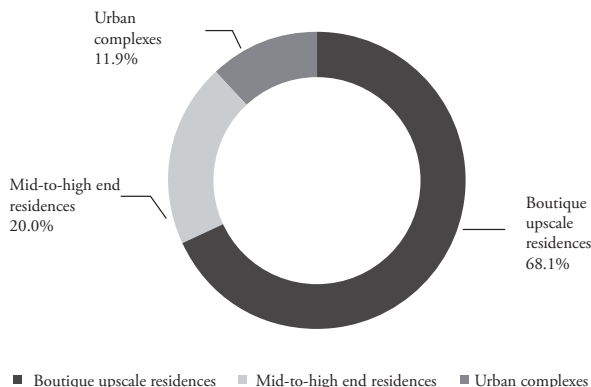
Amid changes in the overall market, the Group seized market opportunities to boost sales by promoting hot-sale products, with a view to accelerating cash turnover to satisfy its capital needs for rapid growth while securing a price premium at the same time. In this regard, regional branches in Guilin, Wuhan, Huizhou, Nanjing and Chengdu performed strongly. After our great efforts in the first half of the year, we will tap further into market needs and customer demands by improving products and services with innovative thinking, and create hot-sale projects with great market influence and characteristics of Fantasia to make a breakthrough in sales at a premium.

During the Period, the Group recorded total contracted sales of approximately RMB5,053.06 million and a total contracted sales area of 641,441 sq.m. Among the total contracted sales, approximately RMB1,003.76 million was derived from urban complex projects, representing approximately 19.9% of the total; approximately RMB2,893.87 million was derived from boutique and upscale residential projects, representing approximately 57.2% of the total; and approximately RMB1,155.43 million was derived from mid-to-high end residential projects, representing approximately 22.9% of the total.

Distribution of contracted sales by product type



Distribution of contracted sales area by product type



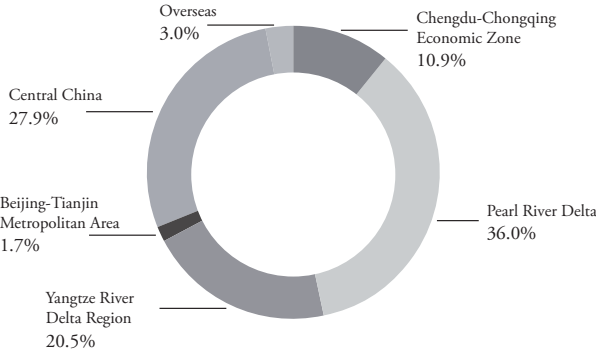
Distribution of contracted sales and contracted sales area by product type for the first half of 2017

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	1,003.76	19.9	76,348	11.9
Mid-to-high End Residences	1,155.43	22.9	128,128	20.0
Boutique Upscale Residences	2,893.87	57.2	436,965	68.1
Total	5,053.06	100.0	641,441	100.0

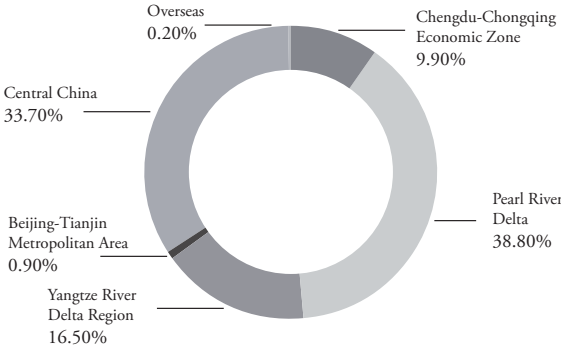
During the Reporting Period, the amount of contracted sales for the Group’s real estate business was mainly attributable to 34 projects (including Wuhan Fantasia Town, Suzhou Lago, Tianjin Meinian, Chengdu Longnian International Center, Guilin Lakeside Eden and Huizhou Kangchengsiji) in 14 cities such as Wuhan, Chengdu, Guilin and Huizhou. In the first half of the year, the Group exceeded its performance targets for the Period in the Wuhan-based Central China market, Chengdu-based Chengdu-Chongqing market, Shenzhen-based Pearl River Delta market and Shanghai-based Yangtze River Delta market. In particular, our performance in the Pearl River Delta market and Chengdu-Chongqing market outshined other regional segments and served as major contributor to achieving our targets for this year, thus earning the Group good market reputation and great influence in the local markets. In addition, the Group’s real estate business in sixth-tier cities achieved initial results as it leveraged the resources and teams of its subsidiaries in various cities to seek business growth in areas surrounding its key markets, including Sinan County in Guizhou, Ganzhou City in Jiangxi and Jingchuan County in Gansu.

F
A
N
T
A
S
I
A

Distribution of contracted sales in six major regions for the first half of 2017



Distribution of contracted sales area in six major regions for the first half of 2017



Management Discussion and Analysis

Breakdown of the Group's contracted sales in six major regions for the first half of 2017

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Pearl River Delta	1,817.46	36.0	248,747	38.8
Chengdu-Chongqing Economic Zone	552.43	10.9	63,657	9.9
Beijing-Tianjin Metropolitan Area	87.94	1.7	5,823	0.9
Yangtze River Delta Region	1,033.57	20.5	105,762	16.5
Central China	1,412.08	27.9	216,179	33.7
Overseas	149.58	3.0	1,273	0.2
Total	5,053.06	100	641,441	100



Chengdu-Chongqing Economic Zone

As a vital economic hub in Midwest China and a national modern industrial base of significance, the Chengdu-Chongqing Economic Zone enjoys rapid industrial development as driven by robust market demands, and thus has always been an important strategic market for the Group. After 17 years of development in such region, the Group has become one of the most influential branded property developers in the region. During the Reporting Period, the Group secured a leading market position in terms of sales performance by promoting the idea of large project operations and integrating hotel, cultural tourism and other resources to improve products and strengthen community management. Thanks to such efforts, we attracted much attention to our projects and earned brand awareness in regional markets, laying a sound foundation for the launch of our new products in the second half of the year.

F
A
N
T
During the Reporting Period, the Group recorded a contracted sales area of approximately 63,657 sq.m. and contracted sales of approximately RMB552.43 million in the Chengdu-Chongqing Economic Zone, representing approximately 9.9% and 10.9% of the total contracted sales of the Group for the Period, respectively.

A
S
I
A
As at 30 June 2017, the Group had four projects or project phases under construction in the Chengdu-Chongqing Economic Zone, with a total planned gross floor area (GFA) of approximately 563,948 sq.m. and a saleable area of approximately 417,765 sq.m. Apart from the projects under construction, the Group had five projects or project phases to be constructed in the Chengdu-Chongqing Economic Zone, with a total planned GFA of approximately 2,141,968 sq.m..

Pearl River Delta

On 7 April 2017, the National Development and Reform Commission issued the 2017 Key Tasks for Institutional Innovation in State-level New Areas to promote the development of Guangdong-Hong Kong-Macao Greater Bay Area which, once completed, will allow the Pearl River Delta to become a vital test ground for China to build world-class city clusters and participate in global competition. Under the new policy environment, the Group vigorously grasped market opportunities to boost sales at a higher premium, thereby earning great market influence and brand reputation. Meanwhile, we sped up business development in Shenzhen, Guangzhou, Huizhou and Guilin markets to seek greater business growth and acquire more land reserves.

During the Reporting Period, the Group recorded a contracted sales area of approximately 248,747 sq.m. and contracted sales of approximately RMB1,817.46 million in the Pearl River Delta, representing 38.8% and 36.0% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had three projects or project phases under construction in the Pearl River Delta, with a total planned GFA of approximately 680,689 sq.m. and an expected saleable area of approximately 491,918 sq.m. The Group also had five projects or project phases to be constructed in the region, with a total planned GFA of approximately 1,783,393 sq.m..

Beijing-Tianjin Metropolitan Area

As a capital-based economic zone, the Beijing-Tianjin Metropolitan Area is of great strategic significance. On 1 April 2017, the CPC Central Committee and the State Council decided to establish a state-level new area – Xiong’an New Area. The development of Xiong’an New Area is a historic move with great practical and far-reaching significance to explore new development models for densely populated areas, to adjust and enhance the urban layout and spatial structure of the Beijing-Tianjin-Hebei Region, and to create a new innovation-driven growth engine. During the Reporting Period, the Group accelerated the development of its existing projects in the area and, on top of that, sped up business expansion in key cities such as Tianjin, Beijing and Shijiazhuang by acquiring land reserves and undertaking new cooperation projects, so as to grow bigger and have greater influence in regional markets.

During the Reporting Period, the Group recorded a contracted sales area of approximately 5,823 sq.m. and contracted sales of approximately RMB87.94 million in the Beijing-Tianjin Metropolitan Area, representing 0.9% and 1.7% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had two projects or project phases under construction in the Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 18,595 sq.m. and an expected saleable area of approximately 12,927 sq.m. The Group also had four projects or project phases to be constructed in the area, with a total planned GFA of approximately 711,947 sq.m..



Property Services

Yangtze River Delta Region

The Yangtze River Delta Region, being a world-class city cluster going global, influencing the Asia Pacific and holding a leading position in the nation, has been built into a resource allocation pivot with great economic vitality, a technology innovation hub with global influence, and a vital international gateway in the Asian-Pacific region. The Group has long been paying great attention to its existing projects and the key cities with high growth potential within the region. During the Reporting Period, the Group tapped deeply into the users and customers' needs to promote product development and service improvement from the perspective of users, and gradually developed products with high recognition by the market, thus greatly boosting the sales of key projects and gaining considerable market attention and influence.

During the Reporting Period, the Group recorded a contracted sales area of approximately 105,762 sq.m. and contracted sales of approximately RMB1,033.57 million in the Yangtze River Delta Region, representing approximately 16.5% and 20.5% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had four projects or project phases under construction in the Yangtze River Delta Region, with a total planned GFA of approximately 580,572 sq.m. and an expected saleable area of approximately 398,785 sq.m. The Group also had three projects or project phases to be constructed in the region, with a total planned GFA of approximately 323,243 sq.m..

F
A
N
T
A
S
I
A



Central China

Central China, which boasts a profound historical and cultural background, abundant resources, a solid industrial foundation and convenient land and water transportation, is a developed region in China and is of strategic significance to the Group. During the Reporting Period, the Group proactively promoted the development of its existing projects and seized market opportunities to expedite de-stocking, achieving rapid sales of projects in rigid demand with increasing price premiums. Leveraging its reputation and customer recognition in regional markets, the Group sped up business development and acquired a number of new projects in such key cities as Wuhan, Zhengzhou, Changsha and Xi'an in Central China, laying a solid foundation for its further development in the region in the second half of the year.

During the Reporting Period, the Group recorded a contracted sales area of approximately 216,179 sq.m. and contracted sales of approximately RMB1,412.08 million in Central China, representing approximately 33.7% and 27.9% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had one project or project phase under construction in Wuhan, with a total planned GFA of approximately 91,198 sq.m. and an expected saleable area of approximately 90,779 sq.m. The Group also had one project or project phase to be constructed in the area, with a total planned GFA of approximately 200,000 sq.m..

Overseas

As one of Asia's foreign exchange hubs, Singapore is the most important financial, service and shipping pivot in Asia. Singapore is of strategic importance for the Group's global expansion as it is the entry point for the Group's expansion into the overseas property market. During the Reporting Period, we secured strong sales of the Singapore Love Forever Project through marketing innovation and product improvement, thus achieving overall sales growth and gaining good market reputation and value recognition.

During the Reporting Period, the Group recorded a contracted sales area of approximately 1,273 sq.m. and contracted sales of approximately RMB149.58 million in the overseas market, representing approximately 0.2% and 3.0% of the total contracted sales area and contracted sales, respectively.



China Community Thermometer 2.0 Chengdu Press Conference

Newly Commenced Projects

During the Reporting Period, the Group commenced construction of seven projects or project phases which have a total planned GFA of approximately 615,381 sq.m..

The breakdown of newly commenced projects in the first half of 2017

Project serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
Yangtze River Delta Region						
1	Gaochun Love Forever (高淳花郡)	Gaochun, Nanjing	Residential land use	2019	100%	96,755
2	Taicang Taigucheng (太倉太古城)	Zhenghe East Road, Taicang	Commercial/ office purpose	2019	100%	63,741
3	Suzhou Lago Paradise (蘇州太湖天城)	Suzhou	Residential land use	2019	100%	14,625
4	Jiangxi Ganzhou Yunding Mansion (江西贛州雲頂公館)	Ganzhou	Residential and commercial purposes	2018	100%	91,198
Chengdu-Chongqing Economic Zone						
1	North Xiangmendi (香門第北區)	Pi County, Chengdu	Residential and commercial purposes	2018	100%	131,362
2	Shuangliu Jiatianxia (雙流家天下)	Shuangliu District, Chengdu City	Residential and commercial purposes	2019	55%	153,459
Pearl River Delta						
1	Shenzhen Jiatianxia (深圳家天下)	Kuiyong, Shenzhen City	Residential and commercial purposes	2018	10%	64,241

F
A
N
T
A
S
I
A



Completed Projects

During the Reporting Period, the Group completed 4 projects or phases of projects, with a total GFA of approximately 577,395 sq.m..

The breakdown of completed projects in the first half of 2017

Project serial number	Project name	GFA (sq.m.)	Gross saleable area (sq.m.)	Area for sales (sq.m.)	Contracted sales area (sq.m.)	Area held by the Company (sq.m.)
Yangtze River Delta Region						
1	Suzhou Hailrun Business and Apartment Project (蘇州喜年項目商業及公寓)	250,690	124,497	108,110	16,387	–
Pearl River Delta						
1	Huizhou Kangchengsiji	200,163	132,240	8,824	121,691	1,725
2	Guilin Lakeside	18,511	18,397	–	18,387	–
Central China						
1	Wuhan Fantasia Town	108,031	87,954	4,870	83,084	–



Projects under Construction

As at 30 June 2017, the Group had 14 projects or phases of projects under construction, with a total planned GFA of 1,935,002 sq.m. and a total planned gross saleable area of 1,412,174 sq.m..

The breakdown of projects under construction as at 30 June 2017

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Shenzhen								
1	Jiatianxia (家天下)	Kuiyong, Shenzhen City	Residential and commercial purposes	10%	2018	64,241	46,690	Urban Complexes
Huizhou								
1	Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2017	169,284	124,122	Mid-to-high End Residences
Guilin								
1	Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	100%	2018	447,164	321,106	Boutique Upscale Residences

F
A
N
T
A
S
I
A



Management Discussion and Analysis

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Chengdu								
1	Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	2018	62,848	54,561	Boutique Upscale Residences
2	Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	216,279	166,455	Urban Complexes
3	Xiangmendi (香門第)	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	131,362	83,469	Mid-to-high End Residences
4	Shuangliu Jitianxia (雙流家天下)	Shuangliu District, Chengdu	Residential and commercial purposes	55%	2019	153,459	113,280	Mid-to-high End Residences and Commercial Apartment
Tianjin								
1	Love Forever	Wuqing District, Tianjin City	Residential land use	60%	2017	2,679	2,679	Mid-to-high End Residences
2	Huaxiang (花鄉)	Wuqing District, Tianjin City	Residential land use	60%	2017	15,916	10,248	Boutique Upscale Residences
Suzhou								
1	Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	2017	10,700	10,124	Boutique Upscale Residences
2	Taichang Taigucheng (太倉太古城)	Zhenghe East Road, Taicang	Commercial/office purpose	100%	2019	63,741	61,010	Urban Complexes
Nanjing								
1	Hailun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	60%	2017	296,933	200,836	Urban Complexes
2	Love Forever	Gaochun, Nanjing	Residential and commercial purposes	100%	2018	209,198	126,815	Mid-to-high End Residences
Ganzhou								
1	Yunding Mansion (雲頂公館)	Xingguo County, Ganzhou	Residential and commercial purposes	100%	2018	91,198	90,779	Boutique Upscale Residences

Projects to be Developed

As at 30 June 2017, the Group had 18 projects or phases of projects to be developed, with a total planned GFA of approximately 5,160,551 sq.m..

The table below sets forth the breakdown of the Group's projects or phases of projects to be developed in the six major regions as at 30 June 2017.

	sq.m.	%
Pearl River Delta	1,783,393	34.5
Chengdu-Chongqing Economic Zone	2,141,968	41.5
Yangtze River Delta Region	323,243	6.3
Beijing-Tianjin Metropolitan Area	711,947	13.8
Central China	200,000	3.9
Total	5,160,551	100

The breakdown of projects to be developed as at 30 June 2017

F

A

N

T

A

S

I

A

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
Shenzhen					
1	Xinghua Industrial Project	Shekou District, Shenzhen City	Commercial and financial purposes	61%	40,000
2	Jitianxia Project	Kuiyong, Shenzhen City	Residential and commercial purposes	10%	187,240
Subtotal					227,240
Huizhou					
1	Remaining phases of Kangchensiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	196,914
2	Qiuchang Project	Danshui Town, Huiyang District, Huizhou City	Residential purpose	100%	188,967
Subtotal					385,881
Suzhou					
1	Haoge Land Plot	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial purposes	5%	73,185
Subtotal					73,185
Shanghai					
1	Guobang Huayuan (國邦花園)	Jing'an District, Shanghai City	Office purpose	100%	5,766
Subtotal					5,766

Management Discussion and Analysis

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
Guilin					
1	Remaining phases of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,170,272
Subtotal					1,170,272
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary purposes	100%	397,204
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	667,737
3	Phase 2.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	82,630
4	Chengdu Xiangmendi (成都香門第)	Pi County, Chengdu City	Residential and commercial purposes	100%	358,638
5	Shuangliu Jiatianxia (雙流家天下)	Shuangliu District, Chengdu	Commercial cum residential	55%	635,759
Subtotal					2,141,968
Beijing					
1	Yaxinke Project	Fengtai District, Beijing City	Residential purpose	76%	268,174
Subtotal					268,174
Nanjing					
1	Love Forever Project	Gaochun District, Nanjing City	Residential purpose	100%	244,292
Subtotal					244,292
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential purpose	60%	37,107
2	Remaining phases of Huaxiang	Wuqing District, Tianjin City	Residential purpose	60%	238,327
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism purposes	100%	168,339
Subtotal					443,773
Wuhan					
1	Phase 1 of Baishazhou Project	Hongshan District, Wuhan City	Residential and commercial purposes	50%	200,000
Subtotal					200,000
Subtotal					5,160,551

Land Bank

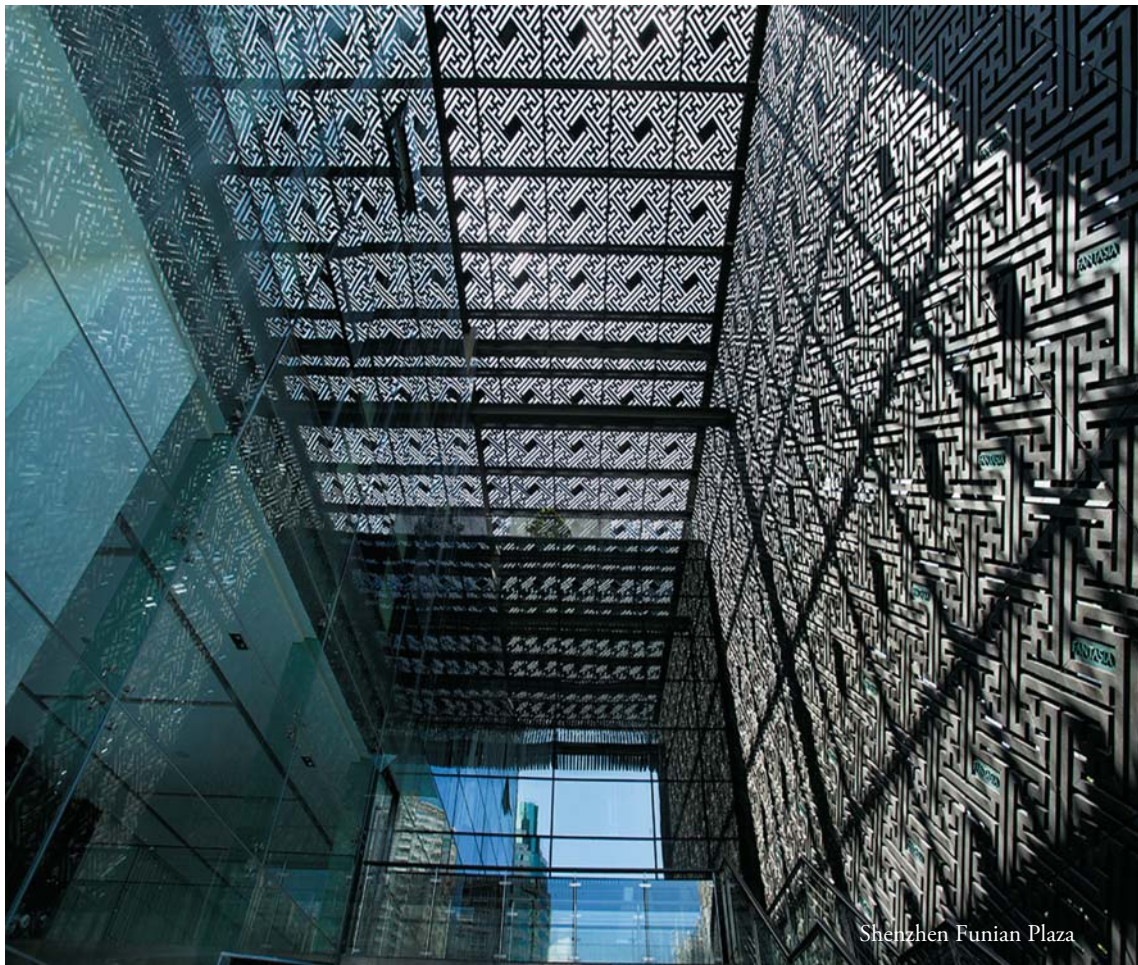
During the Reporting Period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai, Shenzhen, Wuhan and Chengdu, which enjoy strong market potential and are capable of delivering rich returns. As at 30 June 2017, the planned GFA of the Group's land bank amounted to approximately 15.95 million sq.m. and the planned GFA of properties with framework agreements signed amounted to 8.85 million sq.m..

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of land bank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Chengdu-Chongqing Economic Zone				5,703,235	35.2%
Chengdu	563,949	2,141,968	2,916,682	5,622,599	
Kunming			80,636	80,636	
Pearl River Delta				7,026,962	44.1%
Shenzhen	64,241	227,240	3,462,980	3,754,461	
Huizhou	169,284	385,881	1,099,900	1,655,065	
Guilin	447,164	1,170,272		1,617,436	
Beijing-Tianjin Metropolitan Area				799,124	5.0%
Beijing		268,174		268,174	
Tianjin	18,595	443,773	30,317	492,685	
Shijiazhuang			38,265	38,265	
Yangtze River Delta				960,069	6.0%
Suzhou	74,441	73,185	56,254	203,880	
Shanghai		5,766		5,766	
Nanjing	506,131	244,292		750,423	
Central China				1,460,215	9.2%
Wuhan		200,000	1,169,017	1,369,017	
Ganzhou	91,198			91,198	
Total	1,935,003	5,160,551	8,854,051	15,949,605	100%

Colour Life

During the Reporting Period, the community services business of the Group maintained rapid growth. As at 30 June 2017, Colour Life had a total contracted management area of approximately 420.2 million sq.m. and was serving a total of 2,335 communities, representing year-on-year (YoY) increases of approximately 60.1 million sq.m. and 99 communities, respectively. The new-added communities under contracted management are contracted by way of discretionary authorization, indicating the market competitiveness and brand

awareness of Colour Life in the industry. Currently, Colour Life has developed into a large community service operator comprising 24 property management enterprises with National Class 1 Qualification and 46 property management enterprises with National Class 2 Qualification. Currently, projects managed by Colour Life are distributed across 214 Chinese cities and Singapore, forming a business landscape covering East China, South China, Northwest China, Southwest China, Northeast China, North China, Central China as well as Singapore and Hong Kong.



Shenzhen Funian Plaza

Since it launched the cooperation model based on an Internet Plus property management platform in the second half of 2016, Colour Life has established partnerships with 28 property services companies, including Shanghai Yinwan Life Network Co., Ltd., Lanzhou Chengguan Property Services Group Co., Ltd., Jiangsu Zhongzhu Property Services Development Co., Ltd. and Hubei Yunfan Property Services Co., Ltd. As at 30 June 2017, the service area under Colour Life’s platform reached 848.9 million sq.m., including a self-managed area of 420.2 million sq.m. and a cooperatively-managed area of 428.7 million sq.m..

With continuous expansion of user base on the platform, as at 30 June 2017, the number of registered users of Caizhiyun (彩之雲) increased to 4,121 thousand, of which 2,434 thousand were active users, increased by approximately 91.7% and approximately 114.8% respectively as compared to the end of June 2016, with the percentage of active users remained high at 59.1%. In the first half of 2017, the construction of Colour Life’s ecosystem made great progress as the vertical applications connected to the platform performed well. In particular, E Maintenance had more than 15,000 orders per day on average, and E Energy, E Parking and E Rental had been well received by the market by virtue of their efficient and quality services, thus achieving considerable revenue and profits. Moreover, E Elevator, E Recycling and E Cleaning had been quickly put into use in communities after small-scale trial use. Overall, the favorable operating statistics shown that the construction of Colour Life’s ecosystem has yielded great results. As at 30 June 2017, the Gross Merchandise Volume (GMV) of Caizhiyun platform amounted to approximately RMB2,393.5 million; the revenue from its value-added business amounted to RMB110.8 million, representing a YoY growth of approximately 55.1% and with a high gross profit margin of approximately 84.5%. Such revenue, which contributed approximately 30.1% of Colour Life’s profit, was the second largest source of revenue and profit, marking Colour Life’s entry into a new development stage after transformation and upgrading.

In the first half of 2017, Colour Life’s core products “Two Colours” continued to maintain rapid growth. As at 30 June 2017, the newly cumulative turnover for the year of “Colour Wealth Life Value-added Plan” amounted to approximately RMB1,965.6 million. Meanwhile, Colour Life Residence made a shift from typical one-off house sale of developers to the sales pattern of “House Plus Services”, which had been implemented in 50 cities across the nation, such as Nanjing, Chengdu, Changsha, Wuhan, Xuzhou, Fuzhou, Wuxi and Huizhou. Colour Life also entered into cooperation agreements regarding Colour Life Residence with 36 developers, including Anhui Gocoo Group (安徽國購集團) and Xi’an Ronghua Group (西安榮華集團), and developed such innovative products as “Colour Parking Spaces” and “Colour Shops”. For the first half of 2017, the total house sales of Colour Life Residence reached 2,743 units. The penetration of Colour Life Residence has cumulatively generated a large quantity of “meal coupons” offered by the developers to homeowners as rebates. Such meal coupons, serving as a bridge between products and services, will form a strong purchasing power on the platform and, by consequence, attract more excellent suppliers and entrepreneurs to join the platform, creating a virtuous cycle for Colour Life’s ecosystem.

Home E&E

Home E&E has established presence in 38 core cities nationwide. It operates in such cities as Shenzhen, Changsha, Chengdu, Tianjin, Guilin and Nanjing, initially forming a strategic business landscape covering China’s core regions, including North China, Central China, East China, South China, Southwest China, and Northwest China.

F
A
N
T
A
S
I
A

In order to strengthen its management, improve its operating performance and create customer value, it adjusted its business model in 2017 to promote standard, professional, intelligent and technology-based management and strengthen its city-based business development and operation. By far, it has implemented measures for urban talent recruitment, urban franchising and construction of urban flagships. In respect of customer services, it applied 110 minor innovations on management and services to improve on-site service quality of various projects and achieve its management objectives. In respect of project management, first, it obtained elevator maintenance qualification which had been filed in 15 cities, and began to undertake elevator maintenance business; second, it gradually implemented the initiative to build intelligent equipment rooms in various cities, improving its equipment management. In the first half of 2017, it acquired 27 new projects with a new management area of 2.33 million sq.m., and recorded an operating profit of approximately RMB49 million.

In respect to commercial property asset management, it has partnered with marketing agencies in Xi'an and Dongguan to build up an initial structural framework, and expanded its leasing business across the nation to such cities as Yunnan, Shanghai, Qingdao and Wenzhou. As such, asset management capacity has become the core competitiveness of Homer E&E to drive its further growth.

Financial Group

Community finance is a vital growth engine and a core business segment serving the Group's "Community Plus" strategy. Leveraging the Group's powerful community services platform, Community Financial Group employed an innovative Internet finance model to develop such business lines as wealth management, credit lending, private placement funds, online microfinance, pawn-loaning, third-party payment and insurance brokers, in a drive to benefit the homeowners in various communities. By providing such scenario-based convenient financial services in the communities, it blazed a new distinctive development path featuring "Community Plus Finance" for Fantasia.

Qian Sheng Hua (錢生花), an online financial platform of the Community Financial Group, has a professional financial elite team that delivers professional and efficient operations and a product development team with advanced technology that provide safe and reliable technical support. In the first half of 2017, the number of registered users of Qian Sheng Hua increased by 445,400, bringing a total investment of approximately RMB4.092 billion. In 2017, Qian Sheng Hua set its focus on communities to step up efforts in carrying out publicity activities and enriching product lines, with a view to providing the general public, real estate enterprises and homeowners with one-stop Internet finance solutions that are safe, convenient, flexible, efficient and legal.

"Heying (合盈)" financial leasing and factoring is an important business segment of the Community Financial Group. In 2017, the segment promoted its distinctive business model based on community leasing to achieve rapid and sound business growth. It invested over RMB1 billion in cumulative terms and increased its asset size continually while maintaining good asset quality, thereby enhancing its brand reputation on a continuous basis. In the first half of 2017, the segment landed a batch of renowned clients, which improved the quality of its customer base and enabled it to make breakthroughs in new energy and new technology sectors. Specifically, it leased out such equipment as community mobile communication facilities, community digital IPTV, electric vehicles, lithium batteries and IDC devices, representing a total contract value of over RMB400 million.

In the first half of 2017, Zhong An Xin (中安信), an insurance broker, had built up new teams for its business lines, formulated basic business management rules, and established project companies in other regions for business development. Currently, it is vigorously advancing and consolidating its business lines and expects to yield fruits therefrom in the second half of the year. The new teams integrated into Community Financial Group has helped the Group develop derivative business. For instance, they collaborated with Caifubao to carry out such business as accident insurance for car loan creditors and contract performance insurance. Zhong An Xin is currently conducting research on the Internet insurance market and is assessing and adjusting its own business tactics. In doing so, it plans to build an online insurance sales platform and explore Internet-based transformation.

In the future, Community Financial Group will continue to build on its innovative online-to-offline (“O2O”) community financial service platform and leverage its Internet finance ecosystem integrating the business lines of community finance to provide customers with innovative, convenient, comprehensive and valuable financial services, in an effort to become a considerate wealth management agency serving community households.

Business Management Arm

Urban complex is one of the most important product categories in the Group’s real estate business. With 18 years of market experience, the Group upholds its mission to pursue innovative business models and diverse business offerings. To this end, during the Reporting Period, Fantasia Business Management Company Limited, a wholly-owned subsidiary of the Group, managed to recruit many industry talents, and actively participated in business planning, merchant solicitation and investment invitation for certain large projects of the Group. Meanwhile, it has also engaged in providing business agent, consulting, commissioned management and other entrusted asset management services for business management projects outside the Group.

Nanjing OMG Mall, a project developed and operated by Fantasia Business Management Company Limited (“Fantasia Business Management” or “FBM”), a wholly-owned subsidiary of the Group, commenced operation on 28 September 2014 and, with an occupancy rate of over 90%, recorded a total income of nearly RMB12 million for the first half of 2017. In Nanjing or even Jiangsu Province, Nanjing OMG Mall has become a renowned community business complex integrating entertainment, leisure and cultural services as well as residential facilities. In May 2017, FBM set up a Nanjing-based subsidiary as its regional core business in the East China market to extend positive influence to the surrounding cities, marking another milestone in its development. Guilin OMG Mall commenced operation on 19 June 2015 and, with an occupancy rate of over 85%, recorded a total income of over RMB6 million for the first half of 2017. Guilin OMG Mall, which has attracted many famous domestic and overseas brands, is committed to becoming a flagship shopping mall in Lingui New District or

even Guilin City by soliciting all kinds of merchants and leading brand trends in the local market. “Fantasia World Outlets” in Pi County, Chengdu commenced operation on 23 December 2016, and continued to step up efforts in investment attraction and integration of internal and external resources in 2017, thus maintaining a strong growth momentum. In addition, Chengdu Hongtang Project and Suzhou Hongtang Project have signed merchants up for their anchor stores and sub-anchor stores, and preparations for opening for business are underway in full swing.

Upholding the business philosophy of “steady expansion from a small niche”, in 2017, Fantasia Business Management undertook entrusted asset management projects in a more active manner to build up urban key projects. By doing so, it gradually established strategic presence in five major regions, namely East China, South China, Central China, North China and Southwest China, and has undertaken over 30 such projects in such provinces as Tibet, Jiangxi, Jilin, Jiangsu, Sichuan, Zhejiang, Guangdong, Hunan and Guizhou. In particular, “Jiangsu Yangzhou Joy Commercial Plaza”, “Jiangsu Yangzhou Libao Commercial Plaza” and “Lhasa Fantasia World Outlets” have opened for business. In addition, Yangzhou Jiangwang Peninsula and Kunming Lingxiu Town have been scheduled to open for business, and more than 10 projects including Hunan Yongzhou Spring Square are being developed. While consolidating its fundamental business model, FBM is keeping up with the times by vigorously developing new cooperative models. In 2017, the Yizheng Zaolin Bay Expo Park, a business, tourism and cultural complex project under negotiation, will be constructed by the government with public land resources and operated by Fantasia, marking a new government-enterprise cooperation pattern. With the growth of its entrusted asset management business, FBM will provide homeowners across the country with more quality services to harvest greater returns.

The brand image and awareness of FBM have been greatly improved, creating its unique brand influence in the industry. FBM will continue to scale up entrusted management of business assets, and follow the “asset-light and heavy” strategy to seek for asset-heavy business partners nationwide on the basis of its existing entrusted asset management services. As such, we believe that FBM will yield stable and growing returns.

Cultural and Tourism Group

In the first half of 2017, in an effort to promote the business development of FuNian Jet Aviation in an all-round manner, Cultural and Tourism Group applied for trademark registration and business license for FuNian Jet Aviation and achieved initial results. FuNian Jet Aviation is principally engaged in aircraft escrow, charter flights and special tourism projects while developing aviation maintenance, aviation training and other related business. Domestically, it focuses on business aviation that provides flexible, efficient and private jet business services for high-net-worth individuals, business elite, government officials, entertainers and stars. It is also exploring for overseas projects, with an aim to set up airlines abroad. Based on the DaXigu Tourist Resort in Pujiang County, Chengdu and Leveraging on its own industry resources, the Cultural and Tourism Group was considering to build up a flagship tourist town integrating “culture, tourism and aviation” with Fantasia’s characteristics. This project will focus on parent-child recreation

and children education, and offer buddhism music as a special treat and leisure agriculture and sports as supplementary services, with a view to creating vacation lifestyle with buddhism sense. At present, such tourism project is being surveyed and evaluated.

For the Cultural and Tourism Group’s hotel business, in the first half of 2017, it repositioned its “U Hotel” brand in New York by renovating Hotel 373 Fifth Avenue to enhance the international reputation of U Hotel, which will facilitate the development of its asset-light management business. In the second half of the year, the hotel will focus on promoting the “U Hotel” brand. To this end, the hotel will partner with third-party service platforms to cultivate a professional WeChat official account of U Hotel, in an effort to provide more special, targeted and intimate services to satisfy customers’ needs. “U Hotel” will build on its own resources and its mature customer base to develop apartment businesses, in a bid to extend the brand’s business scope.



Chengdu Longnian Plaza

In the second half of the year, the Cultural and Tourism Group will use community big data to interact with customers and improve customer loyalty, with a view of building a community and business ecosystem. Meanwhile, it will strive to translate such ecosystem into an asset-light management business, accelerate the development of aviation business, and build up a business network for tourism development and operation.

Futainian

F
A
N
T
A
S
I
A
In the first half of 2017, Shenzhen Futainian Investment Management Co., Ltd. (“Futainian”), a wholly-owned subsidiary of the Group, continued to refine its elderly care business that combines institutional care services, community care services and home care services. In terms of institutional care services, the occupancy rate of Fulin Retirement Home remained at over 90% as Futainian constantly enhanced its management system based on the achievements in 2016 to improve the service experience of the elderly and their family members. Meanwhile, it introduced advanced management concepts and care technology from abroad, including the care model of “self-help plus support”, which was first introduced in Japan, in a continuous effort to upgrade service quality and enable the seniors to enjoy warm-hearted and quality elderly care services with dignity. In terms of community care services, Futainian received government grants and public service funding and introduced third-party service and product providers to offer an elderly care platform based on community building and mutual support. Specifically, it provided rehabilitation therapy, health management, housekeeping, tourism and other related services based on its membership system, and introduced a smart elderly care system to provide big data support. In terms of home care services, Futainian won the bid for a government-sponsored home elderly care project designed to serve the elderly in four streets of the Hi-tech District, Chengdu, which provided tens of thousands of seniors there with home care services. In addition, it used its smart elderly care platform to build up big data regarding home elderly care.

In the second half of the year, Futainian will accelerate the development of institutional care services to develop Fulin into a chain brand, and further introduce advanced concepts and experience from abroad and apply those concepts locally, in a drive to foster a unique elderly care management system. When it comes to community care services, it will expand its

platform advantage and maintain sound partnership with the government to extend the influence of its community building and mutual support services, so as to build a community elderly care ecosystem that offers considerate services. In respect of home care services, Futainian will implement the government-sponsored home elderly care project it contracted, consolidate the bonds with the elderly being served, and conduct in-depth analysis and study of their health management practices, consumption habits, purchasing power and habits using big data to provide data support for further growth in the elderly care market.

Education

The education arm of the Group serves as an innovative industry platform based on its long-term planning and strategic layout of four major communities and four major apps, with a view to promote rapid business growth and fostering household customer loyalty.

The education arm adopts a family-based approach and integrates internal resources of the Group, Colour Life, Jiefang District, and Guilin Hehenian Microcredit Company Limited (“Hehenian”) and external education, business and community resources to build innovative platforms that provide modern education services and child growth experience. The platforms will have talents to provide families with high quality services, and can create a unique experience-based environment for children growth and family education.

In the first half of 2017, the Group’s education arm achieved rapid growth in its business lines, i.e. community education, vocational education and civil education. In terms of community education, the first community-based child growth experience center was running smoothly and the expansion in this regard was accelerating. In June, the second child growth experience center in Dongguan, Guangdong Province was put into operation, signifying the growing influence of its community education in South China. The child growth experience centers, which serve as a means of in-depth interaction between our own property service brand and families in communities, have gained a good reputation among targeted customers. The innovative community education model and rich community activities have attracted the attention of educational institutions, government authorities and the media.

Management Discussion and Analysis

The education arm's vocation education and community education complement each other. The former is to train high-quality family service personnel to help families address challenges in daily life. For vocational education, the education arm conducted in-depth study of the challenges in the family service sector, designed a series of new products and services and launched an online platform in the first half of 2017. Leveraging on the community resources of Colour Life and Jiefang District as well as its Internet platform, the education arm continued to extend the community coverage of its vocational education business by rapidly developing community bases, and established close, stable and praisable connections with users in different areas to collect large amounts of family data. By enhancing its training courses, training system and service system, the education arm cultivated reliable talent teams for its vocational education business, thereby gaining better recognition of its services from community residents. Looking forward, the vocation education business will further focus on the explicit and implicit needs of community families to continuously deliver high-quality service talents to serve communities through Internet-based community sharing model and new community interaction patterns, thus providing mature and broad employment platforms and opportunities for more service personnel.

The education arm sped up its investment in mergers and acquisitions of, educational cooperation with kindergartens, international schools and private vocational schools. In doing so, it expects to further improve its whole product chain in the education industry, so as to provide community residents with a full range of education products.

Looking ahead, the education arm of the Group will continue to focus on first and second-tier cities in China to rapidly expand two major business lines, i.e. community education and vocational education. Through brand building and development of quality products and services, it will provide community families with quick, convenient and excellent educational solutions and create value for society, enterprises, families and individuals.



Xuezhinian Interesting Classroom



Directors' and Chief Executives' Interests and Short Position

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, which would need to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities in the Stock Exchange (the "Listing Rules") were as follows:

(i) Long positions in the shares and underlying shares of the Company:

Director	Nature of interest	Number of issued ordinary shares of the Company	Interest in underlying shares of the Company	Approximate percentage of interest in the Company as at 30 June 2017
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,313,090,500 ⁽¹⁾	–	57.50%
	Beneficial owner	–	9,980,000 ⁽²⁾	0.17%
Mr. Pan Jun	Beneficial owner	–	9,980,000 ⁽²⁾	0.17%
Mr. Lam Kam Tong	Beneficial owner	–	2,770,000 ⁽²⁾	0.05%
Mr. Deng Bo	Beneficial owner	–	2,310,000 ⁽²⁾	0.04%
Mr. Ho Man	Beneficial owner	–	1,600,000 ⁽²⁾	0.03%
Mr. Huang Ming	Beneficial owner	–	1,600,000 ⁽²⁾	0.03%

Notes:

- (1) Fantasy Pearl International Limited ("Fantasy Pearl") is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) The relevant Director was granted options to subscribe for such number of shares of the Company under the Scheme (as defined under the sub-section headed "Share Option Scheme" in the "Corporate Governance and Other Information" section below) on 29 August 2011 and 16 October 2012.

(ii) Long positions in the debentures of the Company:

USD250,000,000 aggregate principal amount of its 10.75% senior notes due 2020 ("2020 USD Notes")

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes ⁽¹⁾
Mr. Guo Shaomu	Beneficial owner	USD400,000	0.16%

Note:

- (1) The percentage of the interest in the 2020 USD Notes is based on the aggregate principal amount of USD250,000,000.



Fantasia 77C&C Park Press Conference

Disclosure of Interests

(iii) Long positions in association corporations

A. Fantasy Pearl

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 30 June 2017
Ms. Zeng Jie, Baby	Interest of controlled corporation	80 ⁽¹⁾	Ordinary	80%
Mr. Pan Jun	Interest of controlled corporation	20 ⁽²⁾	Ordinary	20%

Notes:

- (1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng Jie, Baby.
- (2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan Jun.

B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 30 June 2017
Ms. Zeng Jie, Baby	Interest of controlled corporation	722,331,259 ⁽¹⁾	Ordinary	72.29%
Mr. Pan Jun	Beneficial owner	1,255,440 ⁽²⁾	Ordinary	0.13%
Mr. Lam Kam Tong	Beneficial owner	510,000 ⁽²⁾	Ordinary	0.05%
Mr. Deng Bo	Interest held by spouse	53,241 ⁽³⁾	Ordinary	0.01%
Dr. Liao Jianwen	Beneficial owner	510,000 ⁽²⁾	Ordinary	0.05%

Notes:

- (1) These include (i) 503,956,782 shares in Colour Life held by the Company which is owned as to 57.50% by Fantasy Pearl which is in turn owned as to 80% by Ice Apex and 20% by Graceful Star and as Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie Baby is deemed to be interested in the shares of Colour Life held by the Company for the purpose of Part XV of the SFO; and (ii) pursuant to a concert party agreement dated 29 June 2015 entered into between the Company and Splendid Fortune Enterprise Limited ("Splendid Fortune"), each of the Company and Splendid Fortune is taken to be interested in the shares of Colour Life in which each other is interested for the purpose of Part XV of the SFO. As such, the Company, Fantasy Pearl, Ice Apex and Ms. Zeng Jie, Baby are also deemed to be interested in 217,031,477 shares of Colour Life held by Splendid Fortune for the purpose of Part XV of the SFO.
- (2) These represent share options granted by Colour Life subject to vesting schedules.
- (3) Held by Ms. Li Yanbing, the spouse of Mr. Deng Bo. By virtue of SFO, Mr. Deng Bo is deemed to be interested in the Shares held by his spouse Ms. Li Yanbing.



F
A
N
T
A
S
I
A

C. Shenzhen Caizhiyun Network Technology Co., Ltd. (“Caizhiyun Network”)

Director	Nature of interest	Registered capital (RMB)	Approximate percentage of interest in the associated corporation as at 30 June 2017
Mr. Pan Jun	Beneficial owner	7,000,000 ⁽¹⁾	70%

Note:

- (1) Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of Caizhiyun Network have been consolidated and accounted for as a subsidiary of Colour Life by virtue of certain structured contracts, details of which are disclosed in the section headed “History, Reorganization and the Group Structure” in Colour Life’s prospectus dated 17 June 2014.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Substantial Shareholders

As at 30 June 2017, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

Name of shareholder	Nature of interest	Number of shares of the Company	Approximate percentage of interest in the Company as at 30 June 2017
Fantasy Pearl	Beneficial owner	3,313,090,500 ⁽¹⁾	57.50%
Ice Apex	Interest of controlled corporation	3,313,090,500 ⁽¹⁾	57.50%
T. C. L. Industries Holdings (H.K.) Limited	Beneficial owner	1,156,995,574	20.08%
TCL Corporation	Interest of controlled corporation	1,156,995,574	20.08%

Note:

- (1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.

Save as disclosed above, as of 30 June 2017, no other shareholder, other than directors or chief executives, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.



The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

The Board comprises four executive Directors, two non-executive Directors and five independent non-executive Directors. The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

Code on Corporate Governance Practices

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange. During the Period, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code except for the following deviation:

In respect of the code provision E.1.2 of the CG Code, the chairman of the Remuneration Committee and other committee members were not present at the annual general meeting ("AGM") of the Company held on 24 May 2017 due to other business commitment and no delegate was appointed to attend the AGM.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all the Directors on whether the Directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2017 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

Audit Committee

The Company has established an audit committee in compliance with Rules 3.21 and 3.22 of the Listing Rules with specific written terms of reference in compliance with the Corporate Governance Code. The audit committee of the Company currently comprises five independent non-executive Directors, including Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Ho Man is the chairman of the audit committee. The audit committee is responsible for the engagement of external auditor, review of the Group's financial information and oversight of the Group's financial reporting system and internal control and risk management procedures and reviewing the Group's financial and accounting policies and practices. The audit committee together with the management of the Company have reviewed the accounting policies and practices adopted by the Group and discussed, among other things, the internal controls and financial reporting matters including a review of the unaudited interim results for the Reporting Period. The external auditors of the Company have also reviewed the unaudited interim results for the Reporting Period.

Remuneration Committee

The Company has established a remuneration committee in compliance with Rules 3.25 and 3.26 of the Listing Rules with specific written terms of reference in compliance with the Corporate Governance Code. The remuneration committee currently comprises an executive Director, Mr. Pan Jun, and five independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Huang Ming is the chairman of the remuneration committee. The remuneration committee is responsible for making recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

Nomination Committee

The Company has established a nomination committee with specific written terms of reference in compliance with the Corporate Governance Code. The nomination committee currently comprises two executive Directors, Mr. Pan Jun and Ms. Zeng Jie, Baby, and five independent non-executive Directors, Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Pan Jun is the chairman of the committee. The nomination committee is responsible for reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment and re-appointment of Directors.

Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") by the written resolutions of the shareholders of the Company passed on 27 October 2009. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The summary below sets out the details of movement of the share options under the Share Option Scheme during the Period:

Name	Date of grant	Exercise price	Closing price of the shares on the date of grant	Number of share option					Weighted average closing price immediately before exercise	Note
				Balance as at 1 January 2017	Granted during the period	Exercisable/ exercised during the period	Cancelled/lapsed during the period	Balance as at 30 June 2017		
		HK\$	HK\$						HK\$	
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	-	(2)
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	-	(3)
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	-	(2)
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	-	(3)
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	-	-	-	2,770,000	-	(3)
Mr. Deng Bo	29 August 2011	0.836	0.82	770,000	-	-	-	770,000	-	(1)
	16 October 2012	0.8	0.77	1,540,000	-	-	-	1,540,000	-	(3)
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	-	(2)
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	-	(3)
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	-	(2)
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	-	(3)
Other employees	29 August 2011	0.836	0.82	18,463,100	-	(38,760)	-	18,424,340	1.300	(1)
	29 August 2011	0.836	0.82	9,380,000	-	(175,000)	-	9,205,000	1.255	(2)
	16 October 2012	0.8	0.77	29,242,900	-	(11,400)	-	29,231,500	1.300	(3)
Total				85,326,000	-	(225,160)	-	85,100,840		

Notes:

- (1) The share options are exercisable during the following periods:
- up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;
 - up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board; and
 - up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board.
- (2) The share options are exercisable during the following periods:
- up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;
 - up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and
 - up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.
- (3) The share options are exercisable during the following periods:
- up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board;
 - up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board; and
 - up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board.

Corporate Governance and Other Information

Colour Life adopted a share option scheme (“Colour Life Share Option Scheme”) by the written resolutions of the shareholders of Colour Life passed on 11 June 2014. The terms of the Colour Life Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The summary below sets out the details of movement of the share options during the Period pursuant to the Colour Life Share Option Scheme:

Name	Date of grant	Exercise price	Closing price of the shares on the date of grant	Number of share options					Weighted average closing price immediately before exercise	Note
				Balance as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Balance as at 30 June 2017		
		HK\$	HK\$						HK\$	
Tang Xuebin	29 September 2014	6.660	6.66	547,790	–	–	–	547,790	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.000	10.88	103,500	–	–	–	103,500	–	(3)
	18 March 2016	5.764	5.76	100,000	–	–	–	100,000	–	(4)
Dong Dong	29 September 2014	6.660	6.66	455,150	–	–	–	455,150	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.000	10.88	123,500	–	–	–	123,500	–	(3)
	18 March 2016	5.764	5.76	100,000	–	–	–	100,000	–	(4)
Pan Jun	29 September 2014	6.660	6.66	547,790	–	–	–	547,790	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.000	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
Lam Kam Tong	29 September 2014	6.660	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.000	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
Zhou Hongyi	30 April 2015	11.000	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
Tam Chun Hung, Anthony	29 September 2014	6.660	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.000	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
Liao Jianwen	29 September 2014	6.660	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.000	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
Xu Xinmin	29 September 2014	6.660	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.000	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	180,000	–	–	–	180,000	–	(4)
Employees of the Group, a resigned non-executive Director and certain minority shareholders of the Company’s subsidiaries	29 September 2014	6.660	6.66	15,242,451 19,433,154	– –	– –	(208,800) (159,345)	15,033,651 19,273,809	– –	(1) (2)&(5)
	30 April 2015	11.000	10.88	18,801,113	–	–	(381,300)	18,419,813	–	(3)
	18 March 2016	5.764	5.76	31,453,738	–	–	(112,000)	31,341,738	–	(4)
Total				90,711,136	–	–	(861,445)	89,849,691		

Notes:

- (1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date on which the share options were granted; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) and the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.

- (2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.
- (3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.
- (4) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.
- (5) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive director of Colour Life on 21 April 2015, has been extended at the discretion of the board of Colour Life.

F
A
N
T
A
S
I
A



Share Award Scheme

Colour Life adopted a share award scheme (“Share Award Scheme”) by resolutions of the board of Colour Life on 4 July 2016. The adoption of the Share Award Scheme does not require the approval of the shareholders of Colour Life.

The major terms of the Share Award Scheme are summarized as follows:

(i) Purpose

The purpose of the Share Award Scheme is to enable Colour Life to grant shares of Colour Life (the “Colour Life Shares”) as incentive to selected eligible participants of the Share Award Scheme (the “Grantees”) as incentives or rewards for their

contribution or potential contribution to the Colour Life Group. The directors of Colour Life consider that the Share Award Scheme will provide the Grantees with the opportunity to acquire proprietary interests in Colour Life and will encourage them to work towards enhancing the value of Colour Life for the benefit of Colour Life and its shareholders as a whole.

(ii) Fund available for the Scheme

An initial amount of RMB10,000,000 has been provided for the Share Award Scheme. The board of Colour Life may by resolution determine such other amount as may be provided for the Share Award Scheme, which shall be limited to up to 20,000,000 Shares, representing approximately 2% of the issued share capital of Colour Life as at 4 July 2016.



(iii) Term

The Share Award Scheme has an effective term of five years from the date of its adoption.

(iv) Trustee

A trustee (the “Trustee”) has been appointed by Colour Life for holding the Shares granted under the Share Award Scheme (the “Incentive Shares”).

(v) Eligible Persons

The Grantees under the Share Award Scheme would include employees of the Colour Life Group (including directors) and consultants to the Group.

F
A
N
T
A
S
I
A
The chief executive officer and chief human resource officer of Colour Life are authorized by the board of Colour Life to determine from time to time the Grantees and the terms and conditions of such grant of Incentive Shares to them and Mr. Duan Feiqin, an assistant president of Colour Life or any other person that may be designated by the board of Colour Life from time to time, will instruct the Trustee to purchase on the market such number of Shares for the Share Award Scheme.

(vi) Transfer of the Incentive Shares to the Grantees

A
The Trustee will transfer the Incentive Shares to the Grantees when all conditions to the grant, including vesting conditions and/or performance target (if any) are met. The exact terms and conditions of the grant will be determined by the chief executive officer and the chief human resource officer authorised by the board of Colour Life at the time of the granting of the award.

As at the date of this report, no Incentive Shares had been awarded or agreed to be awarded under the Share Award Scheme.

Purchase, Sale or Redemption of the Company’s Securities

Senior Notes

The Company has redeemed in full the 10.625% senior notes due 2019, which were listed on the Singapore Stock Exchange, at a redemption amount equals to 105.31250% of its principal amount plus accrued and unpaid interest of US\$14,816,562.5. Please refer to the announcements of the Company dated 19 December 2016 and 24 January 2017 for details of the redemption.

On 13 June 2017, the Company issued senior notes due 2018 with principal amount of US\$350,000,000 at a coupon rate of 5.50% per annum (the “5.50% Notes due 2018”) for the purposes of refinancing certain of the Group’s indebtedness. Further details relating to the issue of the 5.50% Notes due 2018 are disclosed in the announcements of the Company dated 6 and 7 June 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Period.

Update on Director’s Information

Below is an update on the Director’s information required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules:

Ms. Wong Pui Sze, Priscilla, JP has been appointed as the chairman of Minimum Wage Commission since 1 March 2017.



To the Board of Directors of Fantasia Holdings Group Co., Limited

花樣年控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Fantasia Holdings Group Co., Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 51 to 83, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 August 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
		(unaudited)	(unaudited)
	NOTES		
		3,637,259	5,362,145
		(2,527,895)	(3,882,193)
		1,109,364	1,479,952
		185,396	(172,771)
	9	407,411	(10,767)
		122,567	343,024
		(113,075)	(121,776)
		(573,692)	(470,120)
		(609,782)	(331,046)
		21,071	(58)
		29,716	580
F	18	98,820	177,785
A		677,796	894,803
	4	(521,392)	(564,210)
N		156,404	330,593
T			
A		(7,372)	–
S		1,843	–
I		(5,529)	–
A		150,875	330,593
		81,270	265,984
		–	37,550
		75,134	27,059
		156,404	330,593
		77,962	265,984
		–	37,550
		72,913	27,059
		150,875	330,593
		1.41	4.62
	7	1.40	4.62

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,146,326	2,078,272
Investment properties	9	8,008,952	6,981,839
Interests in associates		834,947	735,336
Interests in joint ventures		1,133,325	951,667
Available-for-sale investments		32,318	30,215
Goodwill		878,242	912,750
Intangible assets		247,898	259,248
Prepaid lease payments		354,785	1,765,515
Premium on prepaid lease payments		1,278,602	1,592,486
Other receivables	10	165,330	244,038
Deposits paid for acquisition of subsidiaries and associates		834,422	267,130
Deposit paid for acquisition of a property project		159,214	159,073
Deposits paid for acquisition of land use rights		1,104,492	1,095,077
Deferred tax assets		508,096	466,577
		17,686,949	17,539,223
CURRENT ASSETS			
Properties for sale		16,953,660	15,347,979
Inventories		120,225	80,414
Prepaid lease payments		12,468	48,151
Premium on prepaid lease payments		19,233	28,744
Trade and other receivables	10	4,307,948	4,604,211
Amounts due from customers for contract works		128,129	73,627
Tax recoverable		127,297	96,458
Amounts due from non-controlling shareholders of the subsidiaries of the Company		985,853	82,330
Amount due from a joint venture		533,306	355,775
Amounts due from related parties		38,809	233,726
Amounts due from associates		30,045	–
Financial assets designated as at fair value through profit or loss (“FVTPL”)	11	217,750	127,275
Restricted/pledged bank deposits		1,226,737	1,997,824
Bank balances and cash		8,588,772	9,136,526
		33,290,232	32,213,040

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
CURRENT LIABILITIES			
	12	4,945,851	4,445,008
		3,353,050	2,817,149
		13,561	16,746
		–	310,438
		157,312	294,157
		336,669	1,061,338
		4,186,950	4,151,634
	13	1,657,247	929,458
		23,057	23,610
	14	5,286,365	1,575,183
	15	20,589	37,642
F		5,212	5,171
		43,483	37,154
A		20,029,346	15,704,688
N		13,260,886	16,508,352
T		30,947,835	34,047,575
NON-CURRENT LIABILITIES			
A		1,372,766	1,236,629
	13	1,652,768	2,438,008
S		74,934	88,538
	14	13,452,254	16,804,442
I	15	231,796	237,442
A		130,240	121,781
		16,914,758	20,926,840
		14,033,077	13,120,735
CAPITAL AND RESERVES			
	16	497,868	497,848
		10,298,416	10,457,503
		10,796,284	10,955,351
		3,236,793	2,165,384
		14,033,077	13,120,735

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company										Attributable to non-controlling interests					
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note a)	Share options reserve RMB'000	Contribution reserve RMB'000 (note b)	Statutory reserves RMB'000 (note c)	Discretionary reserves RMB'000 (note c)	Revaluation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Perpetual capital instrument RMB'000	Share options reserve of Colour Life RMB'000 (note d)	Share options reserve of Morning Star RMB'000 (note d)	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	Total RMB'000
At 1 January 2016 (audited)	497,797	2,200,190	246,141	17,933	40,600	59,183	1,477	20,368	7,324,802	10,408,491	710,500	118,114	28	1,002,904	1,831,546	12,240,037
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	265,984	265,984	37,550	-	-	27,059	64,609	330,593
Issue of shares upon exercise of share options	48	661	-	(320)	-	-	-	-	-	389	-	-	-	-	-	389
Dividend recognised as distribution (note 6)	-	(246,220)	-	-	-	-	-	-	-	(246,220)	-	-	-	-	-	(246,220)
Deemed partial disposal of interests in a subsidiary without loss of control	-	-	6,988	-	-	-	-	-	-	6,988	-	-	-	64,770	64,770	71,758
Contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	2,115	2,115	2,115
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-	51,164	1,467	-	52,631	52,631	
Acquisition of subsidiaries (note 17)	-	-	-	-	-	-	-	-	-	-	-	-	-	483,122	483,122	483,122
Redemption of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	(710,500)	-	-	-	(710,500)	(710,500)
Distribution to an owner of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	(37,550)	-	-	-	(37,550)	(37,550)
At 30 June 2016 (unaudited)	497,845	1,954,631	253,129	17,613	40,600	59,183	1,477	20,368	7,590,786	10,435,632	-	169,278	1,495	1,579,970	1,750,743	12,186,375
At January 1 2017 (audited)	497,848	1,945,103	252,953	17,591	40,600	72,774	1,477	10,058	8,116,947	10,955,351	-	197,155	2,942	1,965,287	2,165,384	13,120,735
Profit for the period	-	-	-	-	-	-	-	-	81,270	81,270	-	-	-	75,134	75,134	156,404
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	(4,411)	-	(4,411)	-	-	-	(2,961)	(2,961)	(7,372)
Deferred taxation liability arising from remeasurement of defined benefit obligations	-	-	-	-	-	-	-	1,103	-	1,103	-	-	-	740	740	1,843
Other comprehensive income for the period	-	-	-	-	-	-	-	(3,308)	-	(3,308)	-	-	-	(2,221)	(2,221)	(5,529)
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	(3,308)	81,270	77,962	-	-	-	72,913	72,913	150,875
Issue of shares upon exercise of share options	20	201	-	(57)	-	-	-	-	-	164	-	-	-	-	-	164
Dividend recognised as distribution (note 6)	-	(250,049)	-	-	-	-	-	-	-	(250,049)	-	-	-	-	-	(250,049)
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	45,621	45,621	45,621
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-	22,397	1,106	-	23,503	23,503	
Acquisitions of subsidiaries (note 17)	-	-	-	-	-	-	-	-	-	-	-	-	-	13,553	13,553	13,553
Acquisition of additional interest in a subsidiary from a non-controlling shareholder (note c)	-	-	(327,492)	-	-	-	-	-	-	(327,492)	-	-	-	(172,508)	(172,508)	(500,000)
Disposal of subsidiaries (note 18(a))	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,600)	(1,600)	(1,600)
Disposal of partial interests in subsidiaries resulting in loss of control (note 18(b))	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,412)	(10,412)	(10,412)
Deemed disposal of partial interests in subsidiaries without loss of control (note 18(c))	-	-	340,348	-	-	-	-	-	-	340,348	-	-	-	1,162,262	1,162,262	1,502,610
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(52,764)	(52,764)	(52,764)
Cancelled upon repurchase of shares of Colour life	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,159)	(9,159)	(9,159)
Transfer	-	-	-	-	-	323	-	-	(323)	-	-	-	-	-	-	-
At 30 June 2017 (unaudited)	497,868	1,695,255	265,809	17,534	40,600	73,097	1,477	6,750	8,197,894	10,796,284	-	219,552	4,048	3,013,193	3,236,793	14,033,077

Notes:

- (a) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represented the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.
- (b) Contribution reserve represented (a) the contribution/distribution to shareholders during the group reorganisation in 2009; (b) the difference between consideration paid and fair value of net assets acquired from related parties; (c) the difference between the consideration received and carrying amount of net assets disposed of to related parties during the Group reorganisation in 2009; and (d) the waiver of shareholder loans in 2009.
- (c) The statutory reserves and discretionary reserves attributable to subsidiaries in the PRC are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and transfer to capital upon approval from relevant authorities.
- (d) The share option reserves represent the share-based payment under the share option schemes of Colour Life Service Group Co., Limited ("Colour Life") and Morning Star Group Limited ("Morning Star"), which are subsidiaries of the Company.
- (e) During the six months ended 30 June 2017, the Group further injected capital amounting to RMB500,000,000 in a subsidiary of the Company resulting in acquisition of additional interests in a subsidiary from the non-controlling shareholder. The shareholding of the Group in the subsidiary increased from 60% to 76%. The difference of RMB327,492,000 between the capital injected by the Group and attributable equity interest in the subsidiary was charged to special reserve.

F
A
N
T
A
S
I
A

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Cash from operations		2,204,931	1,992,876
Income tax paid		(415,889)	(261,195)
Interest paid		(703,136)	(534,366)
NET CASH FROM OPERATING ACTIVITIES		1,085,906	1,197,315
INVESTING ACTIVITIES			
Deposit paid for acquisition of a property project		(141)	(17,987)
Decrease (increase) in restricted bank deposits		771,087	(45,593)
Settlement of consideration payables and amount due to a non-controlling shareholder of the Company for acquisition of assets and liabilities through acquisition of subsidiaries		(434,709)	(390,199)
Disposal of subsidiaries (net of cash and cash equivalent disposed)	18(a)	124,065	549,097
Disposal of partial interests in subsidiaries resulting in loss of control (net of cash and cash equivalent disposed)	18(b)	1,128	(563)
Purchases of property, plant and equipment		(244,159)	(95,049)
Purchases of available-for-sale investments		(803)	–
Additions to investment properties		(213,162)	(175,698)
Disposal of investment properties		238,024	–
Investments in associates		(67,691)	–
Investments in joint ventures		(151,942)	–
Acquisition of assets and liabilities through acquisition of subsidiaries (net of cash and cash equivalents acquired)	17(a)	(96,588)	–
Acquisition of business (net of cash and cash equivalents acquired)	17(b)	8,556	(438,704)
Purchase of financial assets designated as at FVTPL		(110,696)	(88,462)
Redemption of financial assets designated as at FVTPL		23,070	7,184
Refund of deposits paid for acquisition of a subsidiary		–	38,000
Payment of deposits paid for acquisition of subsidiaries and associates		(572,522)	(82,199)
Addition to loan receivables		(55,508)	–
Repayment of loan receivables		65,525	–
Advances to joint ventures		(177,531)	(165,082)
Advances to associates		(30,045)	–
Advances to non-controlling shareholders of subsidiaries		(16,278)	(75,407)
Advances to related parties		(1,166)	–
Repayment from non-controlling shareholders of subsidiaries		15,365	–
Repayment from joint ventures		–	41,198
Repayment from related parties		202,040	6,808
Other investing cash flows		108,841	63,791
NET CASH USED IN INVESTING ACTIVITIES		(615,240)	(868,865)

		Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
NOTES		(unaudited)	(unaudited)
FINANCING ACTIVITIES			
		2,356,369	2,136,679
		–	(1,000,000)
		(2,140,294)	–
		(25,000)	–
		45,621	2,115
		(500,000)	–
	18(c)	600,000	71,758
		444,039	1,048,550
		(391,820)	(894,019)
		–	(37,550)
		(52,764)	–
F		–	(710,500)
		(250,049)	(246,220)
A		164	389
		34,200	1,108,016
N		(895,714)	(590,895)
		(9,159)	–
T		(14,157)	(22,054)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(798,564)	866,269
A			
		(327,898)	1,194,719
S			
I			
		9,136,526	2,881,511
		(219,856)	1,639
A			
		8,588,772	4,077,869

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost convention, except for the investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs Standards 2014–2016 Cycle

The directors of the Company considered the application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements, but additional disclosure about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

In the current interim period, the Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle except for amendments to HKFRS 12 ¹

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

Except as described below, the directors of the Company anticipate that the application of the new standards and revised amendments to HKFRSs will have no material impact on the results and financial position of the Group.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 “Financial Instruments”

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“FVTOCI”). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 “Financial Instruments: Recognition and Measurement”. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group’s financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group’s financial assets. The Group’s available-for-sale investments, including those currently stated at cost less impairment will either be measured at fair value through profit or loss (“FVTPL”) or be designated at FVTOCI. In addition, the expected credit loss model may result in early provision of credit loss which are not yet incurred in relation of the Group’s financial assets measured at amortised cost.

HKFRS 15 “Revenue from contracts with Customer”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

HKFRS 15 “Revenue from contracts with Customer” (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified assets is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presents as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

A preliminary assessment indicated that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new arrangements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2017

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000 (note)	Reportable segment total RMB'000	Eliminations RMB'000	Total RMB'000
SEGMENT REVENUE (UNAUDITED)									
External sales	2,068,777	116,945	27,122	978,459	63,801	382,155	3,637,259	-	3,637,259
Inter-segment sales	84,908	-	-	42,221	-	-	127,129	(127,129)	-
Total	2,153,685	116,945	27,122	1,020,680	63,801	382,155	3,764,388	(127,129)	3,637,259
Segment profit (loss)	457,490	461,636	1,307	210,945	(9,470)	(46,107)	1,075,801	-	1,075,801

Note: Others are engaged in provision of travel agency services, manufacturing and sale of fuel pumps.

Six months ended 30 June 2016

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000 (note)	Reportable segment total RMB'000	Eliminations RMB'000	Total RMB'000
SEGMENT REVENUE (UNAUDITED)									
External sales	4,334,900	93,711	6,035	688,996	40,250	198,253	5,362,145	-	5,362,145
Inter-segment sales	56,313	-	-	51,898	-	-	108,211	(108,211)	-
Total	4,391,213	93,711	6,035	740,894	40,250	198,253	5,470,356	(108,211)	5,362,145
Segment profit (loss)	1,139,112	30,698	5,504	203,532	(5,258)	(6,066)	1,367,522	-	1,367,522

Note: Others are engaged in provision of travel agency services.

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of central administration costs and directors' salaries, bank interest income, exchange gain (loss), loss on redemption of senior notes, change in fair value of financial assets designated as at FVTPL, share-based payment expense, finance costs, share of results of associates and joint ventures, gains on disposal of subsidiaries and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

3. SEGMENT INFORMATION (CONTINUED)

Reconciliation:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Segment profit	1,075,801	1,367,522
Finance costs	(609,782)	(331,046)
Share results of associates	21,071	(58)
Share results of joint ventures	29,716	580
Gains on disposal of subsidiaries (note 18(a) and (b))	98,820	177,785
Unallocated income, gains and losses	182,242	(171,971)
Unallocated corporation expenses	(120,072)	(148,009)
Profit before tax	677,796	894,803

The following is an analysis of the Group's assets by reportable and operating segments:

	30 June	31 December
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(audited)
Property development	22,451,422	22,327,069
Property investment	8,204,712	7,217,642
Property agency services	9,290	10,859
Property operation services	3,159,053	2,911,791
Hotel operations	1,055,348	1,078,297
Others	2,244,225	2,128,935
Total segment assets	37,124,050	35,674,593
Total unallocated assets	13,853,131	14,077,670
Group's total assets	50,977,181	49,752,263

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision makers also review the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint ventures, available-for-sale investments, financial assets designated as at FVTPL, amounts due from related parties, non-controlling shareholders of the subsidiaries of the Company, associates and a joint venture, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax in the People's Republic of China (the "PRC")		
Enterprise income tax ("EIT")	289,823	286,313
Land appreciation tax ("LAT")	135,670	297,455
	425,493	583,768
Deferred tax:		
Current period	95,899	(19,558)
	521,392	564,210

5. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):		
Net exchange (gain) loss	(247,623)	196,788
Interest income	(48,703)	(14,879)
Loss on redemption of senior notes (included in other income, gains and losses)	116,933	–
Release of prepaid lease payments	14,077	7,132
Release of premium on prepaid lease payments	14,373	1,840
Depreciation of property, plant and equipment	95,622	95,799
Amortisation of intangible assets	15,782	9,854
Allowance for doubtful trade and other receivables, net	16,561	16,001
Staff costs	559,817	531,895

6. DIVIDENDS

During the current interim period, a final dividend of HK5.00 cents per share in respect of the year ended 31 December 2016 (2015: HK5.00 cents) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to RMB250,049,000 (2015: RMB246,220,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	81,270	265,984
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,761,972,315	5,761,519,682
Effect of dilutive potential ordinary shares:		
Share options	23,347,850	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,785,320,165	5,761,519,682

Those share options granted by Colour Life (a non-wholly-owned subsidiary of the company) have no impact on the computation of diluted earnings per share for the period ended 30 June 2017 where the exercise price of the share options was higher than the average market price of Colour Life's shares, and the computation of diluted earnings per share does not take into account the effect of the share options of Morning Star (a wholly owned subsidiary of the Company) as its impact is anti-dilutive during the period ended 30 June 2017.

The computation of diluted earnings per share for the period ended 30 June 2016 does not assume the exercise of the share options granted by the Company as the exercise price is higher than the average market price of the Company during the period ended 30 June 2016.

8. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the current interim period are summarised as follows:

	RMB'000
At 1 January 2017 (audited)	2,078,272
Additions	245,802
Acquisitions of subsidiaries (note 17)	191
Depreciation for the period	(95,622)
Disposals	(64,649)
Disposal of subsidiaries (note 18(a) and (b))	(17,668)
At 30 June 2017 (unaudited)	2,146,326

9. INVESTMENT PROPERTIES

The movements in investment properties during the current interim period are summarised as follows:

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 1 January 2017 (audited)	5,316,563	1,665,276	6,981,839
Additions	4,527	292,282	296,809
Transfer upon completion of construction work	12,791	(12,791)	–
Transfer upon completed properties for sale	403,688	–	403,688
Transfer from prepaid lease payment	–	76,477	76,477
Transfer from premium on prepaid lease payments	–	84,345	84,345
Net change in fair value recognised in profit or loss	83,016	324,395	407,411
Disposals	(238,024)	–	(238,024)
F Disposal of subsidiaries (note 18(a))	(3,593)	–	(3,593)
A At 30 June 2017 (unaudited)	5,578,968	2,429,984	8,008,952

N As at 30 June 2017, the fair values of the Group's completed investment properties of RMB5,578,968,000 (31 December
T 2016: RMB 5,316,563,000) and investment properties under construction of RMB2,429,984,000 (31 December 2016:
A RMB1,665,276,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal
and Advisory Limited, an independent qualified professional valuer not connected with the Group, which has appropriate
qualifications and recent experiences in valuation of similar properties in the relevant locations.

S During the six months ended 30 June 2017, certain properties for sale with carrying amount of RMB281,121,000 were
I transferred to investment properties upon change in use as evidence by commencement of operation leases. The excess of the fair
A value of these properties for sale at the date of change in use over the carrying amounts, amounting to RMB122,567,000 was
recognised in profit or loss.

The valuation of completed investment properties are determined by income capitalisation method and direct comparison method. Income capitalisation method is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuations of investment properties under construction are arrived at by residual method and direct comparison method, which is based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development. Direct comparison method is arrived at by reference to comparable market transactions and presuppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

10. TRADE AND OTHER RECEIVABLES

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals and travel planning, service and management income in respect of property management and sales of fuel pumps.

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Trade receivables	1,882,886	1,797,997
Less: allowance for doubtful debts	(86,376)	(77,664)
Total trade receivables	1,796,510	1,720,333
Other receivables (note)	461,893	365,754
Loan receivables	334,941	338,708
Prepayments and other deposits	184,782	199,897
Prepayments to suppliers	212,047	212,178
Prepayments for construction works	673,020	1,209,992
Consideration receivable on disposal of subsidiaries	31,000	25,500
Consideration receivables on disposal of partial interests in subsidiaries resulting in loss of control	345,069	332,500
Amount due from Pixian Government	122,830	122,830
Amount due from Chengdu Government	–	5,061
Other tax prepayments	311,186	315,496
	4,473,278	4,848,249
Less: Amount shown under non-current assets	(165,330)	(244,038)
Amounts shown under current assets	4,307,948	4,604,211

Note: The balance includes the amounts of RMB103,850,000 due from subsidiaries which have been disposed to independent investors before 30 June 2017. The remaining balance mainly includes the payment on behalf of residents for the utilities and sundry charges of property operation services segment.

Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and services fee is received in accordance with the terms of the relevant property service agreements, normally within 30 days to 1 year after the issuance of demand note to the residents. Each customer from the property operation services has a designated credit limit.

Hotel operation and travel agency service income are in form of cash sales.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the date of delivery of the properties to the customers for property sale or the date of rendering of services at the end of the reporting period:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
0 to 30 days	719,817	856,306
31 to 90 days	637,964	593,460
91 to 180 days	144,441	105,115
181 to 365 days	169,534	91,121
Over 1 year	124,754	74,331
	<u>1,796,510</u>	<u>1,720,333</u>

F

Movement in the allowance for doubtful debts in respect of trade and other receivables:

A

N

T

A

S

I

A

	30 June 2017 RMB'000 (unaudited)
Balance at 1 January	132,372
Impairment losses recognised	16,561
Balance at 30 June	<u>148,933</u>

11. FINANCIAL ASSETS DESIGNATED AT FVTPL

Financial assets designated at FVTPL of RMB217,750,000 (31 December 2016: RMB127,275,000) included a) money market funds investment issued by a reputable securities corporation and b) debt investments through an online platform owned by Shenzhen Color Pay Network Technology Co., Ltd.. The return and principal of the investments were not guaranteed by the securities corporation. The value of the market funds investment varies by reference to the performance of the underlying investments mainly comprising debt investments in the PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits. The value of the debt investments varies by reference to the performance of the underlying investments mainly comprising corporate bonds and personal debts in the PRC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

12. TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Trade payables	2,737,591	2,487,201
Deposit received	557,543	537,172
Other payables (note)	710,015	612,175
Other tax payables	321,766	323,933
Accrued staff costs	288,273	254,203
Consideration payables for acquisitions of subsidiaries (note 17 (a) and (b))	259,108	169,383
Accruals	63,805	53,813
Retention payables	7,750	7,128
	4,945,851	4,445,008

Note: The balance includes the amounts of RMB 31,538,000 due to subsidiaries which have been disposed to independent investors before 30 June 2017.

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials ranged from six months to one year.

The following is an aging analysis of the Group's trade payables and retention payable presented based on the invoice date at the end of the reporting period:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
0 to 60 days	1,490,635	1,194,063
61 to 180 days	417,870	416,973
181 to 365 days	412,350	458,649
1 to 2 years	314,587	324,000
2 to 3 years	97,354	96,064
Over 3 years	12,545	4,580
	2,745,341	2,494,329

13. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to RMB444,039,000 (six months ended 30 June 2016: RMB1,048,550,000) and repaid borrowings amounting to RMB391,820,000 (six months ended 30 June 2016: RMB894,019,000).

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Secured	2,981,698	3,268,856
Unsecured	328,317	98,610
	<u>3,310,015</u>	<u>3,367,466</u>

Analysis for reporting purpose:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Current	1,657,247	929,458
Non-current	1,652,768	2,438,008
	<u>3,310,015</u>	<u>3,367,466</u>

The new borrowings raised are denominated in Renminbi and carry interest ranging from 1.50% to 14.00% per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

14. SENIOR NOTES AND BONDS

During the current interim period, the Group newly issued senior notes in an aggregate principal amount of US\$350,000,000 (“2017 June senior note”) and redeemed 2014 senior notes due 2019 with an aggregate principle amount of US\$278,900,000. The 2017 June senior note are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 5.5% per annum and interest is payable semi-annually on 13 June and 12 December in arrears. The 2017 June senior note were issued at par value and are listed on the Singapore Exchange Securities Trading Limited. The effective interest rate is 6.47% per annum. The 2017 June senior note will mature on 12 June 2018, unless redeemed earlier. The directors of the Company consider that the fair value of the early redemption options is insignificant on initial recognition and 30 June 2017.

The movements of the liability component in the senior notes and bonds during the current interim period are set out below:

	RMB'000
At 1 January 2017 (audited)	18,379,625
Net proceeds on the date of issuance of senior notes	2,356,369
Exchange gain	(220,779)
Interest expenses	759,090
Payment of interests	(512,325)
Redemption of 2014 senior note due 2019	(2,023,361)
At 30 June 2017 (unaudited)	18,738,619

Analysis for reporting purpose:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Current	5,286,365	1,575,183
Non-current	13,452,254	16,804,442
	18,738,619	18,379,625

15. ASSETS BACKED SECURITIES ISSUED

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Assets backed securities issued	252,385	275,084

The movements of assets backed securities issued during the current interim period are set out below:

	RMB'000
At 1 January 2017 (audited)	275,084
Interest expenses	10,297
Repayment of principal	(25,000)
Interest paid	(7,996)
At 30 June 2017 (unaudited)	252,385

Analysis for reporting purpose:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Current	20,589	37,642
Non-current	231,796	237,442
	252,385	275,084

16. SHARE CAPITAL

	Number of shares	Amount HK\$	Equivalent to RMB'000
Ordinary shares of HK\$0.1 each			
Authorised:			
At 1 January 2017 and 30 June 2017	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2017	5,761,797,064	576,179,706	497,848
Issue of shares upon exercise of share options	225,160	22,516	20
At 30 June 2017	5,762,022,224	576,202,222	497,868

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

17. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of assets and liabilities through acquisition of subsidiaries

- (i) In March 2017, the Group acquired 67% equity interest in Wuhan Jialun Chengtai Trading Co., Ltd. 武漢市嘉倫誠泰商貿有限公司 (“Wuhan Jialun”), at a cash consideration of RMB30,000,000. Wuhan Jialun is principally engaged in property development in the PRC.
- (ii) In March 2017, the Group acquired properties under development for sale situated in Jiangxi, the PRC, through the acquisition of 100% equity interest in Jiangxi Yinsheng Real Estate Co., Ltd. 江西銀盛房地產開發有限公司 (“Jiangxi Yinsheng”), at a cash consideration of RMB10,000,000. Jiangxi Yinsheng is principally engaged in property development in the PRC.
- (iii) In June 2017, the Group acquired properties under development for sale situated in Suzhou, the PRC, through the acquisition of 100% equity interest in Taicang Qihao Trading Co., Ltd. 太倉起浩商貿有限公司 (“Taicang Qihao”), at a cash consideration of RMB275,973,000. Taicang Qihao is principally engaged in property development in the PRC.

The above transactions are accounted for as purchase of assets and liabilities. Details are summarised below:

	RMB'000
Total consideration satisfied by:	
Cash	105,000
Consideration payables due within one year included in other payables	210,973
Non-controlling interests	12,602
	328,575

Details of the net assets acquired in respect of the above transactions are summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	28
Available-for-sale investment	1,300
Deposits paid for acquisition of land use rights	4,415
Properties under development for sale	494,260
Trade and other receivables	164,468
Tax recoverable	2,085
Bank balances and cash	8,412
Trade and other payables	(209,363)
Borrowings	(137,030)
	328,575
Net cash outflow arising on acquisitions:	
Cash consideration paid during the period	(105,000)
Bank balances and cash acquired	8,412
	(96,588)

17. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of business

During the current interim period, the Group acquired following subsidiaries at a total consideration of RMB9,500,000. The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property management.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Equity interest acquired	Principal activities
福建永嘉商業物業管理有限公司 Fujian Yongjia Commercial Property Management Co., Ltd.	1,200	March	60%	Provision of property operation services
寶雞市聚豐弘遠物業管理有限公司 Baoji Jufeng Hongyuan Property Management Co., Ltd.	3,500	March	70%	Provision of property operation services
九江中輝恒佳物業服務有限公司 Jiujiang Zhonghui Hengjia Property Service Co., Ltd.	– (note)	March	100%	Provision of property operation services
武漢天宇弘物業管理有限公司 Wuhan Tianyuhong Property Management Co., Ltd.	4,800	March	80%	Provision of property operation services
Note: The consideration was less than RMB1,000.				
Total consideration satisfied by:				
				RMB'000
Cash consideration				1,247
Deposits paid for acquisition of business in prior years				5,230
Consideration payables included in other payables				3,023
				9,500

Acquisition-related costs were insignificant and have been recognised as an expense in the current interim period and included in the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

17. ACQUISITION OF SUBSIDIARIES (CONTINUED)

(b) Acquisition of business (Continued)

Assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment	163
Intangible assets	4,432
Trade and other receivables	18,156
Bank balances and cash	9,803
Trade and other payables	(27,281)
Tax liabilities	(205)
Deferred tax liabilities	(1,108)
	3,960

The trade and other receivables acquired with a fair value of RMB18,156,000 approximate its gross contractual amount.

Non-controlling interests

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquirees' net identifiable assets at the acquisition date and amounted to RMB951,000.

Goodwill arising on acquisitions

	RMB'000
Consideration transferred	9,500
Non-controlling interests	951
Less: fair value of net assets acquired	(3,960)
Goodwill arising on acquisitions	6,491

Intangible assets of RMB4,432,000 in relation to the acquisition of subsidiaries under property management segment have been recognised by the Group.

At the dates of acquisitions, goodwill of RMB6,491,000 has been determined provisionally based on the acquirees' provisional fair value of net identifiable assets acquired.

Net cash inflow arising on acquisitions

	RMB'000
Cash consideration paid	(1,247)
Less: bank balances and cash acquired	9,803
	8,556

18. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

- (i) In June 2017, the Group disposed of its entire equity interests in 協和高爾夫（上海）有限公司, Xiehe Golf (Shanghai) Co., Ltd. (“Xiehe Golf”) to an independent third party for a consideration of RMB120,000,000. Xiehe Golf was engaged in hotel operation.
- (ii) In March 2017, the Group disposed of its entire equity interests in 深圳市匯港物業管理有限責任公司, Shenzhen Huigang Property Management Co., Ltd. (“Shenzhen Huigang”) to an independent third party for a consideration of RMB5,500,000. Shenzhen Huigang is engaged in property management in the PRC.

Details of the net assets disposed in respect of the above transactions are summarised below:

	RMB'000
Consideration satisfied by:	
F	Cash
	125,071
	Consideration receivable
	429
A	<u>125,500</u>
Analysis of assets and liabilities over which control was lost:	
N	Property, plant and equipment
	17,627
T	Goodwill
	24,087
	Investment properties
	3,593
A	Prepaid lease payment
	131,031
	Tax recoverable
	161
S	Trade and other receivables
	5,291
	Amounts due from certain subsidiaries of the Company
	6,872
I	Bank balances and cash
	1,006
	Trade and other payables
	(60,625)
A	Amounts due to certain subsidiaries of the Company
	(87,635)
	Deferred tax liabilities
	(546)
	<u>Net assets disposed of</u>
	40,862
Gain on disposal of subsidiaries:	
	Total consideration
	125,500
	Non-controlling interests
	1,600
	Less: Net assets disposed of
	(40,862)
	<u>86,238</u>
Net cash inflow arising on disposal:	
	Cash consideration
	125,071
	Bank balances and cash disposed
	(1,006)
	<u>124,065</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

18. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Disposal of partial interests in subsidiaries resulting in loss of control

- (i) During the current interim period, the Group disposed of its 40% equity interest in Xuzhou Binhu Garden Property Management Co., Ltd. 徐州市濱湖花園物業管理有限公司, (“Xuzhou Binhu”) to an independent third party for a cash consideration of RMB3,680,000, resulting in loss of control upon completion of the transaction. The remaining 5% equity interest in Xuzhou Binhu is classified as interests in an associate of the Group. Xuzhou Binhu is engaged in property management in the PRC.
- (ii) During the current interim period, the Group disposed of its 15% of equity interest in 西安榮鑫物業管理有限公司, Xi'an Rongxin Property Management Co., Ltd. (“Xi'an Rongxin”) to an independent third party for a cash consideration of RMB10,389,000, resulting in loss of control upon completion of the transaction. The remaining 15% equity interest in Xi'an Rongxin is classified as interests in an associate of the Group. Xi'an Rongxin is engaged in property management in the PRC.

18. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Disposal of partial interests in subsidiaries resulting in loss of control (Continued)

Details of the net assets disposed of in respect of the above transactions are summarised below:

		RMB'000
Consideration satisfied by:		
	Cash	1,500
	Consideration receivables due within one year	12,569
		14,069
Analysis of assets and liabilities over which control was lost:		
	Property, plant and equipment	41
	Goodwill	16,912
	Trade and other receivables	36,346
F	Amounts due from certain subsidiaries of the Company	24,666
	Bank balances and cash	372
A	Trade and other payables	(35,966)
	Amounts due to certain subsidiaries of the Company	(16,215)
N	Tax liabilities	(3,408)
		22,748
T	Gain on disposal of subsidiaries:	
	Total consideration	14,069
A	Non-controlling interests	10,412
S	Fair value of retained equity interests in	
	Xuzhou Binhu and Xi'an Rongxin classified as interests in an associate	10,849
I	Less: Net assets disposed of	(22,748)
		12,582
A	Net cash inflow arising on disposal:	
	Cash consideration	1,500
	Bank balances and cash disposed	(372)
		1,128

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

18. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(c) Deemed disposal of partial interests in subsidiaries without loss of control

- (i) During the current interim period, an independent investor injected capital in the form of registered capital and contribution reserve amounting to RMB237,900,000 and RMB762,100,000 respectively to 四川瀚峰置業有限公司 Sichuan Hanfeng Real Estate Co., Ltd. (“Sichuan Hanfeng”), a non-wholly owned subsidiary of the Company, resulting in the dilution of the Group’s equity interest in Sichuan Hanfeng from 91% to 55%. The Group still have control over the relevant activities of Sichuan Hanfeng after the partial disposal. The difference between the capital injected by the independent investor and the attributable equity interest in Sichuan Hanfeng disposed amounted to RMB244,864,000 was recognised in special reserve. As at 30 June 2017, RMB400,000,000 has been received and the remaining amount of RMB600,000,000 has been received after the end of reporting period.
- (ii) During current interim period, an independent investor injected capital in the form of registered capital and contribution reserve amounting to RMB376,667,000 and RMB123,333,000 respectively to 天津市花千里房地產開發有限公司 Tianjin Huaqianli Real Estate Co., Ltd. (“Tianjin Huaqianli”), a wholly owned subsidiary of the Company, resulting in the dilution of the Group’s equity interest in Tianjin Huaqianli from 100% to 60%. The Group still have control over the relevant activities of Tianjin Huaqianli after the partial disposal. The difference between the capital injected by the independent investor and the attributable equity interest in Tianjin Huaqianli disposed amounted to RMB94,281,000 was recognised in special reserve. As at 30 June 2017, RMB200,000,000 has been received and the remaining amount of RMB300,000,000 has been received after the end of reporting period.
- (iii) During current interim period, the Group disposed of its 20% equity interest in 蘇州易亞物業管理有限公司 Suzhou Yiya Property Management Co., Ltd. (“Suzhou Yiya”), to an independent third party, for a cash consideration of RMB2,610,000. Suzhou Yiya was engaged in provision of property operation services. The difference of RMB1,203,000 between the consideration received and the proportionate share of the net assets of Suzhou Yiya by the non-controlling shareholder was recognised in the special reserve.

19. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within one year	44,087	47,023
In the second to the fifth year inclusive	171,080	170,721
After five years	398,792	418,821
	<u>613,959</u>	<u>636,565</u>

F A N T A S I A The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within one year	194,003	184,283
In the second to the fifth year inclusive	482,411	487,261
After five years	269,576	165,241
	<u>945,990</u>	<u>836,785</u>

20. CAPITAL AND OTHER COMMITMENTS

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Construction commitments in respect of properties for sale contracted for but not provided in the condensed consolidated financial statements	1,329,617	1,421,711
Construction commitments in respect of investment properties contracted for but not provided in the condensed consolidated financial statements	329,500	182,699
Consideration commitments in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	13,002	18,142
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	21,249	21,325

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

21. SHARE OPTION SCHEME

(a) The Company

No share option expense was recognised by the Group during the current interim period and prior interim period in relation to share options granted by the Company.

The following table discloses movements of the Company's Share Options held by directors and employees during the current interim period:

	Number of share options under share option scheme (‘000)
Outstanding as at 1 January 2017	85,326
Exercised during the period	(225)
Outstanding as at 30 June 2017 (unaudited)	85,101

(b) Colour Life

Colour Life recognised the total expense of RMB22,397,000 for the period ended 30 June 2017 (six months ended 30 June 2016: RMB51,164,000) in relation to share options granted.

The following table discloses movements of Colour Life's share options held by directors and employees during the current interim period:

	Number of share options under share option scheme (‘000)
Outstanding as at 1 January 2017	90,711
Cancelled/lapsed during the period	(861)
Outstanding as at 30 June 2017 (unaudited)	89,850

(c) Morning Star

The Group recognised the total expense of RMB1,106,000 for the current interim period (six months ended 30 June 2016: RMB1,467,000) in relation to share options granted by the Morning Star and there is no movement of the share options of Morning Star during the current interim period.

22. CONTINGENT LIABILITIES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	7,099,973	6,258,249
Financial guarantees given to a bank for the banking facilities granted to a joint venture	303,885	536,810

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

23. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks as securities against general banking facilities granted to the Group:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Property, plant and equipment	652,915	303,848
Investment properties	1,559,428	1,588,802
Properties for sale	1,490,014	783,361
Prepaid lease payments	11,257	11,448
Trade receivables	–	54,089
Pledged bank deposits	–	499,228
	3,713,614	3,240,776

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

24. RELATED PARTY DISCLOSURES

Other than disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties during the period:

(a) **During the interim period, the Group had the following significant transactions with related parties:**

Related parties	Relationship	Transactions	Six months ended 30 June	
			2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Shenzhen Cube Architecture Designing Consultants Co., Ltd.	Related company controlled by Ms. Zeng Jie, Baby, controlling shareholder and director of the Company	Design service fee income	–	562
Wanxiangmei Property Management Co., Ltd.	Subsidiary of a joint venture of the Company	Consultancy service fee income	37,704	–
Shenzhen Xingfu Wanxiang Investment Fund Management (Limited Partnership)	Joint venture of the Company	Management fee income	3,960	–

(b) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Short-term benefit	39,691	41,438
Post-employment benefit	3,457	2,502
Share-based payments	–	409
	43,148	44,349

(c) **Others**

As at 30 June 2017, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB177,300,000 (31 December 2016: RMB177,300,000) in aggregate.

During the period ended 30 June 2016, the Group had sold certain properties to its key management personnel (not including the directors of the Company) of the Group, at a cash consideration of RMB11,667,000.

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Except for the following financial liabilities, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

	Fair value hierarchy	30 June 2017		31 December 2016	
		Carrying amount RMB'000 (unaudited)	Fair value RMB'000 (unaudited)	Carrying amount RMB'000 (audited)	Fair value RMB'000 (audited)
Senior notes	Level 1	12,000,060	12,295,328	11,841,852	12,430,527
Listed corporate bonds	Level 1	3,222,499	3,139,485	3,110,162	3,209,098
Non-listed corporate bonds	Level 3	3,516,060	3,552,591	3,427,611	3,538,016
Assets backed securities issued	Level 3	252,385	263,658	275,084	289,245

26. EVENT AFTER THE END OF THE REPORTING PERIOD

On 5 July 2017, the Company further issued senior note of US\$300,000,000 with a term of five years ("2017 July senior note"), carrying interest at rate of 7.95% per annum. At any time from issuance to the maturity date, the Company may at its option redeem the 2017 July senior note, in whole or in part. The proceeds are to be used for refinancing certain of the Group's existing indebtedness and for the general working capital purposes.

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House-3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code : 01777

REGISTERED OFFICE

Cricketer Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE HEAD OFFICE IN HONG KONG

Room 1202-03
New World Tower I
16-18 Queen's Road Central
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

Block A, Funian Plaza
Shihua Road and Zijing Road
Interchange in Futian Duty-free Zone
Shenzhen 518048
Guangdong Province, China

www.cnfantasia.com