2018

Interim Report | Stock Code: 01777

花样年
FANTASIA

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

Creating Value with Aspirations.

目錄 CONTENTS

FANTASIA

Directors

Executive Directors

Mr. Pan Jun (Chairman and Chief Executive Officer)
Ms. Zeng Jie, Baby
Mr. Deng Bo

Non-Executive Directors

Mr. Li Dong Sheng
Mr. Liao Qian
Mr. Lam Kam Tong

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

Cricket 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

CNY1.6 billion 9.50%, 3 years senior notes due 2019
USD140 million 12.0%, 1 year senior notes due 2019
USD300 million 7.25%, 1 year senior notes due 2019
USD250 million 10.75%, 7 years senior notes due 2020
USD500 million 7.375%, 5 years senior notes due 2021
USD600 million 8.375%, 3 years senior notes due 2021
USD300 million 7.95%, 5 years senior notes due 2022
The Singapore Exchange Securities Trading Limited

Website

http://www.cnfantasia.com


企业信用等级证书
CERTIFICATE OF ENTERPRISE CREDIT GRADE
深圳市开元国际物业管理有限公司：
中国中小商业企业协会对深圳市开元国际物业管理有限公司的信用状况进行了评价，结果为AAA。评价时间：2018年5月。特发此证。
This is to certify that Shenzhen Kaiyuan International Property Management Co.,Ltd. is rated as AAA credit grade by China Association For Small & Medium Commercial Enterprises. Evaluation time:May,2018.
证书说明：
Notes：
1、企业信用等级自评定之日起有效期为三年。
The enterprise credit grade is valid for 3 years starting from the date of issue.
The credit grade should be re-examined every year in the period of validity.If the credit status has changed, the credit grade should be re-evaluated and the certificate should be changed.
If the enterprise changes name in the period of validity,it shall take the certificate to the issue unit to go through the formalities for the change.
The certificate is only used to prove the credit status in the period of validity.
Modifications or use by any other person is not allowed.
复审记录：
Re-examination record：
中国中小商业企业协会
China Association For Small & Medium Commercial Enterprises
中国中小商业企业协会信用工作委员会
2018年5月8日


企业信用等级证书
CERTIFICATE OF ENTERPRISE CREDIT GRADE
大连万象美物业管理有限公司：
中国中小商业企业协会对大连万象美物业管理有限公司的信用状况进行了评价，结果为AAA。评价时间：2018年5月。特发此证。
This is to certify that Dalian Wanxiang beauty Property Management Co.,Ltd. is rated as AAA credit grade by China Association For Small & Medium Commercial Enterprises. Evaluation time:May,2018.
证书说明：
Notes：
复审记录：
Re-examination record：
中国中小商业企业协会
China Association For Small & Medium Commercial Enterprises
中国中小商业企业协会信用工作委员会
2018年5月8日


中华人民共和国信用行业标准
守合同重信用企业评价证书
深圳市开元国际物业管理有限公司
CCS2900-2015标准适用条款的要求
守合同重信用企业
CCS2900


中华人民共和国信用行业标准
守合同重信用企业评价证书
大连万象美物业管理有限公司
CCS2900-2015标准适用条款的要求
守合同重信用企业
CCS2900


CPMMC
全国物业管理行业媒体协作网
荣获物业管理媒体测评
「开元国际物业管理」微信公众号
TOP
50
2017-2018
微信公众号
影响力
INFLUENCE POWER

F

A

N

T

A

S

I

A


公示证书
公示：深圳市开元国际物业管理有限公司
2017年度
广东省"守合同重信用"企业
监督机关：深圳市市场监督管理局
2018年06月01日


招投标企业信用等级
深圳市开元国际物业管理有限公司
AAA级


招投标企业信用等级
大连万象美物业管理有限公司
AAA级

◎ On 17 January 2018, the Ninth China Mobile Payment Annual Conference cum Fintech Innovation Summit in 2018, hosted by Posts & Telecom Press, was honourable held in Nikko New Century Hotel Beijing, at which Shuangqian E-pay (雙乾支付), a mobile payment app developed by the community financial sector of Fantasia Holdings Group Co., Limited (the "Company" or "Fantasia", together with its subsidiaries the "Group" or "Fantasia Group"), was invited to attend and received the title of "Innovative Service Enterprise"

◎ On 29 January 2018, the Seventh China Charity Festival, an influential annual event in public welfare sector, was honourably held in Beijing. As a sophisticated community financial operator which actively performs its responsibility of social public welfare, Caifubao was invited to attend this charity festival and was awarded the title of "2017 Social Responsibility Award as a Fintech Enterprise" by virtue of its high sense of social responsibility and outstanding service consciousness.

◎ In January 2018, Fantasia Taipei U Hotel was awarded the title of "2017 Agoda Gold Circle Award" granted by Agoda.

◎ On 22 March 2018, the "2018 China's Top 100 Real Estate Companies Research Results Conference cum the Fifteenth China's Top 100 Real Estate Companies Entrepreneurs Summit", jointly host by Development Research Center of the State Council, Institute of Real Estate Studies at Tsinghua University and China Index Academy, was honourable held in Beijing. Fantasia Group was awarded with the title of "Outstanding Company with Light Asset Operation in 2018" and the title of "China's Top 100 Real Estate Companies" for ten consecutive years. It was also awarded the dual titles of "China's Top 100 Real Estate Companies in 2018 – Top 10 in Financing Capability" and "China's Top 100 Real Estate Companies in 2018 – Top 10 in Stability". In 2018, Fantasia is worth looking forward to.

◎ In March 2018, Fantasia Taipei U Hotel was awarded the title of "Selected Premium Hotels of LN Hotel Alliance" granted by Agoda.

◎ In March 2018, Fantasia FuNian Jet Aviation was granted the "Section 145 Maintenance Permit" by Central and Southern Regional Administration of Civil Aviation Administration of China.

◎ On 13 April 2018, Shenzhen Kaiyuan International Property Management Co., Ltd. was awarded the certificate of "AAA-Class Bidding Credit Enterprise" granted by Shenzhen Radius of the Letter Evaluation Company Limited.

◎ In April 2018, Fantasia FuNian Jet Aviation was granted the "Passing Chapter J of Section 91 Operation Qualifications Examination" by Supervision Administration.

◎ In May 2018, Fantasia FuNian Jet Aviation was granted the "Section 135 Air Operation Certificates" by Central and Southern Regional Administration of Civil Aviation Administration of China.

◎ In May 2018, Fantasia Taipei U Hotel was granted the "Environment-friendly Hotel Certification" by Environmental Protection Administration Executive Council, Taipei Municipal Environmental Protection Bureau and Taipei Municipal Tourism Bureau.

◎ On 8 May 2018, Shenzhen Kaiyuan International Property Management Co., Ltd. was awarded the "AAA-Class Enterprise Credit Rating Certificate" by China Association for Small & Medium Commercial Enterprises (CASME) and Credit Working Committee of CASME.

◎ On 8 May 2018, Dalian Wanxiangmei Property Management Co., Ltd. was awarded the "AAA-Class Enterprise Credit Rating Certificate" by China Association for Small & Medium Commercial Enterprises (CASME) and Credit Working Committee of CASME.

◎ On 10 May 2018, Shenzhen Kaiyuan International Property Management Co., Ltd. was awarded the "Enterprise Evaluation Certificate for Honouring Contract and Value Credit under PRC Credit Industry Standards" by China-USA Huasheng International Credit Ratings Firm Beijing (General Partnership) and International Cooperation and Exchange Working Committee for China Credit Industry Standards.

◎ On 10 May 2018, Dalian Wanxiangmei Property Management Co., Ltd. was awarded the "Enterprise Evaluation Certificate for Honouring Contract and Value Credit under PRC Credit Industry Standards" by China-USA Huasheng International Credit Ratings Firm Beijing (General Partnership) and International Cooperation and Exchange Working Committee for China Credit Industry Standards.

◎ On 1 June 2018, Shenzhen Kaiyuan International Property Management Co., Ltd. was awarded the certificate of "Enterprise Honouring Contract and Value Credit in Guangdong Province in 2017" by Market Supervision Administration of Shenzhen Municipality.

◎ On 14 June 2018, the WeChat public number of Kaiyuan International Property Management was awarded the certificate of "2017-2018 TOP50 Influential WeChat Public Number" by property management media evaluation of media collaboration network of the national property management industry.

Committed to the concept of "One Good Deed a Day to Enjoy Doing Charity" (日行一善　樂享公益), during the first half of 2018, Fantasia Group played a proactive role in contributing to the society and supporting the development of social charity projects while maintaining its rapid corporate development. 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.

In January 2018, underpinned by local education bureau and the government, Fantasia Charity Foundation contributed over RMB470,000 to Ji'an Fantasia Hope Primary School to re-construct its playground and rubber track. It donated an environment-friendly water-based coating EAU full-rubber track (with a value of RMB600,000) together with Suzhou Dacheng Environmental Construction Material Company Ltd. (蘇州大乘環保建材有限公司), its public welfare cooperation partner. With the support from multiple resources, the brand new playground track was finally put into service and was known as "the most beautiful playground in rural primary schools"

On 26 May, "Fantasia National Funny Running Cixi Section", jointly hosted by Fantasia Ningbo High-End Residential, Fantasia Association and Fantasia Charity Foundation, kicked start. 200 runners gathered at Hengyuan Plaza to enjoy running together for love, and assisted the "running action" of Ji'an Hope Primary School in donating approximately 1,300 pairs of white shoes.

In the first half of 2018, various community outlets of Fantasia's Ankangnian, which offer 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, 54 "happy birthday parties" (悅生日會), "lantern festival events" (元宵節活動), "spring festival events" (迎春匯演), "safety and hygiene trainings" (安全衛生主題培訓), "spring outdoor activities" (踏春活動), "Aid for the Disabled" (助殘日活動), "Dragon Boat Festival events " (端午節主題活動), "community beautification" (社區美化) and other community public service projects were launched for the benefit of community residents, which attracted more than 2,773 participants. In May, by bidding for a government tender for self-care capability evaluation on low insurance protection people in the High-tech Zone, Ankangnian also secured a government procurement project for self-care capability evaluation on low insurance protection people in four towns in West High-tech Zone. From January to June, Ankangnian conducted the government procurement project for supporting the elderly and people with disabilities with four street offices at Xiaojiahe, Hezuo, Fangcao and Zhonghe in the High-Tech Zone (the second year of project implementation).

Fantasia Fun Running Cixi City


F A N T A S I A

Dear Shareholders,

In the first half of 2018, the global economy continued its recovery but its momentum had slowed down. The PRC economy continued its overall stable development trend with gross domestic product ("GDP") growth reaching 6.8% in the first half year, and it progressed within a reasonable range. Affected by factors such as downward growth in both fixed asset investments and total retail sales of social consumer goods, as well as import and export impediment due to escalating Sino-US trade frictions, the economy is expected to face downward pressure in the second half of the year.

Since the 19th National Congress of the Communist Party of China, the PRC government firmly adheres to the implementation of its basic positioning of "houses are for living and not for speculation", with regulating measures continued to escalate in regulating by category and implementing policies by city whereby the long-term effective regulating mechanism gradually propelled, such as the "four restrictions" (restricted purchase, restricted overseas purchases, restricted loans, and restricted price) policies in various cities continued to expand and reinforce, dual implementation in the leasing and selling markets and also the real estate tax. Facing such complicated domestic and overseas situation and increasingly reinforced regulating policies, Fantasia Group proactively responded to policy direction, adapted to the situation and prepared its layout in advance. By adhering to the corporate vision of "becoming an interesting, tasteful, resourceful leader in living space and experience", it firmly focuses on the "Community +" strategy whilst managing both light and heavy assets, and facilitates the dual business layout of "real estate development" and "community service". Fantasia's real estate sector constantly perfects its product system and gradually forms its four product series headed by "Jiatianxia (家天下)" and "Huayang Jinjiang". Through establishing the "online + offline" community service platform, Colour Life Services Group Co., Limited ("Colour Life", together with its subsidiaries, the "Colour Life Group") continues to explore community service scenarios to enrich the community service ecosystem.

On behalf of the board (the "Board") of directors ("Directors") of the Company, I am pleased to present the interim report of the Group for the six months ended 30 June 2018 (the "Reporting Period" or the "Period"). For the Period, the Group recorded revenue of approximately RMB5,196 million, representing a year-on-year increase of 42.9%, net profit was approximately RMB180 million, representing a year-on-year increase of 15.4%, among which the real estate business achieved contracted sales amounting to RMB11,307.33 million during the first half of the year, reaching a new record high and laying a solid foundation for the sustainable and rapid development of the real estate business; Colour Life managed a total contracted area of over 484 million sq.m., the revenue of which accounted for 33.8% of the overall revenue of the Company, thus becoming increasingly important for the Company to withstand economic cycle risks and achieve stable profits. Net profit attributable to the owners of the Company was approximately RMB103 million, representing a year-on-year increase of 27.2%.

Rapid growth in real estate business and strive in building boutique products

In the first half of 2018, the sales amount of nationwide commercial housing was RMB6.7 trillion, representing a year-on-year increase of 13.2%. The sales size of TOP100 real estate enterprises reached nearly RMB4.6 trillion with its concentration ratio up to 69.3%, implying that industry consolidation is intensifying. Under the increasingly reinforced regulating policies and intense competitive external market environment, Fantasia real estate sector seized the opportunity of urban policy transitional period and achieved a total contracted sales area of 1,165,185 sq.m. in the first half year and total contracted sales of RMB11,307.33 million, with contracted sales average price of RMB9,704 per sq. m., representing a year-on-year increase of 81.7%, 123.8% and 23.2% respectively.

While enjoying rapid business growth, Fantasia real estate sector continued to improve its four product series including Jiatianxia (家天下), Huayang Jinjiang, Xingfu Wanxiang and intelligent community. The intelligent community product line, represented by "Jiatianxia (家天下)", integrated a number of frontier technologies such as intelligent security, intelligent lighting, intelligent doors and windows, intelligent household appliances control, intelligent audio video and sleeping systems, and provided customers with more intelligent and better living experience. At present, Jiatianxia (家天下) product series have been launched in Shenzhen, Tianjin, Chengdu one after another. By positioning itself of selling "Huayang Jinjiang" high-end boutique apartment product line, Fantasia real estate sector integrated tranquil space with people living needs and achieved selling products with high premium and pioneered the high-end boutique apartment standard with unique design, attentive details and introduction of high-end ancillary services.

For land expansion, Fantasia real estate sector will continue to focus on Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta, Bohai Rim Metropolitan Area, Chengdu-Chongqing Economic Zone and Central China Economic Area to expand its vertical strategic move and further develop projects in key cities. The company obtained quality land in a number of cities including Shanghai, Nanjing, Hangzhou, Shijiazhuang, Tangshan, Chengdu and Wuhan, adding 1.728 million sq.m. to its land reserve with additional land value exceeding RMB25 billion in the first half year. Furthermore, the Company has been working hard on urban renewal projects for years. Based in Shenzhen, the Company focuses its attention on Guangdong-Hong Kong-Macao Greater Bay Area to promote the steady development of urban renewal projects through leveraging on many years of experience of the Group in industrial property and urban development. The Company owned sufficient land reserve in core cities, laying a sound foundation for subsequent development.

Backed by its sound operation and healthy financial performance, the Company entered into a strategic cooperation agreement with Zhongrong Trust and Minsheng Bank respectively in the first half year, and the cooperation capital size in the future is expected to reach RMB25 billion. Meanwhile, it was also awarded the dual titles of "China's Top 100 Real Estate Companies in 2018 – Top 10 in Financing Capability" and "China's Top 100 Real Estate Companies in 2018 – Top 10 in Stability".

Colour Life officially consolidated Wanxiangmei whilst improving its community caring through multi-brand services

In 2018, through consolidating its multi-brand property resources, Colour Life gradually established an all-round service system covering residential communities and commercial communities at different levels. Colour Life was devoted to upgrading and renovation of residential communities, as well as providing automatic, standardized, intensive refined management services, and focused on residential community scenarios to establish the Internet community service platform. During the Reporting Period, Colour Life Group carried out the equity interest acquisition in Shenzhen Xingfu Wanxiang Investment Partnership and Wanxiangmei Property Management Co., Ltd ("Wanxiangmei"), completing Colour Life's official consolidation of Wanxiangmei. This move has added numerous middle- to high-end properties to Colour Life and optimized its project layout and business structure. As at 30 June 2018, Colour Life managed a total area of 484 million sq.m., serving 2,555 communities and covering a total of 249 cities and one overseas country (Singapore).

By adhering to the philosophy of "delivering community services to your family" all along, Colour Life achieved breakthroughs in traditional property management services coverage by expanding from "management of things" to "services for people" and built the true "caring link" with homeowners. On one hand, Colour Life established multi-dimensional links with community homeowners through its basic property services, and promoted "community caring" through various thematic activities, Neighborhood Festival and other community activities. On the other hand, through the "Caizhiyun" community service platform, Colour Life integrated its internal and external resources, constantly optimize and expand the community service ecosystem through platform operation thinking and developed the community value-added business, with more than 40 ecosystem enterprises currently. Such businesses like E-Energy, E-Parking, E-Rental & E-Wealth Management have constantly maintained better revenue and profit contributions, while such new businesses of E-Maintenance, E-Elevator and E-Advertisement (微享空間) grew rapidly and become industry leaders. As an innovative product in exploring new patterns in community economy, "Colour Benefit Life (彩惠人生)" was officially launched on-line in March this year, thereby achieved a triple win-win situation among homeowners, merchants and property companies through the "consumption via Caizhiyun platform to offset against, reduce and exempt from property management fee" approach. During the Reporting Period, Colour Life achieved value-added business revenue of RMB212 million, representing a year-on-year increase of 91.7%, contributed 35.8% to the segmented profit of Colour Life. Along with the in-depth development of the "Community +" strategy, Colour Life will gradually shake off its mere reliance on the traditional property management model and revenue and generate additional values through community value-added services.

Setting foothold on community ecosphere with stable diversified business development

Leveraged on its sound community resources, Fantasia develops its diversified community services to gradually form a community service ecosphere covering the areas in community business management, community financial services, community cultural tourism as well as community retirement services by relying on its two major businesses of community "intelligence" and community services.

Fantasia's business positioned itself as a comprehensive service operator for commercial assets. Currently, it's business scope has covered several cities like Shenzhen, Chengdu, Nanjing and

Suzhou. Colour Life's business focuses on developing its self-sustained commercial project system including municipal-level Hongtang, community-level Huangshengtang, micro-business community Zhimatang as well as Fantasia World Outlets. At the same time, it will speed up to develop commercial operation management services externally. During the Reporting Period, the entrusted management projects numbered more than 30, the area of which are over 2,650,000 sq.m.

Community financial companies tag on to Fantasia's community service operation platform in providing more localised and convenient financial services for community users. Among which, the services include Colour Wallet for community payment, and penetrate their business into the community service scenarios through E-Parking and Colour Benefit Life.

Fantasia's cultural and tourism sector is focusing on community cultural and tourism service which provides high-end travel services, tourism resources integration services as well as incubative and innovative new travel and holiday products. It is principally engaged in airline business while developing relevant businesses in tourism, hotel and town cultural travel. At present, FuNian Jet Aviation has successfully obtained civil aviation qualifications and formally carries out custody services for corporate aircraft and charter flights.

Along with the increasingly apparent aging problems in China, Shenzhen Futainian Investment Management Co., Ltd ("Futainian"), our wholly-owned subsidiaries, has already formulated its retirement industry layout in advance. Currently, it has already formed a retirement service model of taking enterprise retirement as the main subject, backed by the communal home-based care service for the aged.

Prospects and Development

In the second half of 2018, it is expected that the economy of China will continue to progress steadily, however, risks and uncertainties will increase in the second half year due to trade frictions and stringent financial regulations. Meanwhile, with intensifying fragmentation in real estate market and accelerating industry integration, segmented regulation and control and implementing policies by city are playing the dominant roles in regulating and controlling the real estate market. Fantasia Group will seize the opportunities of market trend, adhere to its "Community +" strategy, focus on "Property Development and Community Service" businesses to promote the construction of community "Intelligence" and smart community, and enrich community service contents in contributing to the construction of a wonderful community.

For real estate development, Fantasia will continue to focus on major cities, explore those structured market regions in the second and third-tier cities as well as core urban circles, accelerate inventory sale and strengthen its standard development process management. At the same time, it will constantly improve its representative product systems such as Jiatianxia, Huayang Jinjiang, and establish its branded image with its unique innovative products and premier services to improve the added-value of its products. While accelerating its scale expansion, Fantasia will establish differentiated development edges featuring smart products.

For community services, Fantasia will actively propell resources and business integration, including Colour Life, Shenzhen Home E&E Commercial Services Group Co., Ltd ("Home E&E") and Wanxiangmei, improves its full property service system to achieve advantages mutual support to form brand synergies. At the same time, it will take platform, ecology, intelligence and cloud computing as strategic directions to expand its business model innovation and service value development. It will also root itself into the community, solve the problems and difficulties in communities with a caring attitude and unique innovative professional services, setting up an open, co-living and syncretic community service ecosphere to continue demonstrating itself as a global leading comprehensive community service operator with unique charm.

Appreciation

The year of 2018 marks the 20th anniversary of our establishment, a year of immense significance. We wish to thank the trust and support from our shareholders, investors and partners as well as all our employees for their hard work and dedication over the past 20 years. On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to everyone. Fantasia Group will always center on the strategy of "providing comprehensive living space and experience-oriented community services as a financial industry group", propell the development strategy of "Property Development, Community Service" and endeavour for new heights again and again!

Pan Jun
Chairman
22 August 2018

F A N T A S I A

Chengdu JR Fantasia

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. For the six months ended 30 June 2018, revenue of the Group amounted to approximately RMB5,196 million, representing an increase of 42.9% from approximately RMB3,637 million for the corresponding period in 2017. The profit attributable to owners of the Company for the year amounted to approximately RMB103 million, representing an increase of 27.2% from approximately RMB81 million for the corresponding period in 2017.

The table below sets forth the total revenue derived from each of the projects and the aggregate gross floor area ("GFA") of properties sold in the first half of 2018 and 2017.

	For the six year ended 30 June 2018			For the six year ended 30 June 2017		
	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)	5,497	623	8,823	15,308	1,679	9,116
Huizhou Love Forever (惠州花郡)	1,650	300	5,500	7,959	1,269	6,272
Dongguan Wonderland (東莞江山)	413	84	4,917	2,108	147	14,352
Guilin Fantasia Town (桂林花樣城)	1,029	194	5,304	9,347	1,545	6,050
Chengdu Fantasia Town (成都花樣城)	1,579	252	6,266	(5,611)	(573)	9,791
Guilin Lakeside Eden (桂林麓湖)	626,758	110,517	5,671	292,985	58,841	4,979
Tianjin Love Forever (天津花郡)	137,240	10,248	13,392	230,299	43,445	5,301
Chengdu Grande Valley (成都大溪谷)	195,151	17,061	11,438	35,076	1,789	19,605
Suzhou Lago Paradise (蘇州太湖天城)	17,696	2,572	6,880	29,956	3,872	7,736
Wuxi Hailrun Complex (無錫喜年中心)	–	–	–	3,356	476	7,049
Ningbo Love Forever (寧波花郡)	1,257	256	4,910	–	–	–
Wuhan Love Forever (武漢花郡)	128,590	14,153	9,086	79,592	6,115	13,016
Chengdu Longnian Building (成都龍年中心)	10,137	1,996	5,079	100,564	16,302	6,169
Suzhou Hailrun Plaza (蘇州喜年廣場)	1,114	59	18,881	40,627	2,406	16,889
Shenzhen Lung Kei Sea (深圳龍岐灣)	–	–	–	50,342	792	63,534
Shenzhen Longnian Building (深圳龍年大厦)	14,633	1,021	14,332	–	–	–
Shenzhen Lenian (深圳樂年)	45,020	1,351	33,323	86,716	3,872	22,398
Huizhou TCL Kangchengsiji (惠州TCL康城四季)	30,471	3,114	9,785	467,525	49,711	9,405
Wuhan Fantasia Town (武漢花樣城)	89,767	9,566	9,384	594,030	82,611	7,191
Dali Human Art Wisdom (大理藝墅花鄉)	64,582	7,131	9,057	378	55	6,865
Nanjing Fantasia Town (南京花样城)	876,017	120,070	7,296	N/A	N/A	N/A
Sub-total	2,248,601	300,568		2,040,556	274,353	
Others	314,679			28,221		
Total	2,563,280			2,068,777		

Property Development

The Group recognises revenue from the sale of a property at a point in time when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable. Revenue from property development represents the proceeds from sales of properties held for sales by the Group. Revenue derived from property development increased by 23.9% to approximately RMB2,563 million for the six months ended 30 June 2018 from approximately RMB2,069 million for the corresponding period in 2017, which was primarily due to the increase in recognised income as a result of the additional properties of the Group brought forward to this year as compared to the corresponding period last year .

Property Investment

Revenue generated from property investment increased by 7.7% to approximately RMB126 million for the six months ended 30 June 2018 from approximately RMB117 million for the corresponding period in 2017. The increase was primarily due to an increase in rental area.

Property Agency Services

Revenue derived from property agency services increased by 7.4% to approximately RMB29 million for the six months ended 30 June 2018 from approximately RMB27 million for the corresponding period in 2017.

Property Operation Services

Revenue derived from property operation services increased by 104.4% to approximately RMB1,999 million for the six months ended 30 June 2018 from approximately RMB978 million for the corresponding period in 2017. The increase was primarily due to the substantial increase in the GFA of the properties managed by the Group resulting from the acquisition of Wanxiangmei by the end of 2017.

Fantasia Fun Running Cixi City

Hotel Operation and related services

Revenue derived from hotel operation and related services increased by 4.7% to approximately RMB67 million for the six months ended 30 June 2018 from approximately RMB64 million for the corresponding period in 2017.

Others

This mainly included the acquisition of Morning Star Group Limited ("**Morning Star**") and ASIMCO Investments III Limited ("**ASIMCO**") at the end of December 2015 and in June 2016 respectively. Morning Star is principally engaged in tourism development business while ASIMCO is engaged in the production of fuel pumps.

Gross Profit and Gross Profit Margin

Gross profit of the Group increase by 18.8% to approximately RMB1,318 million for the six months ended 30 June 2018 from approximately RMB1,109 million for the corresponding period in 2017, while the Group's gross profit margin was approximately 25.4% for the six months ended 30 June 2018 as compared to a gross profit margin of approximately 30.5% for the corresponding period in 2017. The decrease in gross profit margin was mainly due to the lower gross profit of rigid demand projects derived from the Group's revenue that brought forward to current period. The GFA of the properties managed by the Group as well as the revenue thereof increased substantially due to the merging of Wanxiangmei in the property management segment. However, the gross profit margin of the property management segment went down as a result of this significant merger and acquisition. Nevertheless, the overall gross profit margin was still able to maintain at a reasonable level.

Other Gain and Losses

The Group recorded other net losses for the six months ended 30 June 2018 of RMB258 million (the corresponding period in 2017: net gain of RMB152 million), which was due to an exchange loss of RMB270 million (the corresponding period in 2017: an exchange gain of RMB248 million) resulting from the depreciation of RMB against U.S. dollars during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 38.9% to approximately RMB157 million for the six months ended 30 June 2018 from approximately RMB113 million for the corresponding period in 2017. The increase was due to the increase in promotional cost incurred for physical advertising, sales agency fee and other expenses.

Chengdu Kanjinzhao

Administrative Expenses

The Group's administrative expenses increased by 20.2% to approximately RMB690 million for the six months ended 30 June 2018 from approximately RMB574 million for the corresponding period in 2017. The increase was primarily due to the fact that the Group required more staff to support its business development in expanding its operation scale during its community-oriented transformation.

Finance Costs

The Group's finance costs increased by 33.4% to approximately RMB814 million for the six months ended 30 June 2018 from approximately RMB610 million for the corresponding period in 2017. The increase in finance costs was mainly due to the increase in average annual balance of interest-bearing liabilities.

Income Tax Expenses

The Group's income tax expenses decreased by 13.1% to approximately RMB453 million for the six months ended 30 June 2018 from approximately RMB521 million for the corresponding period in 2017. The decrease was mainly due to simultaneous decrease in enterprise income tax ("EIT") and land appreciation tax ("LAT") due to the relatively lower gross profit of property sales during the Period as compared to the corresponding period last year.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2018, the Group's bank balances and total cash was approximately RMB22,610 million (31 December 2017: approximately RMB16,442 million), representing an increase of approximately 37.5% as compared to that as at 31 December 2017. A part of our cash is restricted bank deposits and is for property development purposes only. Such restricted bank deposits will be discharged upon the completion of the respective property development relevant to such deposits.

Net Gearing Ratio

The net gearing ratio was 82.9% as at 30 June 2018 (31 December 2017: 76.0%). The net gearing ratio was calculated based on net liability (the total of its borrowings, senior notes and bonds and assets backed securities ("ABS") issued net of bank balances and cash and restricted cash) over total equity. The total debts (being the total of its borrowings, senior notes and bonds and ABS issued) over total assets ratio continued to be healthy, maintaining at 46.2% as at 30 June 2018 (31 December 2017: 43.4%). Through optimizing its equity structure and the stringent implementation measure for cash flow budget, the Group was able to maintain a reasonable proportion of long-term and short term debt and the net gearing ration only 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 2018, the Group had aggregated borrowings, senior notes and bonds and ABS issued of approximately RMB15,205 million (31 December 2017: approximately RMB9,864 million) in total, approximately RMB21,792 million (31 December 2017: approximately RMB19,805 million) in total and approximately RMB303 million (31 December 2017: approximately RMB228 million) in total, respectively. Amongst the borrowings, approximately RMB5,538 million (31 December 2017: approximately RMB3,022 million) will be repayable within one year and approximately RMB9,667 million (31 December 2017: approximately RMB6,842 million) will be repayable after one year. Amongst the senior notes, approximately RMB4,421 million (31 December 2017: approximately RMB4,485 million) will be repayable within one year and approximately RMB17,370 million (31 December 2017: approximately RMB15,320 million) will be repayable after one year.

As at 30 June 2018, a substantial part of the Group's 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, 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 2018, the exchange rates of RMB against U.S. dollars and the Hong Kong dollars decreased significantly, therefore, an exchange loss of RMB270 million was incurred.

Contingent Liabilities

As at 30 June 2018, the Group had provided guarantees amounting to approximately RMB8,465 million (31 December 2017: approximately RMB7,297 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 2018 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2018, excluding the employees of communities managed on a commission basis, the Group had approximately 30,456 employees (31 December 2017: approximately 31,059 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff


Hankou Mixlife

concerned and the prevailing industry practice. Apart from salary payments, other staff benefits include contribution to 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 2018, a total of 142,660,000 share options were granted. As at 30 June 2018, none of the share option (31 December 2017: nil) was lapsed and 922,000 share options (31 December 2017: 225,000) had been exercised. As at 30 June 2018, the number of outstanding share options was 84,179,000.

Interim Dividend

The Board had resolved that no interim dividend be paid for the Period (six months ended 30 June 2017: nil).

Shenzhen Funian Plaza

Business Review

Property Development

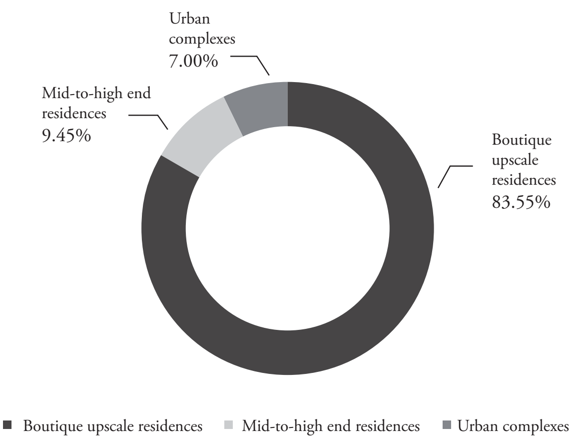
Contracted Sales and Project Development

In the first half of 2018, the austerity policy on the property sector continued to actively suppress irrational demand while emphasizing the expansion and implementation of "effective supply" at the same time. However, it will still take time to interact and produce result for this short-term demand-side regulation and medium-to-long term supply-side reform, and market supply and demand still remained tight. The transaction volume for new housing in key cities continued to shrink among which first-tier cities declined the most, the transaction volume for new housing in third and fourth tier cities also declined to a certain extent. However, the absolute amount still remained historic high.

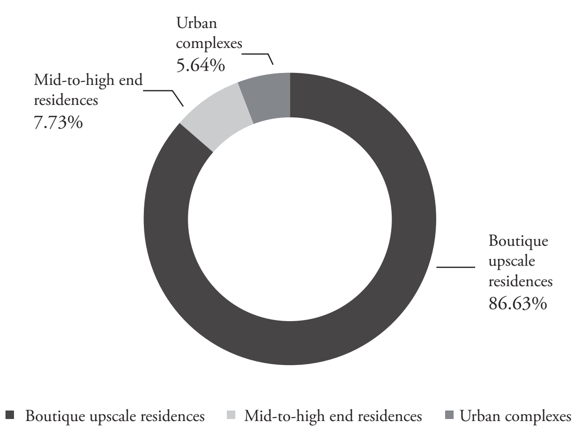
Amid changes in the overall market, the property business of the Group seized market opportunities and boost sales by promoting hot-sale products in the first half year, with a view to accelerating the return of cash to satisfy its capital needs for rapid growth while securing a price premium at the same time. In the second half of the year, action will be taken by the Group according to the situation and will continue to leverage on favorable policy advantage to sell housing rapidly, actively seeking a destocking breakthrough for relative difficult to sell products so as to further optimize our inventory structure.

During the Period, the Group recorded contracted sales of RMB11,307.33 million and contracted sales area of 1,165,185 sq.m. of which, RMB791.31 million was derived from urban complexes projects, representing approximately 7.00% of the Group's total contracted sales. RMB9,447.30 million was derived from boutique upscale residences projects, representing approximately 83.55% of the Group's total contracted sales; and RMB1,068.72 million was derived from mid-to-high end residences projects, representing approximately 9.45% of the Group's total contracted sales.

Proportion of contracted sales attributable to different contracted sales value



Proportion of contracted sales area attributable to different product categories

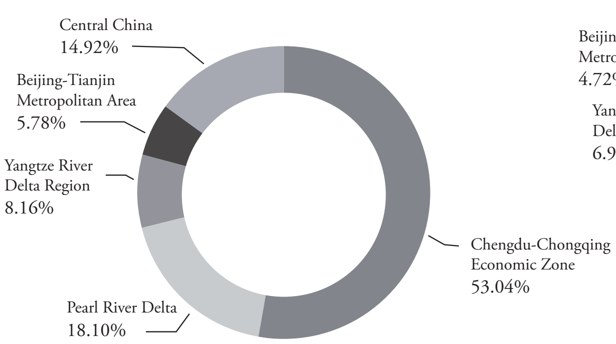


The proportion of contracted sales and contracted sales area attributable to different product categories for the first half of 2018

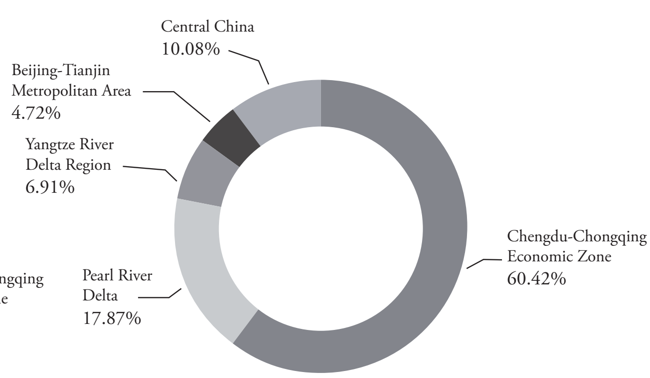
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	791.31	7.00	65,681	5.64
Mid-to-high End Residences	1,068.72	9.45	90,104	7.73
Boutique Upscale Residences	9,447.30	83.55	1,009,400	86.63
Total	11,307.33	100.00	1,165,185	100.00

During the Period, the contracted sales contribution to the Group's real estate business were mainly derived from 15 cities, including Chengdu, Shenzhen, Wuhan, Tianjin, Guilin, Huizhou and Nanjing, and also from 27 projects, including Jiatianxia at Chengdu, Xiangmendi at Chengdu and Zhihui City at Chengdu, Jiatianxia at Tianjin, Jiatianxia at Shenzhen, Guilin Lakeside Eden and Huizhou Kangchengsiji. Similar to last year, the Group used Chengdu as the center for the Chengdu-Chongqing market, Shenzhen as the center for the Pearl River Delta market, Wuhan as the center for the Central China market, Tianjin as the center for the Beijing-Tianjin Metropolitan Area market and Shanghai as the center for the Yangtze River Delta market and earned good reputation and impact in the local markets. These cities become our main focus in achieving this year's goal.

Contracted sales value distribution in five major regions for the first half of 2018



Contracted sales area distribution in five major regions for the first half of 2018



Breakdown of the Group's contracted sales in five major regions for the first half of 2018

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Pearl River Delta	2,046.25	18.10	208,193	17.87
Chengdu-Chongqing Economic Zone	5,997.19	53.04	704,003	60.42
Beijing-Tianjin Metropolitan Area	654.09	5.78	55,021	4.72
Yangtze River Delta Region	922.21	8.16	80,474	6.91
Central China	1,687.59	14.92	117,494	10.08
Total	11,307.33	100.00	1,165,185	100.00


Chengdu Family Isall

Chengdu-Chongqing Economic Zone

As a vital economic hub in South-western China, the Chengdu-Chongqing Economic Zone shows its robust market demand, and is one of the earliest important strategic markets of the Group. After 18 years of development in this region, the Group has become one of the its most influential branded property developers. In the first half of the year, the Group intensified its development in Chengdu for growth accumulation, ranked 2nd in land acquisition among the Chengdu real estate enterprises in the first half year. Meanwhile, the Group enhanced product strengths and community management to achieve sales performance and become the market leader, continued to expand its market influence and share.

During the Period, the Group recorded contracted sales area of approximately 704,003 sq.m. and contracted sales of approximately RMB5,997.19 million in the Chengdu-Chongqing Economic Zone, representing 60.42% and 53.04% of total contracted sales area and total contracted sales of properties of the Group, respectively.

As at 30 June 2018, the Group had seven projects or phases of projects under construction in the Chengdu-Chongqing Economic Zone, with total planned GFA of approximately 2,090,284 sq.m. and saleable area of approximately 1,484,253 sq.m. Apart from the projects under construction, the Group had seven projects or phases of projects to be constructed in the Chengdu-Chongqing Economic Zone, with total planned GFA of approximately 2,407,709 sq.m..

Pearl River Delta Region

By leveraging on the development of Guangdong-Hong Kong-Macao Greater Bay Area, the Pearl River Delta Region market will become a vital testing ground for China to build the world-class city clusters and participate in global competition.

Under the new policy environment, the Group seizes the opportunity to accelerate its business development in Shenzhen, Guangzhou, Dongguan, Huizhou and Guilin markets to seek greater business growth and acquire more land reserves. In the first half of the year, the market conditions in Pearl River Delta Region were healthy. Intelligent Community Shenzhen Jiatianxia ignited the era of intelligence housing. Several projects such as Huizhou Kangchengsiji, Guilin Lakeside Eden had robust sale and became the "top sales" projects in this market segment. Meanwhile, the Group actively expanded its projects to the surrounding regions which strongly supported the Group's future development in the Pearl River Delta Region.

During the Period, the Group recorded contracted sales area of approximately 208,193 sq.m. in the Pearl River Delta Region and contracted sales of approximately RMB2,046.25 million, attributing to 17.87% and 18.10% of the total contracted sales area and total contracted sales of properties of the Group respectively.

As at 30 June 2018, the Group had four projects or phases of projects under construction in the Pearl River Delta Region, with total planned GFA of approximately 751,662 sq.m. and an estimated saleable area of approximately 573,945 sq.m.. The Group also had four projects or phases of projects to be developed in the Pearl River Delta Region, with total planned GFA of approximately 1,479,159 sq.m..

Chengdu Intelligent City

Beijing-Tianjin Metropolitan Area

The Beijing-Tianjin Metropolitan Area is the most important economic hub in Northern China. Strengthening the development of Beijing-Tianjin Metropolitan Area has always been one of the Group's development priorities. In the first half of the year, the Group accelerated the development of its existing projects in the area, whereby in Beijing region, we successively secured the new plots in Shijiazhuang and Tangshan, and accelerated our business expansion in key cities such as Tianjin, Beijing and Shijiazhuang, coupled with Tianjin Family Isall sold out when first opened, our influence in the regional markets was further enhanced.

During the Period, the Group recorded contracted sales area of approximately 55,021 sq.m. and contracted sales of approximately RMB654.09 million in the Beijing-Tianjin Metropolitan Area, representing 4.72% and 5.78% of the total contracted sales area and contracted sales respectively.

As at 30 June 2018, the Group had three projects or phases of projects under construction in the Beijing-Tianjin Metropolitan Area with total planned GFA of approximately 193,573 sq.m. and expected saleable area of approximately 147,131 sq.m. The Group also had six projects or phases of projects to be constructed in the area, with total planned GFA of approximately 1,190,400 sq.m..

Yangtze River Delta Region

The Yangtze River Delta Region is the resource deployment center with tremendous economic vibrancy, 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. In the first half of the year, the Group focused on customer needs, 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 Period, the Group recorded contracted sales area of approximately 80,474 sq.m. and contracted sales of approximately RMB922.21 million in the Yangtze River Delta Region, representing approximately 6.91% and 8.16% of total contracted sales area and contracted sales respectively.

As at 30 June 2018, the Group had six projects or phases of projects under construction in the Yangtze River Delta Region, with total planned GFA of approximately 1,166,587 sq.m. and expected saleable area of approximately 676,712 sq.m.. The Group also had two projects or phases of projects to be constructed in the region, with total planned GFA of approximately 162,975 sq.m..

Central China

Central China, is the nation's geographical center, relatively developed in terms of transportation and economy, and its development is of strategic significance to the Group. In the first half of the year, 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 and achieved its annual results exceeding expectation. Leveraging on its reputation and customer recognition in regional markets, the Group accelerate its 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 subsequent development in the region.

During the Period, the Group recorded contracted sales area of approximately 117,494 sq.m. and contracted sales of approximately RMB1,687.59 million in Central China, representing approximately 10.08% and 14.92% of total contracted sales area and contracted sales respectively.

As at 30 June 2018, the Group had two projects or phases of projects under construction in Central China, with total planned GFA of approximately 789,829 sq.m. and expected saleable area of approximately 671,641 sq.m. The Group also had seven projects or phases of projects to be constructed in the area, with total planned GFA of approximately 1,353,772 sq.m..

Newly Commenced Projects

During the Period, the Group commenced the construction of ten projects or phases of projects which have a total planned GFA of approximately 2,288,356 sq.m..

Breakdown of newly commenced projects in the first half of 2018

Project serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA
						(sq.m.)
Pearl River Delta						
1	Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	2020	70%	81,188
2	Huahaoyuan	Huiyang District, Huizhou	Residential and commercial purposes	2020	100%	80,396
Chengdu-Chongqing Economic Zone						
1	Grande Valley	Pujiang County, Chengdu	Residential purposes	2020	70%	123,259
2	Jiatianxia	Shuangliu District, Chengdu	Residential and commercial purposes	2020	55%	219,395
3	Xiangmendi	Pi County, Chengdu	Residential and commercial purposes	2020	100%	353,632
4	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	2020	100%	145,175
5	Love Forever	Hi-tech District, Ziyang	Residential purpose	2020	91%	241,227
Beijing-Tianjin Metropolitan Area						
1	Tianjin Jiatianxia	Wuqing District, Tianjin	Residential purpose	2020	60%	173,494
Yangtze River Delta Region						
1	Nanjin Jiatianxia	Lishui District, Nanjing	Residential and commercial purposes	2020	100%	316,507
Central China						
1	*Hefei Baolifeng	Baohe District, Hefei	Commercial	2020	100%	554,083

* The Group began to acquire Baolifeng Investment Development Co., Ltd. (寶利豐投資發展有限公司) in the first half of 2018. The acquisition had not been completed as of 30 June 2018. The Group expects to complete the acquisition of Baolifeng Investment Development Co., Ltd. (寶利豐投資發展有限公司) in the second half of 2018 and it will be consolidated into the financial statements in the second half year.

Completed Projects

During the Period, the Group completed three projects or phases of projects, with GFA of approximately 272,681 sq.m..

Breakdown of completed projects in the first half of 2018

Project serial number	Project name	GFA	Gross saleable area	Area for sales	Contracted sales area	Area held by the Company
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Yangtze River Delta Region						
1	Nanjing Fantasia Town	160,407	136,615	7,272	129,343	–
Pearl River Delta						
1	Guilin Lakeside Eden	95,564	93,420	4,599	88,821	–
Cheungdu – Chongqing Economic Zone						
1	Grande Valley	16,710	16,196	–	16,196	–

Projects under Construction

As at 30 June 2018, the Group had twenty-two projects or phases of projects under construction, with total planned GFA of 4,991,935 sq.m. and total planned gross saleable area of 3,553,682 sq.m..

Tianjin Family Isall

Breakdown of projects under construction as at 30 June 2018

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Huizhou								
1	Phase 5 of Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou	Residential and commercial purposes	100%	2018	171,108	139,261	Mid-to-high End Residences
2	Huahaoyuan	Huiyang District, Huizhou	Residential and commercial purposes	100%	2019	80,396	58,952	Mid-to-high End Residences
Guilin								
1	Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	2020	435,917	329,042	Boutique Upscale Residences
Chengdu								
1	Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	2019	134,962	101,287	Urban Complexes
2	Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	2020	126,756	60,689	Boutique Upscale Residences
3	Xiangmendi (香門第)	Pi County, Chengdu	Residential and commercial purposes	100%	2018	676,880	507,444	Boutique Upscale Residences
4	Jiatianxia (家天下)	Shuangliu District, Chengdu	Residential and commercial purposes	55%	2019	552,260	433,252	Boutique Upscale Residences
5	Belle Epoque	Xinjin District	Residential and commercial purposes	100%	2019	5,342	5,342	Boutique Upscale Residences
6	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	100%	2020	352,857	261,621	Boutique Upscale Residences
7	Love Forever	Hi-tech District, Ziyang	Residential land use	91%	2020	241,227	114,618	Boutique Upscale Residences
Tianjin								
1	Love Forever	Wuqing District, Tianjin	Residential land use	60%	2019	3,600	2,679	Mid-to-high End Residences
2	Huaxiang	Wuqing District, Tianjin	Residential land use	60%	2019	16,479	10,248	Boutique Upscale Residences
3	Jiatianxia (家天下)	Wuqing District, Tianjin	Residential land use	60%	2020	173,494	134,204	Boutique Upscale Residences
Suzhou								
1	Lago Paradise (太湖天城)	Taihu National Tourism Vacation Zone, Suzhou	Residential land use	100%	2019	155,766	79,907	Boutique Upscale Residences
2	Taicang Taigucheng (太倉太古城)	Zhenghe East Road, Taicang	Commercial/office purpose	100%	2019	82,734	61,010	Urban Complexes
Ningbo								
1	Ningbo Cixi Yuefu Project (寧波慈溪悅府項目)	North Third Ring East Road and Culture South Road Cross, Ningbo	Residential land use	100%	2019	239,750	150,865	Mid-to-high End Residences

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Hefei								
1	Hefei Baolifeng	Baohe District, Hefei	Commercial land use	100%	2018	554,083	479,378	Urban Complexes
Wuhan								
1	Baishazhou Jinxiu Town	Hongshan District, Wuhan	Residential and commercial purposes	50%	2019	235,746	192,263	Boutique Upscale Residences
Shenzhen								
1	Jiatianxia (家天下)	Kuiyong, Shenzhen	Residential and commercial purposes	10%	2018	64,241	46,690	Urban Complexes
Nanjing								
1	Hailrun Plaza	Central North Road, Gulou District, Nanjing	Residential and commercial purposes	70%	2018	206,029	101,184	Urban Complexes
2	Love Forever	Gaochun, Nanjing	Residential and commercial purposes	100%	2018	165,801	119,732	Mid-to-high End Residences
3	Jiatianxia (家天下)	Lishui District, Nanjing	Residential and commercial purposes	100%	2020	316,507	164,014	Boutique Upscale Residences

Projects to be Developed

As at 30 June 2018, the Group had twenty-seven projects or phases of projects to be developed, with total planned GFA of approximately 6,594,015 sq.m..

The table below sets forth the breakdown of the Group's projects or phases of projects to be developed in the five major regions as at 30 June 2018.

	sq.m.	%
Pearl River Delta	1,479,159	22.43%
Chengdu-Chongqing Economic Zone	2,407,710	36.52%
Yangtze River Delta Region	162,975	2.47%
Beijing-Tianjin Metropolitan Area	1,190,400	18.05%
Central China	1,353,772	20.53%
Total	6,594,015	100.00%

Breakdown of projects to be developed as at 30 June 2018

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Shenzhen					
1	Jiatianxia	Kuiyong, Shenzhen	Residential and commercial purposes	10%	266,016
Subtotal					266,016
Huizhou					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou	Residential and commercial purposes	100%	47,144
2	Qiuchang Project	Danshui Town, Huiyang District, Huizhou	Residential purpose	100%	188,680
Subtotal					235,824
Shanghai					
1	Guobang Huayuan (國邦花園)	Jing'an District, Shanghai	Office purpose	100%	6,561
Subtotal					6,561
Guilin					
1	Area E of Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	491,833
2	Area D of Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	100%	485,486
Subtotal					977,319
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu	Residential, commercial and ancillary purposes	100%	130,643
2	Remaining phases of Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	622,934
3	Jiatianxia	Shuangliu District, Chengdu	Commercial cum residential	55%	362,048
4	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	100%	409,814
5	Ziyang Project	Southern side of Chengnan Road, Hi-tech District, Ziyang	Residential and commercial purposes	91%	283,469
6	Jiangshan	Qing Baijiang, Chengdu	Residential purpose	100%	464,638
7	Kanjinzhao	Kanjinzhao Project, Chengdu	Residential and commercial purposes	100%	134,164
Subtotal					2,407,710
Hangzhou					
1	Hangzhou Project	Gongshu District, Hangzhou	Commercial purpose	49%	156,414
Subtotal					156,414

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Beijing					
1	Yaxinke Project	Fengtai District, Beijing	Residential purpose	76%	268,174
Subtotal					268,174
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin	Residential purpose	60%	37,711
2	Remaining phases of Huaxiang	Wuqing District, Tianjin	Residential purpose	60%	155,433
3	Yingcheng Lake Project	Hangu District, Tianjin	Residential, commercial and tourism purposes	100%	168,339
Subtotal					361,483
Shijiazhuang					
1	Linghangguoji	Yuhua District, Shijiazhuang	Commercial purpose	51%	63,740
Subtotal					63,740
Tangshan					
1	Huayangyuwan	Leting County, Tangshan	Residential and commercial purposes	51%	497,003
Subtotal					497,003
Wuhan					
1	Hankou Xingfuwanxiang	Next to Hankou City Plaza, Houhu, Jiang'an District, Wuhan	Commercial purpose	31%	51,410
2	Hanzheng Street The First	Wusheng Road and Yanjiang Road Cross, Qiaokou District, Wuhan	Commercial purpose	100%	338,700
3	Huahaoyuan Project	Next to Hankou City Plaza, Houhu, Wuhan	Commercial and residential purposes	100%	188,987
4	Jinshanghua	Next to metro entrance, Xingye Road, Houhu, Wuhan	Residential purpose	100%	55,600
5	Jin Xiu Town	Hongshan District, Wuhan	Residential and commercial purposes	50%	110,350
6	Jiangshan	Gedian Development Zone, Ezhou	Residential and commercial purposes	100%	357,567
7	Endless Blue	Dongxihu District, Wuhan	Residential and commercial purposes	90%	251,158
Subtotal					1,353,772
Total					6,594,015

Land Bank

During the 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 capable of delivering rich returns. As at 30 June 2018, the planned GFA of the Group's land bank amounted to approximately 17,749,575 sq.m. and the planned GFA of properties with framework agreements signed amounted to 6,163,624 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	**2,090,284**	**2,407,709**	**2,835,997**	**7,333,990**	**41.3%**
Chengdu	2,090,284	2,407,709	2,566,680	7,064,673	
Kunming	–	–	269,317	269,317	
Pearl River Delta	**751,662**	**1,479,159**	**2,908,464**	**5,139,287**	**29.0%**
Shenzhen	64,241	266,016	1,808,564	2,138,822	
Huizhou	251,504	235,824	1,099,900	1,587,228	
Guilin	435,917	977,319	–	1,413,237	
Beijing-Tianjin Metropolitan Area	**193,573**	**1,190,400**	**41,259**	**1,425,232**	**8.0%**
Beijing	–	268,174	41,259	309,433	
Tianjin	193,573	361,483	–	555,056	
Tangshan	–	497,003	–	497,003	
Shijiazhuang	–	63,740	–	63,740	
Yangtze River Delta Region	**1,166,587**	**162,975**	**238,180**	**1,567,742**	**8.8%**
Suzhou	238,500	–	56,254	294,754	
Shanghai	–	6,561	–	6,561	
Nanjing	688,337	–	–	688,337	
Hangzhou	–	156,414	–	156,414	
Ningbo	239,750	–	181,926	421,676	
Central China	**789,829**	**1,353,772**	**139,724**	**2,283,324**	**12.9%**
Wuhan	235,746	1,353,772	139,724	1,729,241	
Hefei	554,083	–	–	554,083	
Total	**4,991,935**	**6,594,015**	**6,163,624**	**17,749,575**	**100.0%**

Colour Life

During the Period, the Group maintained its strategy in discretionary authorisation plus platform cooperation expansion to maintain the rapid growth of its platform service segment. As at 30 June 2018, Colour Life, a member of the Group, had a total contractual management area of 484.0 million sq.m. and rendered services to a total of 2,555 communities, representing year-on-year (YoY) increases of 63.8 million sq.m. and 220 communities, respectively. In addition to acquiring the area of 36.8 million sq.m. of Wanxiangmei, most of the remaining newly-added communities under contractual management were obtained by way of discretionary authorisation, fully indicating the industry market competitiveness and brand awareness of Colour Life. Existing projects managed by Colour Life are distributed across 249 cities in China and Singapore, forming a business landscape covering Eastern China, Southern China, Northwestern China, Southwestern China, Northeastern China, Northern China, Central China as well as Singapore and Hong Kong. Meanwhile, Colour Life established connections with excellent partners in the industry through platform cooperation and exported its underlying technology of Colour Life to help them exploring new source of value-added services without separating the profits of fundamental property services owned by cooperative partners at the same time. Since it launched the platform cooperation model, Colour Life has received receptive responses from industry cooperative partners. As at 30 June 2018, Colour Life had a total cooperation area of 497.4 million sq.m.. As at 30 June 2018, the service area under Colour Life's platform reached 981.4 million sq.m..

Chengdu Intelligent City

With continuous expansion in service scale of the platform, as at 30 June 2018, the number of registered users of Caizhiyun (彩之雲) had exceeded 14.5 million, of which 3.8 million were active users, representing a YoY increase of 252.1% and 56.0% respectively. The breakthrough growth of registered users was mainly derived from the homeowners in the platform cooperation communities who registered as online users. The core mission for Colour Life in the future is to gradually turn registered users into active users and then consumer users eventually through online plus offline operating strategy to fuel the growth of trading volume and value-added business.

The construction of Colour Life's ecosystem achieved tremendous progress. For the six months ended 30 June 2018, the gross merchandise volume ("GMV") of Caizhiyun platform amounted to RMB4.4 billion, representing a YoY growth of 82.1%; the revenue from its value-added business amounted to RMB212.3 million, representing a YoY growth of 91.7% with a high gross profit margin of 71.8%. Such revenue contributed to 40.5% of Colour Life's segment profit and was the second largest source of revenue and profit in the business distribution. In particular, the average investment period of Colour Wealth Life, a third-party sales platform of wealth management products, was extended from 0.47 for the corresponding period last year to 0.78 year, thus contributing RMB31.8 million in revenue, representing a YoY growth of 53.6%. At the same time, through optimization of the overall energy conservation plan of the communities, E-Energy helped the communities to save energy expenditures and shared profit in terms of saving costs. For the six months ended 30 June 2018, E-Energy contributed revenue of RMB27.8 million, representing a YoY growth of 35.0%.

Meanwhile, on 31 March 2018, the Group launched new product like "Colour Benefit Life (彩惠人生)" by integrating the new retail patterns in the community with property management fee payment. The community residents can deduct property management fee and parking fee which they need to pay through purchase of commodities and services for their daily needs. The essence of "Colour Benefit Life (彩惠人生)" is: due to the precise understanding of community residents' demand by the frontline staff of Colour Life, as well as the trust of residents on Colour Life, it can reduce the generic expensive marketing customer cost and marketing expenses of commodities and service suppliers, and at the same time, suppliers return a portion of reduced marketing expenses to residents as property management fee. By virtue of "Colour Benefit Life (彩惠人生)", homeowners can enjoy reduced and exempted property management fee benefits, allowing quality shops to have direct access to the community market, and property companies can improve collection rates and service rates, thereby achieving a win-win situation among them. Three months after the launch, as at 30 June 2018, Colour Benefit Life (彩惠人生) achieved a total of 325,400 transactions with total transaction amount of RMB28,646,900, which offset RMB12,811,200 in terms of property management fee and 44,026 households enjoyed reduced property management fee.

Home E&E

Along with the rapid expansion of the scale of property management, in order to strengthen urban and project management, Home E&E adjusted its operation pattern and integrated 16 urban companies into five main regions, namely Eastern China, Western China, Southern China, Northern China and Wuhan Centre Business Department, achieved its regional layout setting. Home E&E also promoted and implemented the philosophy of "exploring project by project or quality, pushing forward the development of base region" and achieved sound results in the market. As at 30 June 2018, with newly additional contracted area of 750,000 sq.m., it reached a formal strategic partnership with China Thailand Band Enterprise Management Company Limited ("CTB"), involving managing an area of 2.8 million sq.m.. At present, the company had a total management size of 24 million sq.m. and total chargeable area of 5.16 million sq.m. This transnational cooperation between China and Thailand is of importance significance to Home E&E in that it is her first international showcase and initially achieved her international layout, indicating that the gateway to the world is opened.

For management, in order to strengthen the functional departments' support on business, Home E&E implemented vertical management of three functional departments (finance, human resources, quality control).

For operation, property service income remained the largest source of income and profit of Home E&E. To keep abreast of the development of the era trend and improve its core competitiveness, Home E&E pursued ongoing innovation in various operation aspects and strived to explore diversified operation channels and provide more distinctive value-added services and build more satisfactory, convenient and comfortable property service experience by fully leveraging on existing property resources. Currently, it established strategic cooperation with a number of renowned enterprises, such as Focus Media, Hive Box, GCL Future, so as to provide homeowners with information convenience as well as green, energy-saving and convenient travel manners. At the same time, Home E&E achieved revenue of RMB6.28 million from various operation of advertisement venues in the first half of the year, representing a growth of 75% over last year.

On top of implementing application of new minimal innovative results in terms of quality enhancement, Jinnian Hotel made renovation to Funian Wi-Fi, improved the breakfast menu arrangement and fully carried out new payment means like Alipay, WeChat to bring payment convenience to customers. This hotel put second generation face identification identity card authentication system and scanning code invoicing system into trial use, coupled with the marketing strategy of improving overall revenue through improving guest room occupancy rate of offering long-time residence.

For project management, it completed the development and integration of property facility equipment and energy management Internet of things platform (PEEM-IOT system), and began widely applied. It improved its professional management segment, established business departments such as elevator, firefighting, heating & ventilation equipment, intelligent building and undertook external business smoothly.

For commercial property asset management, a layout was made in a number of cities nationwide, including Shenzhen, Chengdu, Hefei and Nanchang. The multi-service patterns were applied to have in-depth customer needs understanding and optimised resources allocation. The asset management capability is strengthening gradually.

Shenzhen Family Isall

Financial Group

Community finance is an important driving force and one of the core business sectors in the Group's "Community Plus" strategy. Since its launching in 2013, leveraging on the Group's strong community service operating platform and adopting the innovative internet finance model, a new path way of development for the unique Fantasia "Community Plus Finance" was opened up through the provision of a variety of financial services such as internet financial service platform, Shuangqian E-pay (雙乾支付), financial leasing, commercial factoring and insurance brokerage, with one-stop access in the community setting.

Financial leasing and factoring company is an important business segment of the community financial sector. In the first half of 2018, the financial leasing and factoring company put efforts in community distinctive leasing and community industry fund and launched the supply chain finance business. At the same time, it obtained the facilities from Everbright Bank and China Guangfa Bank. In the first half of 2018, the community financial sector achieved a net profit close to the profit for the year for 2017. The community financial sector achieved rapid and sound business growth, and kept increasing its asset size while maintaining good asset quality and improving the quality of its customer base. In the future, it plans to fulfill its investments in various key industries such as community leasing, automobile manufacturing, new energy environmental protection, information and communication, medical treatment and intelligent manufacturing.

2018 was the development year of Zhong An Xin (中安信), our insurance brokerage business. For the six months ended 30 June 2018, the community financial sector completed its business strategic adjustment, built a team comprising high-caliber professional managers and determined three major business development directions, namely, expanding market business, exploring derivative business and carrying out innovative business. Internally, the community financial sector connected different sectors of the Group, explored internal insurance requirements and provided insurance consulting services for the Group's staff and asset security. Meanwhile, in collaboration with Colour Life and Caifubao, it launched platform order insurance, borrower accidental insurance, premium loan and other projects. Externally, it took an active part in large market businesses including subway engineering insurance, highway engineering insurance and lithium industry insurance, etc. It strived to promote business innovation and launched the community life insurance and internet insurance business.

In the future, the community financial sector will continue to build on its innovative online-to-offline ("O2O") community financial service platform to provide customers with innovative, convenient, comprehensive and valuable financial services, and strive to become a considerate wealth management agency serving community households.

Business Management Group

Urban complexes is one of the most important product categories in the Group's real estate business. With 20 years of market experience, the Group upholds its mission to pursue innovative business models and diverse business offerings. To this end, during the Period, Fantasia Business Management Company Limited ("Fantasia Business Management" or "FBM"), 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, commissioned management and other entrusted asset management services for business management projects outside the Group.

Upholding the business philosophy of "steady expansion from a small niche", in 2018, 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 four major regions, namely Eastern China, Southern China, Central China and Southwestern China, and has undertaken over 40 such projects in such provinces as Tibet, Jiangxi, Jiangsu, Sichuan, Guangdong, Hunan, Yunnan and Guizhou. In particular, "Jiangsu Yangzhou Joy Commercial Plaza", "Jiangsu Yangzhou Libao Commercial Plaza", "Lhasa Fantasia World Outlets" and "Kunming Lingxiu Knowledge Town" have opened for business. In addition, "Nanjing Hailrun OMG Mall", "Huizhou Kangchengsiji Zhimatang", "Yongzhou Chuntian Urban Plaza", "Shenzhen Longhua Fuchi Building", and "Guiyang Karst Urban Plaza" are scheduled to open for business, and several projects are being developed. While consolidating its fundamental business model, FBM is keeping up with the times by vigorously developing new cooperative models and strengthening the implementation in new retail models and vertical operation. With the growth of its entrusted asset management business, FBM will provide homeowners across the country with more quality services to harvest greater returns.

Nanjing Hailrun OMG Mall, a project developed and operated by FBM, commenced operation on 28 September 2014. With an occupancy rate of over 94%, Nanjing OMG Mall recorded a total income of nearly RMB15 million in the first half of 2018. In Nanjing or even Jiangsu Province, Nanjing OMG Mall has become a renowned community business complex. In May 2017, FBM set up a Nanjing-based subsidiary as its regional core business in the Eastern China market to extend positive influence to the surrounding cities, marking another milestone in its development. Guilin OMG Mall, which commenced operation on 19 June 2015, had an occupancy rate of over 85% recorded a total income of over RMB57.2 million for the first half of 2018, committed to becoming a flagship shopping mall in Lingui New District or even Guilin City. "Fantasia World Outlets" in Pi County, Chengdu commenced operation on 23 December 2016, and recorded a total income of over RMB54.1 million in the first half of 2018, 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.

Chengdu Jiatianxia

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 2018, the cultural and tourism sector focused on accelerating the implementation of aviation business segment. FuNian Jet Aviation won the CCAR-145 maintenance permits and CCAR-135 operation certificates issued by Central and Southern Region Administration, and duly commenced the operation of trusteeship and charter business officially. By relying on its own industry resources, it focused on culture and tourism (aviation) town with aviation industry, education, grand health etc. as its development direction, and realised its closed-loop operation of culture and tourism town in alliance with aviation tourism and travel agencies, so as to build up a flagship tourist town integrating "culture, tourism and aviation" with Fantasia's characteristics. In the first half of the year, Tiantai Travel Agency made adjustment to its business and staff structure, improved the gross profit of business and optimized the team by integration of business of Morning Star, laying a solid foundation for open up the travel community platforms and providing all-round accommodation businesses in the future.

In the second half of the year, the cultural and tourism sector will accelerate the development of aviation business segment, 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, and build up a business network for tourism development and operation.

Futainian

In the first half of 2018, Futainian, a wholly-owned subsidiary of Fantasia Group, carried out fruitful works in three aspects, namely institutional care, home care services and new projects, laying a solid foundation for subsequent development.

For institutional care services, Fulin Retirement Home improved the satisfaction rate of the elderly and their family members by focusing on improving service quality, and implemented the personalized custom-care and rehabilitation services. At the same time, it carried out brand promotion measures by adopting new media such as WeChat, Douyin, Weibo, fully demonstrating the joyful life of the elderly in the institution. This gained the recognition of family members and achieved word of mouth marketing.

For home care service, it won the tender for professional health evaluation, a total of 1,100 persons in the 10 streets of East Hi-tech District and completed the evaluation. Meanwhile, it continued to carry out the government-sponsored home elderly care service in the 8 streets of Hi-tech District and Wuhou District, and achieved a breakthrough progress in home care, health evaluation, home rehabilitation through six months of exploration, laying a solid foundation for subsequent commercialization.

For implementation of new projects, firstly, it implemented the Shuncheng Street Project as scheduled. During the first half of the year, it completed the project and design tender works, for which the construction unit commenced its construction and completed 30% of total construction. At the same time, it completed the tender works of air conditioners, heating & ventilation equipment and paging system. Secondly, it collaborated with real estate companies in Chengdu to propel the Longnian Plaza Project. At present, it completed such preliminary works like project planning, determination of design unit bidding targets.

In the second half of the year, Futainian will implement the chain branding and focus on new store at Fulin Shuncheng to further improve its own operation capability and form a well-established management system. It will establish adequate bonding and loyalty with the elderly being served at home, and conduct in-depth analysis and study of their health management practices, consumption habits, purchasing power and so on using big data to continue to explore the commercial pattern of home elderly care service.

Fund Company

Shenzhen Qianhai Jianian Investment Fund Management Co., Ltd. (深圳前海嘉年投資基金管理有限公司), is a professional private fund management platform of the Group engaging in entrusted management of equity investment fund, equity investment, entrusted asset management and investment management.

Trading Company

Shenzhen Kangnian Technology Co., Ltd. ("Kangnian") is a professional company under the Group engaging in domestic and foreign trade of copper rods and copper plates, deformed steel bars and billets, energy and fossil products, glasses and paper pulp. During the Period, the trade value of Kangnian and our other trading companies was approximately RMB10 billion.

Soushe Research Institute

Shenzhen Soushe Community Services Development Research Institute Co. ("Soushe Community"), Ltd. (深圳市搜社社區服務發展研究院有限公司) is a comprehensive strategic advisory institution for community services development that launched with the involvement of the Group. Soushe Community put forward "Community Thermometer", a comprehensive index system measuring community development, which is an untraditional and innovative move that caused industrial sensation.


The Aircraft Interior Of Funian Aviation's G450

Directors' and Chief Executives' Interests and Short Position

As at 30 June 2018, 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 of Hong Kong Limited (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 2018
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,313,090,500(1)	–	57.49%
	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.


Huizhou Huahaoyuan

(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 2018
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 2018
Ms. Zeng Jie, Baby	Interest of controlled corporation	953,831,259[(1)]	Ordinary	71.91%
Mr. Pan Jun	Beneficial owner	1,255,440[(2)]	Ordinary	0.09%
Mr. Lam Kam Tong	Beneficial owner	510,000[(2)]	Ordinary	0.04%
Mr. Deng Bo	Interest held by spouse	53,241[(3)]	Ordinary	0.01%
Dr. Liao Jianwen	Beneficial owner	510,000[(2)]	Ordinary	0.04%

Notes:

(1) These include (i) 735,456,782 shares in Colour Life held by the Company which is owned as to 57.49% 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; 1,343,000 shares in Colour Life held by Fantasy Pearl, Ms. Zeng Jie Baby is deemed to be interested in the shares of Colour Life held by Fantasy Pearl 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.

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 2018
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 2018, 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 2018, 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 2018
Fantasy Pearl	Beneficial owner	3,313,090,500(1)	57.49%
Ice Apex	Interest of controlled corporation	3,313,090,500(1)	57.49%
T. C. L. Industries Holdings (H.K.) Limited	Beneficial owner	1,156,995,574(2)	20.08%
TCL Corporation	Interest of controlled corporation	1,156,995,574(2)	20.08%

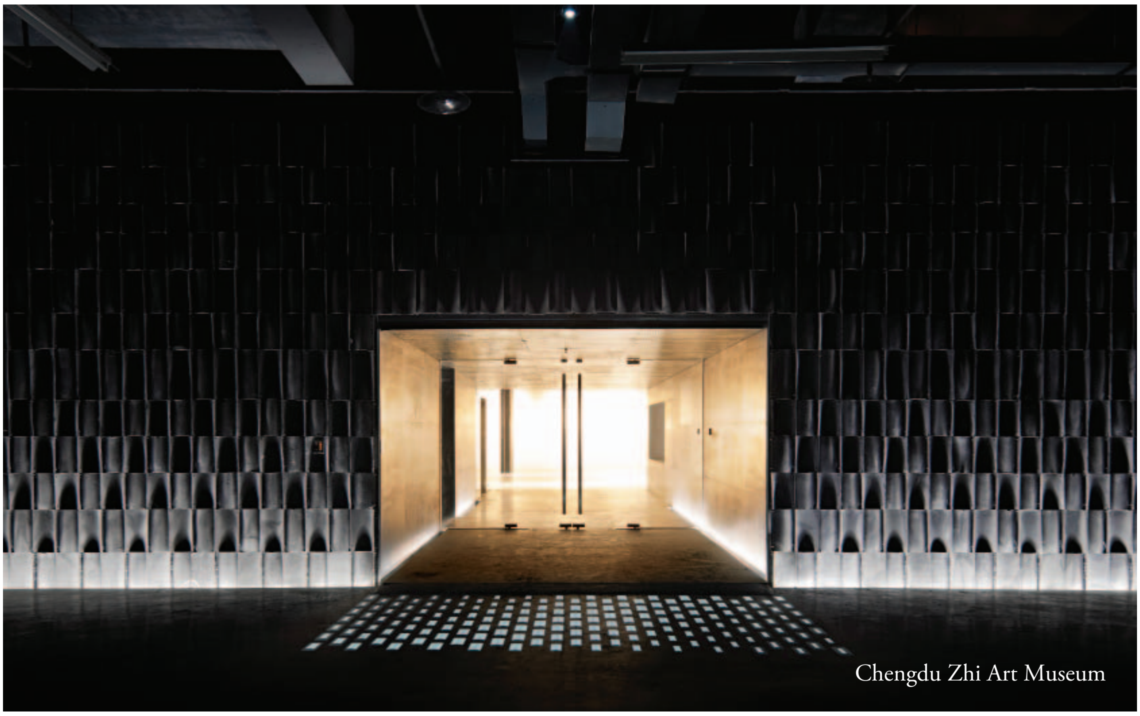
Note:

(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.

(2) T.C.L Industries Holdings (H.K.) Limited is wholly owned by TCL Corporation. TCL Corporation is deemed to be interested in the shares of the Company held by T.C.L Industries (H.K.) Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as of 30 June 2018, 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.

East Blink Day



Chengdu Zhi Art Museum

The Company is committed to maintain a high standard 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 three executive Directors, three 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 29 May 2018 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 ("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 2018 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 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 2018	Granted during the period	Exercisable/ exercised during the period	Cancelled/lapsed during the period	Balance as at 30 June 2018		
		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	18,424,340	–	(167,280)	–	18,257,060	1.50	(1)
	29 August 2011	0.836	0.82	9,205,000	–	(680,000)	–	8,525,000	1.39	(2)
	16 October 2012	0.8	0.77	29,231,500	–	(74,400)	–	29,157,100	1.38	(3)
Total				85,100,840	–	(921,680)	–	84,179,160		

Notes:

(1) The share options are exercisable during the following periods:

(a) 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;

(b) 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

(c) 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:

(a) 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;

(b) 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

(c) 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:

(a) 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;

(b) 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

(c) 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.

Colour Life adopted a share option scheme ("Colour Life Share Option Scheme") by the written resolutions of the shareholders of Colour Life 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 under the Colour Life 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 options					Weighted average closing price immediately before exercise	Note
				Balance as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Balance as at 30 June 2018		
		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	14,122,748 18,916,809	– –	(2,710,900) (3,390,776)	– –	11,411,848 15,526,033	7.979 7.997	(1) (2)&(5)
	30 April 2015	11.000	10.88	17,267,005	–	–	–	17,267,005	–	(3)
	18 March 2016	5.764	5.76	24,591,238	–	(5,894,400)	(22,200)	18,674,638	7.719	(4)
Total				80,678,480	–	(11,996,076)	(22,200)	68,660,204		

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.

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 or the Company.

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 Colour Life 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 Colour Life 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.

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 Colour Life Shares for the Share Award Scheme.

(vi) Transfer of the Incentive Shares to the Grantees

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

On 14 February 2018, the Company issued senior notes due 2019 with principal amount of US$300,000,000 at a coupon rate of 7.25% per annum (the "7.25% Notes due 2019") for the purposes of refinancing certain of the Group's indebtedness. Further details relating to the issue of the 7.25% Notes due 2019 are disclosed in the announcements of the Company dated 14 February 2018.

On 8 March 2018, the Company issued senior notes due 2021 with principal amount of US$350,000,000 at a coupon rate of 8.375% per annum (the "8.375% Original Notes due 2021") for the purposes of refinancing certain of the Group's indebtedness. Further details relating to the issue of the 8.375% Original Notes due 2021 are disclosed in the announcements of the Company dated 1, 2 and 12 March 2018.

On 19 March 2018, the Company issued additional 8.375% senior notes due 2021 in the principal amount of US$100,000,000 on terms and conditions the same as the 8.375% Original Notes due 2021 (the "8.375% Additional Notes due 2021"), which is consolidated and form a single series of notes with the 8.375% Original Notes due 2021, for the purposes of refinancing certain of the Group's existing indebtedness. Further details relating to the issue of the 8.375% Additional Notes due 2021 are disclosed in the announcement of the Company dated 20 March 2018.

On 10 May 2018, the Company further issued additional 8.375% senior notes due 2021 in the principal amount of US$150,000,000 on terms and conditions the same as the 8.375% Original Notes due 2021 (the "8.375% Further Additional Notes due 2021"), which is consolidated and form a single series of notes with the US$450,000,000 8.375% senior notes due 2021 issued on 8 March 2018 and 19 March 2018, for the purposes of refinancing certain of the Group's existing indebtedness. Further details relating to the issue of the 8.375% Further Additional Notes due 2021 are disclosed in the announcement of the Company dated 10 May 2018.

On 1 June 2018, the Company issued senior notes due 2019 with principal amount of US$100,000,000 at a coupon rate of 8.5% per annum for the purpose of refinancing certain of the Group's indebtedness.

During the six months ended 30 June 2018, Shenzhen Colour Life Services Group Co., Ltd. 深圳市彩生活服務集團有限公司 ("Shenzhen Colour Life"), a non-wholly owned subsidiary of the Company, newly issued the ABS under securitisation arrangements collateralised by the future earnings relating to property management fee and guaranteed by Fantasia Group (China) Co., Ltd. 花樣年集團（中國）有限公司, a wholly-owned subsidiary of the Company. The ABS was issued at discount of 1.8% with aggregate nominal value of RMB100,000,000 which carry interests ranging from 6.5% to 7.3% per annum. Under the securitisation arrangement,

F A N T A S I A

the principal and interests are payable semi-annually and with maturity from January 2019 to January 2021. The effective interest rates ranges from 6.9% to 7.5% per annum.

For certain portion of ABS amounting to RMB36,000,000, at the end of the second year, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of ABS may at their options ("Put Option") to sell back the ABS to the Group in whole or in part at fair value of their principal amount. The directors considered that the fair value of the Put Option is insignificant on initial recognition and 30 June 2018.

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:

Mr. Lam Kam Tong has resigned as the chief financial officer and been re-designated as a non-executive director of the Company on 20 July 2018.

Chengdu Kanjinzhao

Deloitte. 德勤

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 54 to 107, which comprise the condensed consolidated statement of financial position as of 30 June 2018 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 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
22 August 2018

For the six months ended 30 June 2018

	NOTES	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue			
Goods and services	3	5,069,750	3,520,314
Rental		125,761	116,945
Total revenue	4	5,195,511	3,637,259
Cost of sales and services		(3,877,542)	(2,527,895)
Gross profit		1,317,969	1,109,364
Other income		75,295	49,537
Other gains and losses		(257,804)	152,420
Impairment loss, net of reversal		(35,037)	(16,561)
Change in fair value of investment properties	10	195,009	407,411
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		236,744	122,567
Selling and distribution expenses		(157,181)	(113,075)
Administrative expenses		(689,868)	(573,692)
Finance costs		(814,317)	(609,782)
Share of results of associates		16,866	21,071
Share of results of joint ventures		(21,741)	29,716
Gains on disposal of subsidiaries	21	766,779	98,820
Profit before tax		632,714	677,796
Income tax expense	5	(452,803)	(521,392)
Profit for the period	6	179,911	156,404
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations		(238)	(7,372)
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		11,742	–
Deferred taxation effect		(2,876)	1,843
Other comprehensive income (expense) for the period, net of income tax		8,628	(5,529)
Total comprehensive income for the period		188,539	150,875
Profit for the period attributable to:			
Owners of the Company		102,841	81,270
Other non-controlling interests		77,070	75,134
		179,911	156,404
Total comprehensive income for the period attributable to:			
Owners of the Company		111,541	77,962
Other non-controlling interests		76,998	72,913
		188,539	150,875
Earnings per share (RMB cents)			
– Basic	8	1.78	1.41
– Diluted	8	1.77	1.40

	NOTES	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,684,319	2,611,084
Investment properties	10	10,777,165	10,194,164
Interests in associates		1,309,435	1,174,908
Interests in joint ventures		673,621	1,060,057
Available-for-sale investments		–	117,663
Equity instruments designated at FVTOCI		150,635	–
Goodwill		2,303,370	2,299,758
Intangible assets		1,249,588	1,319,901
Prepaid lease payments		340,119	754,720
Premium on prepaid lease payments		1,259,376	1,268,992
Other receivables	12	157,040	167,624
Deposits paid for potential acquisition of subsidiaries		1,108,541	799,606
Deposit paid for acquisition of a property project		159,214	159,214
Deposits paid for acquisition of land use rights		342,887	118,103
Deferred tax assets		504,438	461,990
		23,019,748	22,507,784
CURRENT ASSETS			
Properties for sale		28,547,372	23,777,966
Inventories		330,542	194,655
Prepaid lease payments		12,455	18,228
Premium on prepaid lease payments		19,233	19,233
Contract assets	11	142,011	–
Contract costs		181,256	–
Trade and other receivables	12	4,976,379	4,129,404
Amounts due from customers for contract works		–	104,079
Tax recoverable		101,435	85,990
Amounts due from non-controlling shareholders of the subsidiaries of the Company	27	586,376	1,052,812
Amounts due from joint ventures	27	72,059	362,935
Amounts due from associates	27	18,284	27,567
Financial assets at fair value through profit or loss ("FVTPL")	14	113,644	234,460
Restricted/pledged bank deposits		1,826,400	2,106,552
Bank balances and cash		20,783,247	14,335,075
		57,710,693	46,448,956

At 30 June 2018

	NOTES	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and other payables	15	8,725,138	9,282,468
Deposits received for sale of properties		–	5,503,060
Amounts due to customers for contract works		–	13,778
Contract liabilities		10,017,226	–
Amounts due to joint ventures	27	274,184	10,000
Amount due to a related party	27	217,952	–
Amounts due to associates	27	3,267	13,513
Tax liabilities		4,171,313	4,431,080
Borrowings due within one year	16	5,538,267	3,022,026
Obligations under finance leases		52,244	51,693
Senior notes and bonds	17	4,421,452	4,484,610
Assets backed securities issued	18	50,028	42,533
Defined benefit obligations		182	220
Provisions		35,139	40,131
		33,506,392	26,895,112
NET CURRENT ASSETS		24,204,301	19,553,844
TOTAL ASSETS LESS CURRENT LIABILITIES		47,224,049	42,061,628
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,934,028	1,754,528
Borrowings due after one year	16	9,666,666	6,841,619
Obligations under finance leases		276,485	259,299
Senior notes and bonds	17	17,370,491	15,320,332
Assets backed securities issued	18	252,988	185,204
Defined benefit obligations		2,681	2,615
		29,503,339	24,363,597
		17,720,710	17,698,031
CAPITAL AND RESERVES			
Share capital	19	497,945	497,868
Reserves		11,868,329	12,139,049
Equity attributable to owners of the Company		12,366,274	12,636,917
Non-controlling interests		5,354,436	5,061,114
		17,720,710	17,698,031

The condensed consolidated financial statements on pages 54 to 107 were approved and authorised for issue by the Board of Directors on 22 August 2018 and are signed on its behalf by:

Pan Jun
DIRECTOR

Lam Kam Tong
DIRECTOR

	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 reserve RMB'000 (note c)	Discretionary reserve RMB'000 (note c)	FVTOCI reserve/ revaluation reserve RMB'000	Accumulated profits RMB'000	Sub-total 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 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 effect	–	–	–	–	–	–	–	1,103	–	1,103	–	–	740	740	1,843
Other comprehensive expense for the period	–	–	–	–	–	–	–	(3,308)	–	(3,308)	–	–	(2,221)	(2,221)	(5,529)
Total comprehensive (expense) 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 distributed to shareholders of the Company (note 7)	–	(250,049)	–	–	–	–	–	–	–	(250,049)	–	–	–	–	(250,049)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	45,621	45,621	45,621
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	–	–	22,397	1,106	–	23,503	23,503
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	13,553	13,553	13,553
Acquisition of additional interest in a subsidiary from a non-controlling shareholder	–	–	(327,492)	–	–	–	–	–	–	(327,492)	–	–	(172,508)	(172,508)	(500,000)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	(1,600)	(1,600)	(1,600)
Disposal of partial interests in subsidiaries resulting in loss of control	–	–	–	–	–	–	–	–	–	–	–	–	(10,412)	(10,412)	(10,412)
Deemed disposal of partial interests in subsidiaries without loss of control	–	–	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
At 31 December 2017 (audited)	497,868	1,695,255	1,033,694	17,534	40,600	85,730	1,477	6,452	9,258,307	12,636,917	242,458	4,855	4,813,801	5,061,114	17,698,031
Effect arising from initial application of HKFRS 9 (note 2)	–	–	–	–	–	–	–	–	(10,134)	(10,134)	–	–	(756)	(756)	(10,890)
Effect arising from initial application of HKFRS 15 (note 2)	–	–	–	–	–	–	–	–	14,417	14,417	–	–	(794)	(794)	13,623
At 1 January 2018	497,868	1,695,255	1,033,694	17,534	40,600	85,730	1,477	6,452	9,262,590	12,641,200	242,458	4,855	4,812,251	5,059,564	17,700,764
Profit for the year	–	–	–	–	–	–	–	–	102,841	102,841	–	–	77,070	77,070	179,911
Remeasurement of defined benefit obligations	–	–	–	–	–	–	–	(142)	–	(142)	–	–	(96)	(96)	(238)
Change in fair value of equity instruments designated at FVTOCI	–	–	–	–	–	–	–	11,742	–	11,742	–	–	–	–	11,742
Deferred taxation effect	–	–	–	–	–	–	–	(2,900)	–	(2,900)	–	–	24	24	(2,876)
Other comprehensive income (expense) for the period	–	–	–	–	–	–	–	8,700	–	8,700	–	–	(72)	(72)	8,628
Total comprehensive income for the period	–	–	–	–	–	–	–	8,700	102,841	111,541	–	–	76,998	76,998	188,539
Issue of shares upon exercise of share options of the Company	77	802	–	(214)	–	–	–	–	–	665	–	–	–	–	665
Issue of shares upon exercise of share options of Colour Life (note h)	–	–	33,947	–	–	–	–	–	–	33,947	(32,708)	–	59,251	26,543	60,990
Dividend distributed to shareholders of the Company (note 7)	–	(329,217)	–	–	–	–	–	–	–	(329,217)	–	–	–	–	(329,217)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(77,465)	(77,465)	(77,465)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	28,200	28,200	28,200
Placement of new shares of Colour Life (note f)	–	–	89,446	–	–	–	–	–	–	89,446	–	–	262,850	262,850	352,296
Acquisition of subsidiaries (note 20)	–	–	–	–	–	–	–	–	–	–	–	–	3,070	3,070	3,070
Acquisition of additional interests in subsidiaries from non-controlling shareholders (note e)	–	–	(73,842)	–	–	–	–	–	–	(73,842)	–	–	(69,625)	(69,625)	(143,467)
Disposal of subsidiaries (note 21)	–	–	–	–	–	–	–	–	–	–	–	–	(70,233)	(70,233)	(70,233)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	–	–	6,548	520	–	7,068	7,068
Deemed disposal of partial interests in subsidiaries without loss of control (note g)	–	–	(107,466)	–	–	–	–	–	–	(107,466)	–	–	107,466	107,466	–
Transfer	–	–	–	–	–	64,269	–	–	(64,269)	–	–	–	–	–	–
At 30 June 2018 (unaudited)	497,945	1,366,840	975,779	17,320	40,600	149,999	1,477	15,152	9,301,162	12,366,274	216,298	5,375	5,132,763	5,354,436	17,720,710

For the six months ended 30 June 2018

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 reserve and discretionary reserve attributable to subsidiaries in the People's Republic of China (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) Share options reserve 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 2018, the Group acquired additional interests in subsidiaries from the non-controlling shareholders. The difference of RMB73,842,000 between the consideration paid by the Group and attributable equity interests in the subsidiaries was debited to special reserve.

(f) In January 2018, Colour Life, of which shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited, issued 87,246,000 new ordinary shares to existing shareholders. The net proceeds received by Colour Life is RMB352,296,000. The Group's percentage of equity interest in Colour Life was diluted from 50.39% to 46.33% upon completion of the issuance of shares. Under a concert party agreement entered into between the Company and Splendid Fortune Enterprise Limited ("Splendid Fortune"), a non-controlling shareholder of Colour Life, Splendid Fortune would follow the decision of the Company and the Company has 66.57% effective voting rights over Colour Life upon completion of the issuance of shares, thus the Company is able to exercise control over Colour Life and Colour Life is accounted for as subsidiary of the Company. The difference of RMB89,446,000 between the additional share of net assets of Colour Life by non-controlling shareholders and the net proceeds received by Colour Life on placement of new shares were recognised in special reserve.

(g) During the six months ended 30 June 2018, the Group transferred its 100% beneficially interest in Shenzhen Xingfu Wanxiang Investment Partnership (Limited Partnership) 深圳市幸福萬象投資合夥企業(有限合夥) ("Shenzhen Wanxiang") and Wanxiangmei Property Management Co., Ltd. 萬象美物業管理有限公司 ("Wanxiangmei", together with Shenzhen Wanxiang referred to as the "Wanxiangmei Group") to Colour Life, a non-wholly owned subsidiary of the Company (the "Transaction"). The consideration of the Transaction included the cash consideration of RMB1,014,174,000 and the issue of 231,500,000 ordinary shares of Colour Life to the Company. The Group's percentage of equity interest in Colour Life was increased from 46.33% to 55.78% upon completion of the Transaction. The Transaction involved deemed disposal of partial interests in Wanxiangmei Group without loss of control and the acquisition of additional interests in Colour Life. Upon the completion of the Transaction in March 2018, the difference of RMB107,466,000 between the dilution of interests in Wanxiangmei Group held by the Company and the additional share of the net assets of Colour Life was debited in the special reserve.

(h) During the six months ended 30 June 2018, 11,996,000 shares of Colour Life were issued upon the exercise of share options of Colour Life. The aggregated net proceeds received by Colour Life from the holders of share options of Colour Life was RMB60,490,000. The exercise of the share options of Colour Life resulted in the dilution of the Group's percentage of equity interests in Colour Life without loss of control. The share-based payments previously recognised in share options reserve of Colour Life amounting to RMB32,708,000, together with the difference of RMB1,239,000 between the share of net assets of Colour Life by non-controlling shareholders and the aggregated net proceeds received by Colour Life upon the exercise of the share options of Colour Life, were credited in special reserve.

	NOTES	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		743,855	608,992
Increase in contract liabilities		4,124,816	–
Increase in deposits received on sales of properties		–	535,901
(Increase)/decrease in properties for sales		(2,358,382)	360,496
Increase in inventories		(135,887)	(39,811)
Deposit paid for acquisition of land use right		(224,784)	(5,000)
(Increase)/decrease in trade and other receivables		(567,954)	426,590
(Decrease)/Increase in trade and other payables		(185,709)	420,353
Income tax paid		(605,648)	(415,889)
Interest paid		(869,045)	(703,136)
Other operating cash flows (net)		28,918	(190,216)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(49,820)	998,280
INVESTING ACTIVITIES			
Decrease in restricted/pledged bank deposits		280,152	771,087
Settlement of consideration payables on acquisition of assets and liabilities through acquisition of subsidiaries and acquisition of business		(1,402,154)	(434,709)
Settlement of consideration receivables on disposal of subsidiaries		9,000	–
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	21	609,391	124,065
Disposal of partial interests in subsidiaries resulting in loss of control		–	1,128
Purchases of property, plant and equipment		(235,135)	(244,159)
Proceeds from disposal of property, plant and equipment		22,076	–
Purchases of available-for-sale investments		–	(803)
Purchases of equity instruments designated at FVTOCI		(22,530)	–
Additions to investment properties		(249,723)	(213,162)
Proceeds from disposal of investment properties		343,751	238,024
Investments in associates		(61,055)	(67,691)
Investments in joint ventures		(21,572)	(151,942)
Return of capital from deregistration of a joint venture		382,001	–
Acquisition of assets and liabilities through acquisition of subsidiaries (net of cash and cash equivalents acquired)	20(a)	(59,301)	(96,588)
Acquisition of business (net of cash and cash equivalents acquired)	20(b)	215	8,556
Payment of deposits paid for potential acquisition of subsidiaries		(889,524)	(572,522)
Advance of loan receivables		(7,951)	(55,508)
Repayment of loan receivables		43,342	65,525
Advances to associates, joint ventures and non-controlling shareholders of the subsidiaries		(629,187)	(225,020)
Repayment from associates, joint ventures and non-controlling shareholders of the subsidiaries		1,395,782	217,405
Other investing cash flows		94,722	108,700
NET CASH USED IN INVESTING ACTIVITIES		(397,700)	(527,614)

For the six months ended 30 June 2018

	Six months ended 30 June 2018 RMB'000 (unaudited)	Six months ended 30 June 2017 RMB'000 (unaudited)
FINANCING ACTIVITIES		
Net proceeds from the issuance of senior notes and bonds	6,222,896	2,356,369
Repayment of senior notes	(4,380,715)	–
Early redemption of senior notes	(503,399)	(2,140,294)
Net proceeds from the issuance of assets backed securities	98,236	–
Repayment of principal receipts under securitisation arrangements	(27,500)	(25,000)
Contributions from non-controlling shareholders of the subsidiaries	28,200	45,621
Placement of new shares of Colour Life	352,296	–
Acquisition of additional interest in subsidiaries	(143,467)	(500,000)
Deemed disposal of partial interests in subsidiaries without loss of control	–	600,000
New borrowings raised	7,078,087	444,039
Repayment of borrowings	(1,762,553)	(391,820)
Dividend paid to shareholders of the Company	(329,217)	(250,049)
Dividend paid to non-controlling shareholders of the subsidiaries	(77,465)	(52,764)
Issue of shares upon exercise of share options	61,155	164
Advances from associates, joint ventures, non-controlling shareholders of the subsidiaries and related parties	485,403	34,200
Repayment to associates and joint ventures	(13,513)	(895,714)
Repurchase of shares under shares award scheme of Colour Life	–	(9,159)
Other financing cash flows	(43,243)	(14,157)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	7,045,201	(798,564)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,597,681	(327,898)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	14,335,075	9,136,526
Effect of foreign exchange rate changes	(149,509)	(219,856)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	20,783,247	8,588,772

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.

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards which results in changes in accounting policies and amounts reported as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

Revenue of the Group mainly consists of revenue derived from the (i) sales of developed properties, (ii) provision of property agency services, (iii) property operation services, (iv) provision of hotel accommodation services, (v) provision of travel agency services and (vi) manufacturing and sale of fuel pumps.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a 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 Group satisfies a performance obligation

Under HKFRS 15, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (mainly sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

For the six months ended 30 June 2018

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Warranties

The Group accounts for the warranty in accordance with HKAS 37 Provision, Contingent Liabilities and Contingent Assets, as the Group provide assurance that the product complies with agreed-upon specifications and the customer does not have the option to purchase a warranty separately.

2.1.2 Summary of effects arising from initial application of HKFRS 15

The Group recognises revenue under HKFRS 15 from the following major sources:

- Sales of developed properties;
- Provision of property agency services;
- Provision of property management services;
- Provision of consultancy services income for residential communities;
- Provision of online promotion and other value-added services;
- Provision of engineering services;
- Provision of hotel accommodation services;
- Provision of travel agency services; and
- Manufacturing and sales of fuel pumps.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

For sales of developed properties, the Group presold the properties under construction and receives deposits from customers. Revenue is recognised at a point in time when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

For provision of property agency services, agency commission is recognised at a point in time when a buyer and seller execute a legally binding sale agreement and performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

Property management services mainly includes property management services under lump sum basis, commission basis and at pre-delivery stage. For property management services, the Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission, which is calculated by certain percentage of the total property management fee received or receivable from the property units. As the property owners' associations simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivables from property owners' associations as its revenue for arranging and monitoring the services as provided by other suppliers to the property owners' associations over time.

For property management services income at pre-delivery stage, where the Group acts as principal and is primary responsible for providing the property management services for the property developers. As the property developers simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property developers as its revenue over time and all related property management costs as its cost of services.

For consultancy services income for residential communities, where the Group acts as principal and is primary responsible for providing the consultancy services for the property management companies. As the property management companies simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from the residential communities, which is agreed upfront, as its revenue over time and all related property management costs as its cost of services.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

For online promotion and other value-added services, the Group agrees the fixed rate for services with the customers upfront and issues the bill on a monthly/regular basis to the customers which varies based on the actual level of service completed in that month/period. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, thus the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

For engineering services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of specific transaction assessed on the basis on the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

For provision of hotel accommodation services, the Group agrees the fixed rate for services with the customers upfront. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

For provision of travel agency services, the Group agrees the fixed fee income for tour services provided by the Group with the customers upfront. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, thus the revenue is recognised over time when the performance obligations are satisfied.

For manufacturing and sales of fuel pumps, revenue is recognised at a point in time when the customer obtains the control of the fuel pumps, the Group has present right to payment and the collection of the consideration is probable.

The following table summarises the impact of transition to HKFRS 15 on accumulated profits at 1 January 2018.

	NOTES	Impact of adopting HKFRS 15 at 1 January 2018 RMB'000
Accumulated profits		9,258,307
Recognition of significant financing component	(a)	(92,835)
Recognition of contract costs	(b)	111,000
Tax effects	(a)&(b)	(4,542)
Impact relating to non-controlling interests		794
Impact at 1 January 2018	(g)	9,272,724

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	NOTES	Carrying amounts previously reported at 31 December 2017 RMB'000	Reclassification RMB'000	Remeasurement RMB'000	Carrying amounts under HKFRS 15 at 1 January 2018 RMB'000 (note g)
Non-current Assets					
Deferred tax assets	(a)/(b)	461,990	–	13,708	475,698
Current Assets					
Properties for sale	(a)	23,777,966	–	9,919	23,787,885
Contract assets	(c)/(d)	–	125,627	–	125,627
Contract costs	(b)	–	–	111,000	111,000
Trade and other receivables	(c)	4,129,404	(21,548)	–	4,107,856
Amounts due from customers for contract works	(d)	104,079	(104,079)	–	–
Current Liabilities					
Trade and other payables	(f)	9,282,468	(497,536)	–	8,784,932
Deposits received for sale of properties	(e)	5,503,060	(5,503,060)	–	–
Amounts due to customers for contract works	(d)	13,778	(13,778)	–	–
Contract liabilities	(a)/(d)/(e)/(f)	–	6,014,374	102,754	6,117,128
Non-current Liabilities					
Deferred tax liabilities	(a)/(b)	1,754,528	–	18,250	1,772,778
Capital and Reserves					
Reserves	(a)/(b)	12,139,049	–	14,417	12,153,466
Non-controlling interests	(a)/(b)	5,061,114	–	(794)	5,060,320

For the six months ended 30 June 2018

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

Notes:

(a) Certain property sales contracts of the Group contain significant financing component after taking into account the difference between the amount of promised consideration and the cash selling price of the property; and the combined effect of the expected length of time between the Group transferring the property to the customer and the customer paying for the property and the prevailing interest rates in the relevant market. The Group recognised the interest expense only to the extent that a contract liability (deposits from pre-sale of properties) is recognised in accounting for the contract with the customers and adjusted the promised amount of consideration by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. At the date of initial application, finance costs eligible for capitalisation amounting to RMB9,919,000 have been adjusted to properties for sale and finance costs not eligible for capitalisation of RMB85,802,000 and RMB7,033,000 have been debited to the accumulated profits and the non-controlling interests, respectively, with corresponding adjustment of RMB102,754,000 credited to contract liabilities. The corresponding tax effect has been recognised as deferred tax assets or liabilities, as appropriate.

(b) The Group incurred incremental commission paid/payable to intermediaries/employees in connection with obtaining sales of properties contracts with customers. These amounts were previously expensed as incurred. At the date of initial application of HKFRS 15, incremental costs of obtaining contracts of RMB111,000,000 was recognised as contract costs with corresponding adjustments of RMB105,025,000 and RMB5,975,000 to accumulated profits and non-controlling interests, respectively. The corresponding tax effect has been recognised as deferred tax assets or liabilities, as appropriate.

(c) At the date of initial application of HKFRS 15, retention receivables and unbilled revenue amounting to RMB679,000 and RMB20,869,000, respectively, were reclassified from trade and other receivables to contract assets.

(d) In relation to installation contracts previously accounted under HKAS 11, the Group continues to apply input method in estimating the performance obligation satisfied up to date of initial application of HKFRS 15. RMB104,079,000 and RMB13,778,000 of amounts due from and to customers for contract works were reclassified to contract assets and contract liabilities, respectively.

(e) At the date of initial application of HKFRS 15, deposits received for sale of properties of RMB5,503,060,000, net with the significant financing component effect of RMB102,754,000 as set out in note (a) above, were reclassified to contract liabilities.

(f) At the date of initial application of HKFRS 15, advances from customers of RMB497,536,000 included in trade and other payables were reclassified to contract liabilities.

(g) The amounts are before the adjustments from the application of HKFRS 9.

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

The following table summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position at 30 June 2018

	As reported RMB'000	Reclassification RMB'000	Remeasurement RMB'000	Amounts without application of HKFRS 15 RMB'000
Non-current Assets				
Deferred tax assets	504,438	–	(18,939)	485,499
Current Assets				
Properties for sale	28,547,372	–	(204,223)	28,343,149
Contract assets	142,011	(142,011)	–	–
Contract costs	181,256	–	(181,256)	–
Trade and other receivables	4,976,379	30,544	–	5,006,923
Amounts due from customers for contract works	–	111,467	–	111,467
Current Liabilities				
Contract liabilities	10,017,226	(9,684,909)	(332,317)	–
Deposits received for sale of properties	–	9,216,118	–	9,216,118
Amounts due to customers for contract works	–	15,073	–	15,073
Trade and other payables	8,725,138	453,718	–	9,178,856
Non-current Liabilities				
Deferred tax liabilities	1,934,028	–	(32,230)	1,901,798
Capital and Reserves				
Reserves	11,868,329	–	(32,437)	11,835,892
Non-controlling interests	5,354,436	–	(7,434)	5,347,002

For the six months ended 30 June 2018

2. Principal Accounting Policies (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018

	As reported RMB'000	Reclassification RMB'000	Remeasurement RMB'000	Amounts without application of HKFRS 15 RMB'000
Revenue from goods and services	5,069,750	–	(56,515)	5,013,235
Cost of sales and services	(3,877,542)	–	50,836	(3,826,706)
Gross profit	1,317,969	–	(5,679)	1,312,290
Selling and distribution expenses	(157,181)	–	(115,141)	(272,322)
Finance costs	(814,317)	–	85,823	(728,494)
Profit before tax	632,714	–	(34,997)	597,717
Income tax expense	(452,803)	–	8,749	(444,054)
Profit for the period	179,911	–	(26,248)	153,663
Total comprehensive income for the period	188,539	–	(26,248)	162,291

The explanations of the above changes affected in the current period by the application of HKFRS 15 as compared to HKAS 11, HKAS 18 and the related Interpretations are set out in notes (a) to (f) above for describing the adjustments made to the condensed consolidated statement of financial position at 1 January 2018 upon the adoption of HKFRS 15.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument ("HKFRS 9")

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets and lease receivables) and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument ("HKFRS 9") (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

For the six months ended 30 June 2018

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument ("HKFRS 9") (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with HKFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures, restricted/pledged bank deposits and bank balances) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument ("HKFRS 9") (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model (Continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

For the six months ended 30 June 2018

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument ("HKFRS 9") (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

Impairment under ECL model (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 Leases.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments/receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries, associates and joint ventures and contract assets, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments/receivables.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument ("HKFRS 9") (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Classification and measurement of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	NOTES	Available-for-sale investments RMB'000	Financial assets at FVTPL required by HKAS 39/ HKFRS 9 RMB'000 (note b)	Equity instruments designated at FVTOCI RMB'000	Financial assets at amortised cost (previously classified as loans and receivables) RMB'000	Contract assets RMB'000	Deferred tax assets RMB'000	Accumulated profits RMB'000	Non-controlling interests RMB'000
Closing balance at 31 December 2017 – under HKAS 39		117,663	234,460	–	21,759,577	–	461,990	9,258,307	5,061,114
Effect arising from initial application of HKFRS 15		–	–	–	(21,548)	125,627	13,708	14,417	(794)
Effect arising from initial application of HKFRS 9:									
Reclassification									
From available-for-sale investments	(a)	(117,663)	–	117,663	–	–	–	–	–
Remeasurement									
Impairment under ECL model	(c)	–	–	–	(11,537)	(2,983)	3,630	(10,134)	(756)
Opening balance at 1 January 2018		–	234,460	117,663	21,726,492	122,644	479,328	9,262,590	5,059,564

F A N T A S I A

For the six months ended 30 June 2018

2. Principal Accounting Policies (Continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument ("HKFRS 9") (Continued)

2.2.2 *Summary of effects arising from initial application of HKFRS 9* (Continued)

Notes:

(a) Available-for-sale investments

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale investments. At the date of initial application of HKFRS 9, RMB117,663,000 were reclassified from available-for-sale investments to equity instruments designated at FVTOCI, which were related to unquoted equity investments previously measured at cost less impairment under HKAS 39. No fair value change relating to those unquoted equity investments previously carried at cost less impairment was adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018.

(b) Financial assets at FVTPL

Financial assets at FVTPL are securities investments and derivatives which are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of restricted/pledged bank deposits, bank balances, other receivables, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of RMB14,520,000, after net of deferred tax effect of RMB3,630,000, has been recognised against accumulated profits and non-controlling interests of RMB10,134,000 and RMB756,000, respectively. The additional loss allowance is charged against the respective assets.

All loss allowances for financial assets including contract assets and trade and other receivables as at 31 December 2017 reconcile to the opening loss allowances as at 1 January 2018 is as follows:

	Contract assets RMB'000	Trade and other receivables RMB'000
At 31 December 2017		
– under HKAS 39	–	188,952
Reclassification	9,448	(9,448)
Amounts remeasured through opening accumulated profits/ non-controlling interests	2,983	11,537
At 1 January 2018	12,431	191,041

2. Principal Accounting Policies (Continued)

2.3 Impacts and changes in accounting policies of application on HKAS 40 Transfers of Investment Property ("HKAS 40")

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction.

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date, there is no impact to the classification at 1 January 2018.

2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening condensed consolidated statement of financial position had to be adjusted. The following table show the adjustments recognised for each individual line item.

	31 December 2017 RMB'000 (audited)	HKFRS 15 RMB'000	HKFRS 9 RMB'000	1 January 2018 RMB'000 (adjusted)
Non-current Assets				
Property, plant and equipment	2,611,084	–	–	2,611,084
Investment properties	10,194,164	–	–	10,194,164
Interests in associates	1,174,908	–	–	1,174,908
Interests in joint ventures	1,060,057	–	–	1,060,057
Equity instruments designated at FVTOCI	–	–	117,663	117,663
Available-for-sale investments	117,663	–	(117,663)	–
Goodwill	2,299,758	–	–	2,299,758
Intangible assets	1,319,901	–	–	1,319,901
Prepaid lease payments	754,720	–	–	754,720
Premium on prepaid lease payments	1,268,992	–	–	1,268,992
Other receivables	167,624	–	–	167,624
Deposits paid for potential acquisition of subsidiaries	799,606	–	–	799,606
Deposit paid for acquisition of a property project	159,214	–	–	159,214
Deposits paid for acquisition of land use rights	118,103	–	–	118,103
Deferred tax assets	461,990	13,708	3,630	479,328
	22,507,784	13,708	3,630	22,525,122

For the six months ended 30 June 2018

2. Principal Accounting Policies (Continued)

2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards (Continued)

	31 December 2017 RMB'000 (audited)	HKFRS 15 RMB'000	HKFRS 9 RMB'000	1 January 2018 RMB'000 (adjusted)
Current Assets				
Properties for sale	23,777,966	9,919	–	23,787,885
Inventories	194,655	–	–	194,655
Prepaid lease payments	18,228	–	–	18,228
Premium on prepaid lease payments	19,233	–	–	19,233
Contract assets	–	125,627	(2,983)	122,644
Contract costs	–	111,000	–	111,000
Trade and other receivables	4,129,404	(21,548)	(11,537)	4,096,319
Amounts due from customers for contract works	104,079	(104,079)	–	–
Tax recoverable	85,990	–	–	85,990
Amounts due from non-controlling shareholders of the subsidiaries of the Company	1,052,812	–	–	1,052,812
Amounts due from joint ventures	362,935	–	–	362,935
Amounts due from associates	27,567	–	–	27,567
Financial assets at fair value through profit or loss ("FVTPL")	234,460	–	–	234,460
Restricted/pledged bank deposits	2,106,552	–	–	2,106,552
Bank balances and cash	14,335,075	–	–	14,335,075
	46,448,956	120,919	(14,520)	46,555,355

2. Principal Accounting Policies (Continued)

2.4 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards (Continued)

	31 December 2017 RMB'000 (audited)	HKFRS 15 RMB'000	HKFRS 9 RMB'000	1 January 2018 RMB'000 (adjusted)
Current Liabilities				
Trade and other payables	9,282,468	(497,536)	–	8,784,932
Deposits received for sale of properties	5,503,060	(5,503,060)	–	–
Amounts due to customers for contract works	13,778	(13,778)	–	–
Contract liabilities	–	6,117,128	–	6,117,128
Amounts due to joint ventures	10,000	–	–	10,000
Amounts due to associates	13,513	–	–	13,513
Tax liabilities	4,431,080	–	–	4,431,080
Borrowings due within one year	3,022,026	–	–	3,022,026
Obligations under finance leases	51,693	–	–	51,693
Senior notes and bonds	4,484,610	–	–	4,484,610
Assets backed securities issued	42,533	–	–	42,533
Defined benefit obligations	220	–	–	220
Provisions	40,131	–	–	40,131
	26,895,112	102,754	–	26,997,866
Net Current Assets	19,553,844	18,165	(14,520)	19,557,489
Total Assets Less Current Liabilities	42,061,628	31,873	(10,890)	42,082,611

2. Principal Accounting Policies (Continued)

2.4 **Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards** (Continued)

	31 December 2017 RMB'000 (audited)	HKFRS 15 RMB'000	HKFRS 9 RMB'000	1 January 2018 RMB'000 (adjusted)
Non-current Liabilities				
Deferred tax liabilities	1,754,528	18,250	–	1,772,778
Borrowings due after one year	6,841,619	–	–	6,841,619
Obligations under finance leases	259,299	–	–	259,299
Senior notes and bonds	15,320,332	–	–	15,320,332
Assets backed securities issued	185,204	–	–	185,204
Defined benefit obligations	2,615	–	–	2,615
	24,363,597	18,250	–	24,381,847
Net Assets	17,698,031	13,623	(10,890)	17,700,764
Capital and Reserves				
Share capital	497,868	–	–	497,868
Reserves	12,139,049	14,417	(10,134)	12,143,332
Equity attributable to owners of the Company	12,636,917	14,417	(10,134)	12,641,200
Non-controlling interests	5,061,114	(794)	(756)	5,059,564
Total Equity	17,698,031	13,623	(10,890)	17,700,764

Except as described above, the application of other amendments to the HKFRSs and the interpretation in current interim period had no material effect on the amounts reported or disclosures set out in these condensed consolidated financial statements.

3. Revenue from Goods and Services

Disaggregation of revenue from goods and services

	Six months ended 30 June 2018					
Segments	Property development RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Types of goods and services						
Property development						
Sales of developed properties	2,563,280	–	–	–	–	2,563,280
Property agency services						
Provision of property agency services	–	28,801	–	–	–	28,801
Property operation services						
Provision of property management services	–	–	1,773,862	–	–	1,773,862
Provision of consultancy services income for residential communities	–	–	2,612	–	–	2,612
Provision of online promotion and other value-added services	–	–	162,013	–	–	162,013
Provision of engineering services	–	–	60,286	–	–	60,286
Hotel operations						
Provision of hotel accommodation services	–	–	–	67,370	–	67,370
Others						
Provision of travel agency services	–	–	–	–	162,992	162,992
Manufacturing and sales of fuel pumps	–	–	–	–	248,533	248,533
	2,563,280	28,801	1,998,773	67,370	411,526	5,069,750
Timing of revenue recognition						
A point in time	2,563,280	28,801	–	–	248,533	2,840,614
Over time	–	–	1,998,773	67,370	162,993	2,229,136
	2,563,280	28,801	1,998,773	67,370	411,526	5,069,750

For the six months ended 30 June 2018

3. Revenue from Goods and Services (Continued)

Disaggregation of revenue from goods and services (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 June 2018						
Segments	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	Total RMB'000
Revenue disclosed in segment information							
External customers	2,563,280	125,761	28,801	1,998,773	67,370	411,526	5,195,511
Inter-segment	6,716	–	–	54,361	–	–	61,077
	2,569,996	125,761	28,801	2,053,134	67,370	411,526	5,256,588
Elimination	(6,716)	–	–	(54,361)	–	–	(61,077)
Adjustments for lease income	–	(125,761)	–	–	–	–	(125,761)
Revenue from contracts with customers	2,563,280	–	28,801	1,998,773	67,370	411,526	5,069,750

4. Segment Information

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

Six months ended 30 June 2018

	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	2,563,280	125,761	28,801	1,998,773	67,370	411,526	5,195,511	–	5,195,511
Inter-segment sales	6,716	–	–	54,361	–	–	61,077	(61,077)	–
Total	2,569,996	125,761	28,801	2,053,134	67,370	411,526	5,256,588	(61,077)	5,195,511
Segment profit (loss)	451,090	253,425	1,665	285,639	(8,908)	(52,664)	930,247	(12,621)	917,626

4. Segment Information (Continued)

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	5,527	–	–	42,221	–	–	47,748	(47,748)	–
Total	2,074,304	116,945	27,122	1,020,680	63,801	382,155	3,685,007	(47,748)	3,637,259
Segment profit (loss)	375,498	461,636	1,307	228,743	(9,470)	(46,107)	1,011,607	(20,716)	990,891

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

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, net exchange gain (loss), loss on redemption of senior notes, change in fair value of financial assets at FVTPL, share-based payment expenses, finance costs, share of results of associates and joint ventures and gain on disposal of subsidiaries. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Reconciliation:

	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Total Segment profit	917,626	990,891
Unallocated amounts:		
Exchange (loss) gain	(270,146)	247,623
Interest income	75,019	48,703
Loss on redemption of senior notes	(3,372)	(116,933)
Finance costs	(814,317)	(609,782)
Gains on disposal of subsidiaries (note 21)	766,779	98,820
Share results of associates	16,866	21,071
Share results of joint ventures	(21,741)	29,716
Unallocated other income, gains and losses	3,975	2,849
Unallocated corporation expenses	(37,975)	(35,162)
Profit before tax	632,714	677,796

For the six months ended 30 June 2018

4. Segment Information (Continued)

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Property development	33,029,727	27,731,514
Property investment	11,164,306	10,354,247
Property agency services	12,383	16,391
Property operation services	7,272,543	6,351,341
Hotel operations	1,037,006	1,089,959
Others	2,593,842	2,483,425
Total segment assets	55,109,807	48,026,877
Total unallocated assets	25,620,634	20,929,863
Group's total assets	80,730,441	68,956,740

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, equity instruments designated at FVTOCI, financial assets at FVTPL, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

5. Income Tax Expense

	Six months ended 30 June 2018 RMB'000 (unaudited)	Six months ended 30 June 2017 RMB'000 (unaudited)
Current tax in the PRC		
EIT	228,836	289,823
LAT	90,703	135,670
	319,539	425,493
Deferred tax:		
Charge to profit and loss	133,264	95,899
	452,803	521,392

6. Profit for the Period

	Six months ended 30 June 2018 RMB'000 (unaudited)	Six months ended 30 June 2017 RMB'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Net exchange loss (gain)	270,146	(247,623)
Interest income	(75,019)	(48,703)
Loss on redemption of senior notes (included in other gains and losses)	3,372	116,933
Release of prepaid lease payments	6,947	14,077
Release of premium on prepaid lease payments	9,616	14,373
Depreciation of property, plant and equipment	105,338	95,622
Amortisation of intangible assets	70,313	15,782
Impairment loss on goodwill (included in other gains and losses)	4,162	–
Impairment loss in respect of trade receivables and contract assets	15,750	8,712
Impairment loss in respect of other receivables	19,287	7,849
Staff costs	899,927	559,817

7. Dividends

During the six months ended 30 June 2018, a final dividend of HK7.00 cents per share in respect of the year ended 31 December 2017 (2016: 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 Period amounted to RMB329,217,000 (2016: RMB250,049,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2018.

8. 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	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	102,841	81,270
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	(80)	–
Earnings for the purpose of diluted earnings per share	102,761	81,270
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,762,546	5,761,972
Effect of dilutive potential ordinary shares:		
Share options	36,047	23,348
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,798,593	5,785,320

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 of Colour Life was higher than the average market price of Colour Life's shares.

Those share options granted by Morning Star, a wholly owned subsidiary of the Company, have no impact on the computation of diluted earnings per share for both the periods, where Morning Star's share options are anti-dilutive.

9. Property, Plant and Equipment

The movements in property, plant and equipment during the six months ended 30 June 2018 are summarised as follows:

	RMB'000
At 1 January 2018 (audited)	2,611,084
Additions	283,104
Depreciation for the period	(105,338)
Transfer to investment properties	(18,410)
Disposals	(11,135)
Disposal of subsidiaries (note 21)	(74,986)
At 30 June 2018 (unaudited)	2,684,319

10. Investment Properties

The movements in investment properties during the six months ended 30 June 2018 are summarised as follows:

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 1 January 2018 (audited)	8,704,339	1,489,825	10,194,164
Additions	–	261,101	261,101
Acquisition of subsidiaries (note 20)	–	109,981	109,981
Transfer upon completion of construction work	171,702	(171,702)	–
Transfer from completed properties for sale	342,251	–	342,251
Transfer from property, plant and equipment	18,410	–	18,410
Net change in fair value recognised in profit or loss	64,299	130,710	195,009
Disposals	(343,751)	–	(343,751)
At 30 June 2018 (unaudited)	8,957,250	1,819,915	10,777,165

As at 30 June 2018, the fair values of the Group's completed investment properties of RMB8,957,250,000 (31 December 2017: RMB8,704,339,000) and investment properties under construction of RMB1,819,915,000 (31 December 2017: RMB1,489,825,000) 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 which is not connected with the Group, which has appropriate qualifications and recent experiences in valuation of similar properties in the relevant locations.

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.

For the six months ended 30 June 2018

11. Contract Assets

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Installation services	83,342	–
Construction	69,769	–
	153,111	–
Less: allowance for doubtful debts	(11,100)	–
	142,011	–

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance in achieving specified milestones at the reporting date on construction and installation services. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of the impairment assessment are set out in Note 13.

12. Trade and Other Receivables

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Trade receivables	2,010,464	2,081,969
Other receivables	223,493	173,117
Loan receivables	52,911	88,302
Prepayments and other deposits	234,384	271,564
Prepayments to suppliers	315,155	228,826
Prepayments for construction work	448,681	396,232
Payment on behalf of residents	775,903	522,495
Consideration receivables on disposal of equity interests	368,800	9,000
Amount due from Pixian Government	122,830	122,830
Other tax prepayments	580,798	402,693
	5,133,419	4,297,028
Less: Amount shown under non-current assets	(157,040)	(167,624)
Amounts shown under current assets	4,976,379	4,129,404

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.

12. Trade and Other Receivables (Continued)

The following is an aged analysis of trade receivables of the Group net of allowance for bad and 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 Period:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
0 to 30 days	817,825	989,820
31 to 90 days	611,895	639,412
91 to 180 days	263,863	212,806
181 to 365 days	178,907	141,949
Over 1 year	137,974	97,982
	2,010,464	2,081,969

Detailed of the impairment assessment are set out in Note 13.

13. Impairment Assessment on Financial Assets and Other Items Subject to ECL Model

Impairment assessments are considered by the Group on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries, associates and joint ventures, restricted/pledged bank deposits and bank balances) and contract assets. Details of the impairment assessment for trade receivables, contract assets and payments on behalf of residents are set out as below. The amount of the loss allowance on other financial assets at 1 January 2018 and 30 June 2018 was considered as insignificant to the condensed consolidated financial statements of the Group.

Trade receivables and contract assets

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables arising from property operation services and contract assets, which are assessed collectively based on provision matrix as at 30 June 2018.

For trade receivables arising from sales of properties, the amount of the loss allowance at 1 January 2018 and 30 June 2018 was considered as insignificant to the condensed consolidated financial statements of the Group.

For the six months ended 30 June 2018

13. Impairment Assessment on Financial Assets and Other Items Subject to ECL Model (Continued)

Trade receivables and contract assets (Continued)

For trade receivables arising from property operation services, sales of fuel pumps and contract assets in which impairment loss allowance was made:

	Average loss rate (note a)	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
0 – 30 days	0.5%	412,870	2,064
31 – 90 days	2.0%	376,560	7,531
91 – 180 days	6.0%	258,317	15,499
181 – 365 days	12.0%	150,880	18,106
Over 1 year	45.0%	131,429	59,143
		1,330,056	102,343

Allowance for impairment of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the six months ended 30 June 2018 was as follow.

	RMB'000
Balance at 1 January 2018 (note b)	111,064
Amounts written off	(24,471)
Net remeasurement of loss allowance	15,750
Balance at 30 June 2018 (unaudited)	102,343

Notes:

(a) The estimated loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data.

(b) The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

13. Impairment Assessment on Financial Assets and Other Items Subject to ECL Model (Continued)

Payments on behalf of residents

As part of the Group's credit risk management, the Group applies internal credit rating for its customers on payments on behalf of residents on a timely basis. The Group uses four categories for those receivables which reflect their credit risk.

Category	Group definition of category
Type I	Communities for which the Group have terminated or plan to terminate the related property management contracts through non-renewal primarily because their performance does not meet our expectations to implement the Group's automation strategy and provide community leasing, sales, other value added services and engineering services to residents and property owners.
Type II	Communities which are in the pre-delivery stage. Although the management offices do not start receiving property management fees until the properties are delivered to owners, the management offices still incur expenses, which are paid through our treasury function, to arrange for property management services at the relevant communities.
Type III	Communities where management offices' property management fee receivables due from residents exceed payments on behalf of residents of the relevant communities.
Type IV	Communities where payments on behalf of residents exceed management offices' property management fees receivables due from residents.

The following table provides information about the exposure to credit risk and ECL for payments on behalf of residents which are assessed collectively based on provision matrix as at 30 June 2018.

	Average loss rate (note a)	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Type I	95%	66,175	62,866
Type II	5%	79,165	3,958
Type III	1%	573,330	5,733
Type IV	20%	162,237	32,447
		880,907	105,004

For the six months ended 30 June 2018

13. Impairment Assessment on Financial Assets and Other Items Subject to ECL Model (Continued)

Payments on behalf of residents (Continued)

Allowance for impairment of payments on behalf of residents

	RMB'000
Balance at 1 January 2018 (note b)	92,408
Amounts written off	(6,691)
Net remeasurement of loss allowance	19,287
Balance at 30 June 2018 (unaudited)	105,004

Notes:

(a) The estimated loss rate are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data.

(b) The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

14. Financial Assets at FVTPL

Financial assets at FVTPL mainly money market funds investment issued by a reputable securities corporation.

The return and principal of money market fund investments were not guaranteed by the securities corporation. The investments as above have been measured at FVTPL at initial recognition as the investments are managed and the performance is evaluated on fair value basis.

The fair value of the money market funds investment at 30 June 2018 and 31 December 2017 are determined by market approach, which arrived at by reference to the performance of the underlying investments mainly comprising debt investments in PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits.

As at 30 June 2018, the principal of the investments are RMB113,644,000 (2017: RMB234,460,000). In the opinion of directors, the fair value of investment at 30 June 2018 approximated to their principal amount.

15. Trade and Other Payables

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Trade payables	4,934,659	3,850,108
Retention payables	10,011	7,310
Deposit received	718,735	567,644
Other payables	923,792	1,333,135
Other tax payables	401,534	471,689
Accrued staff costs	541,170	625,366
Consideration payables for acquisition of subsidiaries and associates	1,066,809	2,352,484
Accruals	128,428	74,732
	8,725,138	9,282,468

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 two months to one year.

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
0 to 60 days	2,896,141	1,994,373
61 to 180 days	996,206	905,494
181 to 365 days	663,832	642,043
1 to 2 years	328,627	232,191
2 to 3 years	55,392	74,942
Over 3 years	4,472	8,375
	4,944,670	3,857,418

16. Borrowings

During the six months ended 30 June 2018, the Group obtained new borrowings amounting to RMB7,078,087,000 (six months ended 30 June 2017: RMB444,039,000) and repaid borrowings amounting to RMB1,762,553,000 (six months ended 30 June 2017: RMB391,820,000).

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Secured	11,141,130	6,215,822
Unsecured	4,063,803	3,647,823
	15,204,933	9,863,645

For the six months ended 30 June 2018

16. Borrowings (Continued)

Analysis for reporting purpose:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Current	5,538,267	3,022,026
Non-current	9,666,666	6,841,619
	15,204,933	9,863,645

The new borrowings raised are denominated in Renminbi, United State Dollar and Hong Kong Dollar and carry interest ranging from 4.28% to 12.83% per annum.

17. Senior Notes and Bonds

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
2013 senior notes due 2020	1,720,006	1,707,273
2015 senior notes due 2018	–	1,313,578
2016 May senior notes due 2019	1,609,038	1,601,413
2016 October senior notes due 2021	3,326,860	3,280,574
2017 June senior notes due 2018	–	3,171,032
2017 July senior notes due 2022	2,040,758	2,013,652
2018 February senior notes due 2019	2,029,152	–
2018 March senior notes due 2021	3,987,982	–
2018 June senior notes due 2019	653,995	–
2015 domestic corporate bonds due 2020	2,093,911	2,021,962
2016 first domestic corporate bonds due 2020	1,135,687	1,095,052
2016 second domestic corporate bonds due 2019	415,438	406,371
2016 third domestic corporate bonds due 2019	2,626,826	3,047,804
2017 domestic corporate bonds due 2020	152,290	146,231
	21,791,943	19,804,942
Less: Amounts due within one year shown under current liabilities	(4,421,452)	(4,484,610)
Amounts due after one year shown under non-current liabilities	17,370,491	15,320,332

During the six months ended 30 June 2018, the Group newly issued senior notes in an aggregate principal amount of US$1,000,000,000 (details are set out below) and repaid 2015 Senior Note due 2018, 2017 June Original Senior Note due 2018 and first tranche of 2016 Third Domestic Corporate Bond due 2019, with aggregate principal amounts of US$200,000,000, US$350,000,000 and RMB500,000,000 respectively.

17. Senior Notes and Bonds (Continued)

On 14 February 2018, the Group issued senior notes in an aggregate principal amount of US$300,000,000 ("2018 February Senior Note"). The 2018 February Senior Note are guaranteed by certain equity interests of the subsidiaries of the Company and carry interest of 7.25% per annum and interest is payable semi-annually on 14 February and 14 August in arrears. The 2018 February Senior Note were issued at par value and are listed on the Singapore Exchange Securities Trading Limited. The effective interest rate is 8.12% per annum. The 2018 February Senior Note will mature on 14 February 2019, unless redeemed earlier.

On 8 March 2018, the Group issued senior notes in an aggregate principal amount of US$350,000,000 ("2018 March First Senior Note"). The 2018 March First Senior Note are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 8.375% per annum and interest is payable semi-annually on 8 March and 8 September in arrears. The 2018 March Original Senior Note were issued at par value and are listed on the Singapore Exchange Securities Trading Limited.

On 19 March 2018, the Group issued senior notes in aggregate principal amounts of US$100,000,000 ("2018 March Second Senior Note"). The 2018 March Second Senior Note are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 8.375% per annum and interest is payable semi-annually on 8 March and 8 September in arrears with the same terms and conditions of the 2018 March First Senior Notes, except for the issue date and the issue price. The 2018 March Second Senior Note were issued at par value and are listed on the Singapore Exchange Securities Trading Limited.

On 10 May 2018, the Group issued senior notes in aggregate principal amounts of US$150,000,000 ("2018 March Third Senior Note", together with 2018 March First Senior Note and 2018 March Second Senior Note referred to as "2018 March Senior Note"). The 2018 March Third Senior Note are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 8.375% per annum and interest is payable semi-annually on 8 March and 8 September in arrears with the same terms and conditions of the 2018 March First Senior Notes, except for the issue date and the issue price. The 2018 March Third Senior Note were issued at 96.285% of the principal amount and are listed on the Singapore Exchange Securities Trading Limited.

The effective interest rates of 2018 March Senior Notes are ranging from 8.95% to 9.91% per annum. 2018 March Senior Note will mature on 8 March 2021, unless redeemed earlier.

On 1 June 2018 the Group further issued senior notes in aggregate principal amounts of US$100,000,000 ("2018 June Senior Note"). The 2018 June Senior Note are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 8.5% per annum and interest is payable semi-annually on 5 December 2018 and 4 June 2019. The 2018 June Senior Note were issued at par value and are listed on the Singapore Exchange Securities Trading Limited. The effective interest rate is 10.661% per annum. The 2018 June Senior Note will mature on 4 June 2019, unless redeemed earlier.

The directors of the Company consider that the fair value of the early redemption options on the senior notes as mentioned above is insignificant on initial recognition and 30 June 2018.

For the six months ended 30 June 2018

17. Senior Notes and Bonds (Continued)

The movements of the senior notes and bonds during the six months ended 30 June 2018 are set out below:

	RMB'000
At 1 January 2018 (audited)	19,804,942
Net proceeds on the date of issuance of senior notes	6,222,896
Exchange loss	241,022
Effective interest expenses	966,362
Payment of interests	(562,537)
Early redemption of senior notes	(500,027)
Repayment of senior notes	(4,380,715)
At 30 June 2018 (unaudited)	21,791,943

Analysis for reporting purpose:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Current	4,421,452	4,484,610
Non-current	17,370,491	15,320,332
	21,791,943	19,804,942

18. Assets Backed Securities Issued

During the six months ended 30 June 2018, Shenzhen Colour Life Services Group Co., Ltd. 深圳市彩生活服務集團有限公司 ("Shenzhen Colour Life"), a non-wholly owned subsidiary of the Company, newly issued the assets backed securities ("ABS") under securitisation arrangements collateralised by the future earnings relating to property management fee and guaranteed by Fantasia Group (China) Co., Ltd. 花樣年集團（中國）有限公司, a wholly-owned subsidiary of the Company. The ABS were issued at discount of 1.8% with aggregate nominal value of RMB100,000,000 which carry interests ranging from 6.5% to 7.3% per annum. Under the securitisation arrangement, the principal and interests are payable semi-annually and with maturity from January 2019 to January 2021. The effective interest rates ranges from 6.9% to 7.5% per annum.

For certain portion of ABS amounting to RMB36,000,000, at the end of the second year, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of ABS may at their options ("Put Option") to sell back the ABS to the Group in whole or in part at face value of their principal amount. The directors considered that the fair value of the Put Option is insignificant on initial recognition and 30 June 2018.

18. Assets Backed Securities Issued (Continued)

The movements of assets backed securities issued during the six months ended 30 June 2018 are set out below:

	RMB'000
At 1 January 2018 (audited)	227,737
Net proceeds on the date of issuance of ABS	98,236
Effective interest expenses	11,316
Repayment of principal	(27,500)
Interest paid	(6,773)
At 30 June 2018 (unaudited)	303,016

Analysis for reporting purpose:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Current	50,028	42,533
Non-current	252,988	185,204
	303,016	227,737

19. Share Capital

	Number of shares	Amount HK$	Equivalent to RMB'000
Ordinary shares of HK$0.1 each			
Authorised:			
At 1 January 2018 and 30 June 2018	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2018 (audited)	5,762,022,224	576,202,222	497,868
Issue of shares upon exercise of share options	921,680	92,168	77
At 30 June 2018 (unaudited)	5,762,943,904	576,294,390	497,945

For the six months ended 30 June 2018

20. Acquisition of Subsidiaries

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

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration RMB'000
鄂州鑫港置業有限公司 Ezhou Xingang Real Estate Co., Ltd.	PRC	February 2018	100%	364,436
南京星潤置業有限公司 Nanjing Xingrun Real Estate Co., Ltd.	PRC	February 2018	100%	266,100
武漢欣城開實業有限公司 Wuhan Xinchengkai Real Estate Co., Ltd.	PRC	April 2018	90%	30,000
唐山金盛房地產開發有限公司 Tangshan Jinsheng Real Estate Co., Ltd.	PRC	May 2018	51%	43,000

During the six months ended 30 June 2018, all the subsidiaries were acquired from independent third parties. The acquisitions were accounted for as acquisitions of assets and liabilities.

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

	RMB'000
Net identifiable assets of the subsidiaries acquired	
Investment properties under development	109,981
Properties under development for sale	1,921,145
Trade and other receivables	979
Bank balances and cash	24,799
Trade and other payables	(1,349,815)
	707,089
Less: non-controlling interests	(3,553)
	703,536

The trade and other receivables acquired with a fair value of RMB979,000 as at the dates of acquisition had gross contractual amounts of RMB979,000, with no significant contractual cash flows not expected to be collected.

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as expenses during the six months ended 30 June 2018 incurred within the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

20. Acquisition of Subsidiaries (Continued)

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

	RMB'000
Total consideration satisfied by:	
Cash	84,100
Deposits paid for in prior years	575,000
Consideration payables due within one year included in trade and other payables	44,436
	703,536

The non-controlling interests arising from the acquisition of respective non-wholly owned subsidiaries were measured by reference to the proportionate share of the respective acquiree's net identifiable assets as at the acquisition dates.

	RMB'000
Net cash outflow arising on acquisition:	
Cash consideration paid during the period	(84,100)
Bank balances and cash acquired	24,799
	(59,301)

(b) Acquisition of businesses

During the six months ended 30 June 2018, the Group acquired following subsidiaries at a total consideration of RMB5,589,000. At the time of acquisition, the directors of the Company are of the view that the acquisition constitutes business combination. The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property management.

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration RMB'000
泗陽嘉華物業管理有限公司 Siyang Jiahua Property Management Co., Ltd.	PRC	March 2018	80%	2,580
江蘇志遠物業管理有限公司 Jiangsu Zhiyuan Property Management Co., Ltd.	PRC	March 2018	85%	3,009

For the six months ended 30 June 2018

20. Acquisition of Subsidiaries (Continued)

(b) Acquisition of businesses (Continued)

Details of the net assets acquired and liabilities recognised at the dates of acquisition in respect of the above transactions are summarised below:

	RMB'000
Trade and other receivables	8,662
Amounts due from certain subsidiaries of the Company	1,053
Bank balances and cash	215
Trade and other payables	(2,770)
Amounts due to certain subsidiaries of the Company	(9,828)
	(2,668)

The trade and other receivables and amounts due from certain subsidiaries of the Company acquired with a fair value of RMB9,715,000 as at the dates of acquisition had gross contractual amounts of RMB9,715,000, with no significant contractual cash flows not expected to be collected.

Acquisition-related costs were insignificant and have been excluded from cost of acquisition and were recognised as expenses during the six months ended 30 June 2018 and included in the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

	RMB'000
Goodwill arising on acquisition:	
Consideration satisfied by deposits paid for in prior years	5,589
Add: non-controlling interests	(483)
Less: fair value of net identifiable liabilities acquired	2,668
Goodwill arising on acquisition	7,774

For the six months ended 30 June 2018, goodwill of RMB7,774,000 in relation to the acquisition of subsidiaries under property management segment have been recognised by the Group.

Goodwill arose on the acquisition of subsidiaries, because the cost of the business combination included a control premium. In addition, the consideration paid for the business combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

None of the goodwill arising on the acquisition are expected to be deductible for tax purposes.

The non-controlling interests arising from the acquisition of respective non-wholly owned subsidiaries were measured by reference to the proportionate share of the respective acquirees' net identifiable assets/liabilities at the acquisition dates.

	RMB'000
Net cash inflows arising on acquisition:	
Bank balances and cash acquired	215

21. Disposal of Subsidiaries

(i) In January 2018, the Group disposed of its 100% equity interests in Jiangxi Yinsheng Real Estate Co., Ltd. 江西銀盛房地產開發有限公司 to an independent third party for a consideration of RMB10,000,000, which is engaged in property development in the PRC.

(ii) In May 2018, the Group disposed of its 100% equity interests in Chengdu Yuzhan Xiangyue Industrial Co., Ltd. 成都禦棧香悅實業有限公司, to an independent third party for a consideration of RMB99,079,000, which is engaged in hotel operation.

(iii) In June 2018, the Group disposed of its 61% equity interest in Shenzhen Feigao Zhizhuo Industrial Co., Ltd. 深圳市飛高至卓實業有限公司 to an independent third party for a consideration of RMB884,500,000, which is engaged in property development in the PRC.

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

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Equity instrument designated at FVTOCI	1,300
Property, plant and equipment	74,986
Properties for sale	438,703
Tax recoverable	10,897
Trade and other receivables	43,030
Amounts due from certain subsidiaries of the Company	3,630
Bank balances and cash	15,388
Trade and other payables	(43,073)
Amounts due to certain subsidiaries of the Company	(23,110)
Contract liabilities	(224,718)
Net assets disposed of	297,033

	RMB'000
Gain on disposal of subsidiaries:	
Cash consideration received	624,779
Consideration receivables	368,800
	993,579
Add: non-controlling interests	70,233
Less: net assets disposed of	(297,033)
	766,779
Net cash inflow arising on disposal:	
Cash consideration received	624,779
Bank balances and cash disposed of	(15,388)
	609,391

For the six months ended 30 June 2018

22. 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 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	45,739	43,221
In the second to the fifth year inclusive	177,945	169,698
After five years	370,414	375,614
	594,098	588,533

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 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	263,895	234,192
In the second to the fifth year inclusive	695,083	650,187
After five years	250,479	220,493
	1,209,457	1,104,872

23. Capital and Other Commitments

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Construction commitments in respect of land use rights and properties for sale contracted for but not provided in the condensed consolidated financial statements	5,850,935	2,417,987
Construction commitments in respect of investment properties contracted for but not provided in the condensed consolidated financial statements	175,043	254,390
Consideration commitments in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	59,610	870,720
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	34,895	23,066

24. Share Option Scheme

(a) The Company

The following table discloses movements of the Company's share options held by directors and employees during the six months ended 30 June 2018:

	Number of share options under share option schemes ('000)
Outstanding as at 1 January 2018	85,101
Exercised during the period	(922)
Outstanding as at 30 June 2018	84,179

The Group did not recognise any expense for the six months ended 30 June 2018 and 2017 in relation to share options granted by the Company.

(b) Colour Life

The following table discloses movements of Colour Life's share options held by directors and employees during the six months ended 30 June 2018:

	Number of share options under share option schemes ('000)
Outstanding as at 1 January 2018	80,678
Lapsed during the period	(22)
Exercised during the period	(11,996)
Outstanding as at 30 June 2018	68,660

Colour Life recognised the total expense of RMB6,548,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB22,397,000) in relation to share options granted by Colour Life.

(c) Morning Star

The Group recognised the total expense of RMB520,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB1,106,000) in relation to share options granted by the Morning Star and there is no movement of the share options of Morning Star during the six months ended 30 June 2018.

For the six months ended 30 June 2018

25. Contingent Liabilities

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties for sales	8,464,726	7,296,670

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. No value has been recognised at initial recognition and at 30 June 2018.

26. 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 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Property, plant and equipment	288,135	295,167
Investment properties	3,034,890	2,150,253
Properties for sale	5,363,195	2,139,194
Pledged bank deposits	377,176	377,176
	9,063,396	4,961,790

27. Related Party Disclosures

During the six months ended 30 June 2018, in addition to those disclosed in elsewhere in the condensed consolidated financial statements, the Group had the following significant balances and transactions with related parties:

(a) Related party balances

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Amounts due from non-controlling shareholders of the subsidiaries of the Company		
Non-trade nature	586,376	1,052,812
Amounts due from joint ventures		
Non-trade nature	72,059	362,935
Amounts due from associates		
Non-trade nature	18,284	27,567
Amounts due to joint ventures		
Non-trade nature	274,184	10,000
Amount due to a related party		
Non-trade nature (note)	217,952	–
Amounts due to associates		
Non-trade nature	3,267	13,513

Note: As at 30 June 2018, the balance represented amount due to Shenzhen Colour Pay Network Technology Co., Ltd. 深圳市彩付寶網路技術有限公司("Shenzhen Colour Pay"), of which the controlling shareholder is Mr. Pan Jun, a director and the chief executive officer of the Company.

The above balances as at 30 June 2018 and 31 December 2017 were non-trade in nature, unsecured, interest-free and repayable on demand.

For the six months ended 30 June 2018

27. Related Party Disclosures (Continued)

(b) Related party transactions

Related parties	Relationship	Transactions	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Wanxiangmei	A subsidiary of Shenzhen Wanxiang, a previous joint venture of the Group and acquired by the Group and became a subsidiary of the Company since 29 December 2017	Consultancy service fee income	N/A	37,704
Shenzhen Wanxiang	A previous joint venture of the Group and acquired by the Group and became a subsidiary of the Company since 29 December 2017	Management fee income	N/A	3,960
Shenzhen Colour Pay	A company controlled by Mr. Pan Jun, a director and the chief executive officer of the Company	Online promotion service income	25,306	–

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2018 is as follows:

	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Short-term benefit	55,766	39,691
Post-employment benefit	4,352	3,457
	60,118	43,148

(d) Others

As at 30 June 2018, 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 RMB702,000,000 (31 December 2017: RMB944,000,000) in aggregate.

During the six months ended 30 June 2018, the Group had sold certain properties to its key management personnel of the Group (not including the directors of the Company), at a cash consideration of RMB5,342,000 (six months ended 30 June 2017: nil).

28. Fair Value Measurements of Financial Instruments

The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at 30 June 2018 RMB'000 (unaudited)	Fair value as at 31 December 2017 RMB'000 (audited)	Fair value hierarchy
Financial assets at FVTPL	113,644	234,460	Level 2
Equity instruments designated at FVTOCI	150,635	–	Level 3

Fair value of the Group's other financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

		30 June 2018		31 December 2017	
	Fair value hierarchy	Carrying amount RMB'000 (unaudited)	Fair value RMB'000	Carrying amount RMB'000 (audited)	Fair value RMB'000
Senior notes	Level 1	15,367,792	14,158,292	13,087,522	13,327,690
Listed corporate bonds	Level 1	3,229,598	3,103,263	3,117,014	3,094,535
Unlisted corporate bonds	Level 3	3,194,553	3,225,921	3,600,406	3,640,712
Assets backed securities issued	Level 3	303,016	296,408	227,737	235,251

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

CORPORATE HEAD OFFICE IN HONG KONG
Room 1202-03
New World Towel 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