



Paint the weight Series | Hong Shaopei | 2021 | acrylic, electronic scale | Part works from Bao Collection
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2023 Interim Report

FANTASIA
花樣年

花樣年控股集團有限公司
FANTASIA HOLDINGS GROUP CO., LIMITED
Stock Code: 01777.HK

有 趣 / 有 味 / 有 料

A Leader in Providing Joyful, Colorful and Meaningful Living Space and Experience.

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DIRECTORS

Executive Directors

Mr. Pan Jun (*Chairman and Chief Executive Officer*)
Ms. Zeng Jie, Baby
Mr. Ke Kasheng
Mr. Chen Xinyu (*Chief Financial Officer*)
Mr. Timothy David Gildner

Non-Executive Directors

Mr. Su Boyu

Independent Non-Executive Directors

Mr. Guo Shaomu
Mr. Kwok Chi Shing
Mr. Ma Yu-heng

COMPANY SECRETARY

Ms. Yeung Lee

AUTHORIZED REPRESENTATIVES

Mr. Pan Jun
Ms. Yeung Lee

AUDIT COMMITTEE

Mr. Kwok Chi Shing
(*Committee Chairman*)
Mr. Guo Shaomu
Mr. Ma Yu-heng

REMUNERATION COMMITTEE

Mr. Guo Shaomu
(*Committee Chairman*)
Mr. Pan Jun
Mr. Kwok Chi Shing
Mr. Ma Yu-heng

NOMINATION COMMITTEE

Mr. Pan Jun (*Committee Chairman*)
Ms. Zeng Jie, Baby
Mr. Guo Shaomu
Mr. Kwok Chi Shing
Mr. Ma Yu-heng

AUDITORS

Prism Hong Kong and Shanghai Limited
Registered Public Interest Entity
Auditors

PRINCIPAL BANKERS

China Minsheng Bank Corp., Ltd.
Industrial and Commercial Bank
of China Limited
Ping An Bank Co., Ltd.
China Everbright Bank Co., Ltd.

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

21/F.
CMA Building
64 Connaught Road Central
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CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

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Interchange in Futian Duty-free Zone
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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A,
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Gardenia Court
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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

WEBSITE

<http://www.cnfantasia.com>

BUSINESS REVIEW

Property Development

Contracted Sales

During the first half of 2023, the Group achieved contracted sales of approximately RMB1,612 million and contracted sales area of 252,646 sq.m.

In the face of liquidity shortage during the first half of 2023, the Group was fully aware of its social responsibilities for “guaranteed delivery and stable operations” and clearly defined 5 business goals to actively strengthen customers payment collection, optimise assets and liabilities, fulfill its social responsibilities and focus on achieving breakthroughs in core teams and management. During the reporting period, the Group recorded satisfactory results in terms of delivery, sales and capital funding.

Contracted sales amount and area attributable to different product categories in the first half of 2023

During the reporting period, the contracted sales amount of the Group was mainly derived from sales in 18 cities, including Shenzhen, Chengdu, Guilin, Wuhan, Nanjing, Qingdao and Foshan, and from approximately 20 projects, including Shenzhen Good Time, Foshan Guangyayuan, Chengdu Biyun Tianxi, Chengdu Grande Valley, Guilin, Nanjing Huahaoyuan, Beijing Mentougou and Qingdao Biyuntian. The Group extended its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area in order to continuously expand its vertical strategic move in each metropolitan area and focus on key cities.

First half of 2023				
Category	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	1,519	94.2%	202,024	80.0%
Urban Complexes	93	5.8%	50,622	20.0%
Total	1,612	100%	252,646	100%

Contracted sales amount and area in each region in the first half of 2023

First half of 2023				
Category	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong – Macao Greater Bay Area	543	33.7%	18,545	7.3%
Chengdu-Chongqing Metropolitan Area	406	25.2%	147,469	58.4%
Central China Metropolitan Area	105	6.5%	38,922	15.4%
Yangtze River Delta Metropolitan Area	113	7.0%	7,024	2.8%
Bohai Rim Metropolitan Area	445	27.6%	40,686	16.1%
Total	1,612	100%	252,646	100%

Guangdong-Hong Kong-Macao Greater Bay Area

As one of the most open and economically dynamic regions in China, Guangdong-Hong Kong-Macao Greater Bay Area has an important strategic position in China’s overall development. In the first half of 2023, the Group made active efforts to push forward the delivery and sales of projects in the Greater Bay Area. During the reporting period, the Group’s Shenzhen Good Time project in Shenzhen and Foshan Guangyayuan in Foshan all commenced construction normally, with normal construction progress and normal delivery, which also secured stable sales of the projects in the local area.

During the reporting period, the Group achieved total contracted sales of RMB543 million and total contracted sales area of 18,545 sq.m. in Shenzhen, Foshan and Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 33.7% and 7.3% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2023.

Chengdu-Chongqing Metropolitan Area

As an important economic hub in South-western China, the Chengdu-Chongqing Metropolitan Area shows robust market demand for real estate and is one of the earliest important strategic markets entered by the Group. The Group has become one of the most influential brand developers in the region. In the first half of 2023, Chengdu faced pressure from both the delivery and sales of numerous projects. The Group made active efforts to ensure perfect delivery and customer satisfaction through relief and sales in Chengdu.

During the reporting period, the Group recorded total contracted sales of RMB406 million and total contracted sales area of 147,469 sq.m. in Chengdu, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 25.2% and 58.4% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2023.

Central China Metropolitan Area

As the geographical center of the country, Central China Metropolitan Area is increasingly becoming an important force for the rise of Central China with its advantages of convenient transportation and developed economy. The Group proactively revitalized the sales volume of Wuhan Huahaoyuan and other projects and achieved good sales, contributing to the capital required for the delivery of various projects in Wuhan.

During the reporting period, the Group recorded total contracted sales of RMB105 million and total contracted sales area of 38,922 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing to approximately 6.5% and 15.4% of the total contracted sales and total contracted sales area of properties of the Group respectively in mid 2023.

Yangtze River Delta Metropolitan Area

The Yangtze River Delta Metropolitan Area is one of the most economically dynamic hubs in China. The Group has paid close attention to the core cities with high growing potential in the region for a long time. The Group took the initiative and maintained the sales after the unravelling, where Nanjing Huahaoyuan, Hangzhou Duiyuetian and other projects continued to achieve good sales result in 2023.

During the reporting period, the Group recorded total contracted sales of RMB113 million and total contracted sales area of 7,024 sq.m. in Nanjing, Shanghai and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 7.0% and 2.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2023.

Bohai Rim Metropolitan Area

Bohai Rim Metropolitan Area is the most important economic hub in Northern China, playing an agglomeration, radiation, service and mobilization role in the national and regional economy and possessing great development potential. In 2023, the Group rapidly promoted the construction and sales of projects in the region, of which Beijing Mentougou and Qingdao Biyuntian maintained relatively stable sales.

During the reporting period, the Group recorded total contracted sales of RMB445 million and total contracted sales area of 40,686 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 27.6% and 16.1% of the total contracted sales and total contracted sales area of properties of the Group respectively in the interim period of 2023.

Completed Projects

During the reporting period, the Group completed a total of 11 phases of projects with a total GFA of approximately 1,326,638 sq.m.

Projects under construction

As at 30 June 2023, the Group had a total of 22 projects or phases of projects under construction with a total GFA of 2,682,535 sq.m.

Projects held for development

As at 30 June 2023, the Group had a total of 15 projects or phases of projects held for development with a total GFA of 6,155,819 sq.m.

Land Bank

As at 30 June 2023, after deducting projects sold, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 8,838,354 sq.m.

Land Bank Summary			
City Company	Projects under construction	Projects held for development	Aggregate GFA of land bank
	(sq.m.)	(sq.m.)	(sq.m.)
South China	534,481	706,025	1,240,506
North China	246,958	3,708,163	3,955,121
Southwest China	1,030,633	1,117,601	2,148,234
East China	509,900	310,680	820,580
Central China	360,563	313,350	673,913

Community services

Colour Life Services Group Co., Limited ("Colour Life") is a renowned property management and community services provider in China, which focuses on setting up offline and online service platform via the internet technology and effectively linking the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

As communities constitute the smallest social component of the city, the services provided by the property management companies are essential in creating a stable and convenient living environment for the residents of the community and promoting the development of the society. Colour Life strives to meet the basic living needs of the residents through providing Four Basic Guarantees services (defined as cleaning, greening, security and maintenance services), which constitute the solid cornerstone of community services system.

While meeting the basic living needs of the residents of the community, Colour Life also promotes smart community construction by proactively utilising emerging technologies such as the Internet of Things, big data and artificial intelligence, and introducing the application of intelligent equipment, so as to enhance the Group's service efficiency in providing high quality property management services for the residents. Colour Life has established a powerful head office digital "cloud" system, which minimised the dependency on the function and scope of management and strengthened the service capacity for end-users, so as to arrange effective community services. For instance, Colour Life has built a new customer service platform based on the existing Big Dipper system to upgrade it as a digital property management platform which covers the five basic services including security, cleaning, greening, maintenance and engineering, the order-oriented operation system of the lift, energy and decoration services, as well as the customer complaint platform comprising complaint, repair application, parking, payment, decoration and other services. Colour Life has divided the entire property management service process, further enhancing the service efficiency of Colour Life.

To refine the basic businesses, Colour Life has classified the projects managed by it into various service levels based on different charging standards, set standards for equipment modification and services and provided well-oriented service experiences, so as to satisfy customers' demand for performance-price ratio in different projects and secure Colour Life's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, Colour Life has realised excellent capacity of cost control under the premise of steadily increasing management areas and securing customer satisfaction. While focusing on improving service efficiency, Colour Life is dedicated to building harmonious communities. Colour Life organised a variety of community activities and proactively established communication channels to strengthen the relationship between residents as well as between residents and property management staff and enrich residents' leisure life and spiritual culture, with an ultimate aim to build a better and more caring community. By providing such services, we are able to create a harmonious environment for residents, and push forward the establishment of our unique community culture brand, so as to enhance residents' trust in Colour Life.

The improvement of our relationship with residents also laid a solid foundation for our effort to further expand community consumption scenarios. Colour Life is actively building up an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience for residents of the communities but also strengthens the interactions and communications between Colour Life and property owners living in the communities.

In addition, Colour Life designates a proportional number of customer managers to serve the communities based on the proportion to the number of residents in such communities. The customer managers will carry out following up work and seek feedback relating to customer satisfaction in a timely manner, in order to ensure the quality of the offline community services and efficiently becoming aware of the services that property owners need. Colour Life will grow the corresponding value-added services and organically integrate online and offline business in the community, which will further enhance Colour Life's competitive edges.

PROSPECTS

Since the emergence of liquidity crisis in 2021, the Company is still shouldering tremendous pressures. Persistent credit risks, sluggish sales, and lack of confidence amongst all major parties have posed threats to every industry player, while private enterprises of the domestic real estate industry were badly hurt particularly. We have demonstrated our resilience by continuously addressing debt issues actively and maintaining stable operations domestically.

Firstly, for project loss arising therefrom and the remaining accumulated debts, the Company will continue to communicate actively with the government and the creditors, and will utilise profits generated from new revenue items for debt repayment by providing assistance to the government and the creditors to develop businesses such as old communities' renovation as advocated by the State.

Secondly, the Company will stay focus on risk control by rational capital structure planning in order to better adapt to market and policy changes. At the same time, the Company will also improve its asset quality, optimise liability structure and reduce financing costs, striving to maintain a stable financial position.

Last but not least, the Company will adopt a more practical management model to align itself with leading projects through constant introspection, so as to give full play to the management advantages of agile small-scale operations, respond quickly and act proactively, conduct in-deep market analysis and seize opportunities in full swing of the Company.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) lease of investment properties, (iii) provision of property operation, (iv) provision of hotel accommodation services, and (v) other services. Revenue of the Group amounted to approximately RMB4,020 million, representing an increase of 13.3% from approximately RMB3,548 million for the corresponding period of 2022. Loss for the period attributable to the owners of the Company was approximately RMB2,708 million and loss attributable to owners of the Company was approximately RMB3,343 million for the corresponding period of 2022.

Property Development

The Company recognises revenue from property development when the customer obtains control of the completed property and the Group has present right to payment and the collection of consideration is probable. Revenue from property development represents proceeds from the sales of the Group's properties held for sale. Revenue derived from property development increased by 11.2% to approximately RMB2,720 million for the six months ended 30 June 2023 from approximately RMB2,446 million for the corresponding period in 2022, which was due to the average selling price of delivered properties increased during the period.

The table below sets forth the total revenue derived from each of the projects and the aggregate gross floor area ("GFA") of properties sold during the periods ended 30 June 2023 and 2022.

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	sq.m.	RMB/sq.m.	RMB'000	sq.m.	RMB/sq.m.
Chengdu Biyun Tianxi	1,322,223	61,644	21,449	–	–	–
Chongqing Hockney's Good Time	655,673	46,571	14,079	–	–	–
Qingdao Biyuntian	518,742	58,638	8,847	–	–	–
Tianjin Ji Tianxia	83,557	6,278	13,309	592,707	52,882	11,208
Guilin Lakeside Eden	46,281	8,687	5,328	356,554	69,444	5,134
Wuhan Biyuntian	11,823	901	13,122	–	–	–
Chengdu Yinweilai	4,114	649	6,339	753,498	42,857	17,582
Tianjin HuaJun	–	–	–	421,896	38,701	10,901
Chengdu Ji Tianxia	–	–	–	21,074	3,982	5,292
Huizhou Ji Tianxia	–	–	–	13,617	4,080	3,338
Chengdu Zhihui City	–	–	–	12,021	5,788	2,077
Chengdu Longnian Plaza	–	–	–	7,317	1,030	7,104
Chengdu Grande Valley	–	–	–	3,908	624	6,263
Ziyang HuaJun	–	–	–	1,840	370	4,973
Chengdu Xiangmendi	–	–	–	1,185	520	2,279
Others	77,719			260,222		
	2,720,132			2,445,839		

Property Investment

Revenue generated from property investment increased by 4.3% to approximately RMB102 million for the six months ended 30 June 2023 from approximately RMB97 million for the corresponding period in 2022. The increase was primarily due to the slight recover of occupancy rate of investment properties.

Property Operation Services

Revenue derived from property operation services increased by 20.7% to approximately RMB1,174 million for the six months ended 30 June 2023 from approximately RMB972 million for the corresponding period in 2022. The increase was mainly due to the increase in engineering services provided.

Hotel Operations and Related Services

Revenue derived from hotel operations and related services amounted to approximately RMB24 million for the six months ended 30 June 2023, remained stable as compared to approximately RMB24 million for the corresponding period of 2022.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 0.6% to approximately RMB576 million for the six months ended 30 June 2023 from approximately RMB572 million for the corresponding period in 2022, while the Group's gross profit margin was approximately 14.3% for the six months ended 30 June 2023 as compared to a gross profit margin of approximately 16.1% for the corresponding period in 2022. The decrease in gross profit margin was mainly due to the longer development period and higher development costs for the properties delivered during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses slightly decreased by 2.3% to approximately RMB103 million for the six months ended 30 June 2023 from approximately RMB106 million for the corresponding period in 2022.

Administrative Expenses

The Group's administrative expenses decreased by 20.6% to approximately RMB381 million for the six months ended 30 June 2023 from approximately RMB480 million for the corresponding period in 2022. The change was primarily due to the adoption of cost control policy and the decrease in the staff cost of the Group.

Finance Costs

The Group's finance costs slightly increased by 1.1% to approximately RMB1,149 million for the six months ended 30 June 2023 from approximately RMB1,137 million for the corresponding period in 2022.

Income Taxation

The Group's income tax expense slightly decreased by 3.4% to approximately RMB131 million for the six months ended 30 June 2023 from approximately RMB135 million for the corresponding period in 2022.

Loss Attributable to Owners of the Company

For the above changes collectively, loss attributable to owners of the Company was approximately RMB2,708 million for the six months ended 30 June 2023 as compared to the loss of approximately RMB3,343 million for the six months ended 30 June 2022.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 30 June 2023, the Group's total bank balances and cash were approximately RMB2,329 million (31 December 2022: approximately RMB2,684 million), representing a decrease of 13.2% as compared to that as at 31 December 2022. The decrease was due to the tightened liquidity environment of the PRC property sector since the second half of 2021. A portion of the Group's cash is restricted bank deposits that are mainly restricted for use of property development.

Net Gearing Ratio

The net gearing ratio of the Group was 3,393.9% as at 30 June 2023 as compared to 1,228.9% as at 31 December 2022, representing an increase of 2,165 percentage points. The net gearing ratio was measured by net debt (total of borrowings, senior notes and bonds and asset-backed securities issued, net of bank balances and cash and restricted/pledged bank deposits) over total equity.

The Group's net gearing ratio increased during the period, mainly due to the significant decrease of total equity as a result of loss incurred since 2021. The Group will actively address the current debt position and improve its net gearing ratio.

Borrowings and Charges on the Group's Assets

As at 30 June 2023, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB19,842 million (31 December 2022: approximately RMB19,701 million), approximately RMB42,018 million (31 December 2022: approximately RMB38,958 million) and approximately RMB255 million (31 December 2022: RMB255 million), respectively. Amongst the borrowings, approximately RMB13,894 million (31 December 2022: approximately RMB14,092 million) will be repayable within one year and approximately RMB5,948 million (31 December 2022: approximately RMB5,609 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB40,025 million (31 December 2022: approximately RMB38,958 million) will be repayable within one year and approximately RMB1,993 million (31 December 2022: nil) will be repayable after one year.

As at 30 June 2023, a substantial part of the borrowings was secured by land use rights, properties and bank deposits of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through pledging their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank balances, borrowings and lease liabilities, the Group does not have any other material direct exposure to foreign exchange fluctuations.

Commitments

As at 30 June 2023, the Group had committed payment for the construction of investment properties and property, plant and equipment and equity acquisition amounting to approximately RMB1,162 million (31 December 2022: RMB1,209 million), respectively.

Contingent Liabilities

- (a) As of 30 June 2023, the Group had provided guarantees amounting to approximately RMB11,028 million (31 December 2022: approximately RMB10,415 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 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.
- (b) The Group provided guarantees on several basis covering its respective shares of outstanding obligations under the bank borrowings incurred by the joint ventures and associates for developing their projects. As at 30 June 2023, the Group's aggregate shares of such guarantees provided in respect of loans borrowed by these joint ventures amounted to approximately RMB1,837 million (31 December 2022: RMB1,912 million) and associates amounted to approximately RMB3,198 million (31 December 2022: RMB3,606 million) and guarantees to suppliers of associates amounted to approximately RMB160 million (31 December 2022: RMB160 million).

In the opinion of the Directors, the possibility of the default of the purchasers is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting date.

Employees and Remuneration Policies

As at 30 June 2023, excluding the employees of communities managed on a commission basis, the Group had approximately 23,942 employees (31 December 2022: approximately 26,252 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing market practice. Besides 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION

As at 30 June 2023, 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 will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will 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 on 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	Interest in ordinary shares of the Company	Interest in underlying Shares of the Company	Approximate percentage of interest in the Company as at 30 June 2023
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,314,090,500 ⁽¹⁾	–	57.41%

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"). 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) As at 30 June 2023, the number of issued shares of the Company was 5,772,597,864.

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

Name of Director	Nature of interest	Debentures that are interested in	Principal amount of the debentures held	Approximate percentage of the interest in the debentures as at 30 June 2023
Ms. Zeng Jie, Baby	Interest of controlled corporation	9.875% senior notes due 2023 issued by the Company	US\$3,000,000 ⁽¹⁾	0.94%
	Interest of controlled corporation	10.875% senior notes due 2024 issued by the Company	US\$4,000,000 ⁽²⁾	1.6%
Mr. Guo Shaomu	Beneficial owner	7.95% senior notes due 2022 issued by the Company	US\$200,000	0.067%

Notes:

- (1) The debentures are held by Fantasy Pearl, which is indirectly owned as to 80% by Ms. Zeng Jie, Baby.
- (2) These comprise: (i) US\$2,000,000 held by Fantasy Pearl; and (ii) US\$2,000,000 held by Baocollection Limited, a company wholly owned by Ms. Zeng Jie, Baby.

(iii) Long positions in associated 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 2023
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 shares are held by Ice Apex, which is wholly owned by Ms. Zeng Jie, Baby.
(2) These shares are held by Graceful Star, which is wholly owned by Mr. Pan Jun.

B. Colour Life Services Group Co., Limited (“Colour Life”)

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 30 June 2023
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽¹⁾⁽²⁾⁽³⁾	1,013,643,318	Ordinary	68.14%
Mr. Pan Jun	Beneficial owner	1,755,440 ⁽⁴⁾	Ordinary	0.12%
Mr. Zhu Guogang	Beneficial owner	21,000 ⁽⁵⁾	Ordinary	0.00%

Note:

- (1) The interests are held as to 780,104,676 shares by the Company, as to 231,235,846 shares by Splendid Fortune Enterprise Limited (“Splendid Fortune”) and as to 2,302,796 shares by Fantasy Pearl.
(2) The Company is owned as to 57.41% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, 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.
(3) Splendid Fortune is 67.36% owned by Fantasy Pearl and 32.64% owned by Colour Success Limited. Accordingly, Ms. Zeng Jie, Baby is deemed to be interested in the shares of Colour Life held by Splendid Fortune for the purpose of Part XV of the SFO.
(4) These represent share options granted by Colour Life subject to vesting schedules.
(5) These represents shares beneficially owned by Mr. Zhu Guogang.

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

Director	Nature of interest	Amount of equity interest held	Approximate percentage of interest in the associated corporation as at 30 June 2023
Mr. Pan Jun	Beneficial owner	RMB7,000,000 ⁽¹⁾	70%

Note:

- (1) Caizhiyun Network is owned as to 70% by Mr. Pan Jun. 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 2023, 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 2023, 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:

Name of Shareholders	Nature of interest	Number of shares	Approximate percentage of interest in our Company as at 30 June 2023
Fantasy Pearl	Beneficial owner	3,314,090,500 (L)	57.41%
Ice Apex ⁽¹⁾	Interest of controlled corporation	3,314,090,500 (L)	57.41%
TCL Industries Holdings Co., Ltd. ⁽²⁾ (formerly known as TCL Industrial Holdings (Guangdong) Co., Ltd.)	Interest of controlled corporation	1,012,740,000 (L)	17.54%

- (L) denotes long position
(S) denotes short position

Notes:

- (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) As at 30 June 2023, Li Rong Development Limited held 1,012,740,000 shares of the Company representing 17.54% interest in the Company. Li Rong Development Limited is wholly owned by TCL Industries Holdings (H.K.) Limited which is in turn wholly owned by TCL Industries Holdings Co., Ltd.. TCL Industries Holdings Co., Ltd. is deemed to be interested in the shares held by Li Rong Development Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as of 30 June 2023, 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.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining 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. Under then code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and shall not be performed by the same individual. Mr. Pan Jun currently holds both positions. Throughout the business history, Mr. Pan has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors (including independent non-executive Directors (the "INEDs")) consider that Mr. Pan is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

Reference is made to the announcement of the Company dated 12 November 2021 in relation to, among others, the non-compliance with certain requirements under Chapter 3 of the Listing Rules in relation to the composition of the board of directors of the Company. For the year ended 31 December 2021, the Company did not comply with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules. The relevant rules was re-compiled on 3 August 2023.

Save as disclosed above, the Company has complied with all code provisions set out in the CG Code for the six months ended 30 June 2023.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three independent non-executive Directors, including Mr. Kwok Chi Shing (Chairman of the Audit Committee), Mr. Guo Shaomu and Mr. Ma Yu-heng. 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 Period. The external auditors of the Company have also reviewed the unaudited interim results for the Period.

REMUNERATION COMMITTEE

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules 3.25 and 3.26. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The remuneration committee currently comprises one executive Director, Mr. Pan Jun, and three independent non-executive Directors, including Mr. Guo Shaomu (Chairman of the Remuneration Committee), Mr. Kwok Chi Shing and Mr. Ma Yu-heng. 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 the nomination committee (the "Nomination Committee") in compliance with the Listing Rules to fulfill the functions of reviewing the structure of and nominating suitable candidates to the Board. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Nomination Committee on 30 August 2013 and 27 March 2019. The revised terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises two executive Directors, including Mr. Pan Jun (Chairman of Nomination Committee) and Ms. Zeng Jie, Baby; and three independent non-executive Directors, including Mr. Guo Shaomu, Mr. Kwok Chi Shing and Mr. Ma Yu-heng. 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 reappointment of Directors.

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 2023 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

SHARE OPTION SCHEME

As at 30 June 2023, the Company does not have share option scheme that is in operation and there is no outstanding share options.

Colour Life Services Group Co., Limited, a subsidiary of the Company, adopted a share option scheme on 11 June 2014 (“Colour Life Share Option Scheme”). Particulars of share options outstanding under the Colour Life Share Option Scheme at the beginning and at the end of the financial period for the six months ended 30 June 2023 and share options granted, exercised, lapsed or cancelled under the Colour Life Share Option Scheme during such period are as follows:

Name of grantee	Date of grant	Exercise price HK\$	Number of share options				Balance as at 30 June 2023	Notes
			Balance as at 1 January 2023	Granted during the Period	Exercised during the Period	Cancelled/lapsed during the Period		
Directors of Colour Life								
Mr. Pan Jun	29 September 2014	6.66	547,790	–	–	–	547,790	(1)
			347,650	–	–	–	347,650	(2)
	30 April 2015	11.00	180,000	–	–	–	180,000	(3)
	18 March 2016	5.764	180,000	–	–	–	180,000	(4)
Mr. Liu Hongcai	27 November 2018	4.11	500,000	–	–	–	500,000	(6)
	29 September 2014	6.66	450	–	–	–	450	(1)
			300	–	–	–	300	(2)
	30 April 2015	11.00	168,400	–	–	–	168,400	(3)
Mr. Xu Xinmin	18 March 2016	5.764	122,000	–	–	–	122,000	(4)
	29 September 2014	6.66	150,000	–	–	–	150,000	(1)
	30 April 2015	11.00	180,000	–	–	–	180,000	(3)
	18 March 2016	5.764	180,000	–	–	–	180,000	(4)
	27 November 2018	4.11	200,000	–	–	–	200,000	(6)
Sub-total			2,756,590	–	–	–	2,756,590	
Employees of the Group								
	29 September 2014	6.66	5,152,650	–	–	(193,730)	4,958,920	(1)
			6,561,121	–	–	(128,900)	6,432,221	(2)&(5)
	30 April 2015	11.00	9,492,635	–	–	(300,737)	9,191,898	(3)
	18 March 2016	5.764	10,049,000	–	–	(269,100)	9,779,900	(4)
	27 November 2018	4.11	16,664,720	–	–	–	16,664,720	(6)
Sub-total			47,920,126	–	–	(892,467)	47,027,659	
Total			50,676,716	–	–	(892,467)	49,784,249	

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 of grant; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) 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.
- (6) 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. 27 November 2019; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 27 November 2020; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 27 November 2021. The exercise period of these share options will expire on 17 March 2028.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Senior Notes and Bonds

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

LATEST PROGRESS OF THE DEBT RESTRUCTURING

(i) Offshore debts

The Company has been working closely with its legal and financial advisors to formulate a viable offshore debt restructuring plan aimed at addressing current liquidity pressure of the Company, enhancing the credit profile of the Group and protecting the interests of all stakeholders. Over the past few months, the Company and an ad-hoc group of offshore creditors of the Company (the "AHG"), together with their respective advisors, have been engaged in constructive dialogue towards a consensual restructuring for the Company's offshore indebtedness (the "Restructuring").

On 13 January 2023, the Company and the AHG entered into the restructuring support agreement (the "RSA") in relation to the terms of the Restructuring. The contemplated Restructuring is intended to allow the Company to comprehensively enhance its capital structure, enable the Group to better manage its operations and deliver long-term value for all its stakeholders. The Restructuring is expected to be implemented through one or more schemes of arrangement. The Company expects to commence the process of implementing the Restructuring on terms set forth in the RSA as soon as possible. Further information on the RSA and the terms of the Restructuring are set out in the announcements of the Company dated 13 January 2023 and 9 March 2023.

(ii) Onshore debts

Fantasia Group (China) Co., Ltd. ("Fantasia China"), a wholly-owned subsidiary of the Company, had issued 5 corporate bonds on the Shanghai Stock Exchange. Since November 2021, modified repayment arrangements were made in respect of the principal and related interests of approximately RMB7 billion in aggregate, where the maturity date had been extended to between 2023 and 2028. The modified arrangement was approved at the respective bondholders' meeting.

EVENTS AFTER THE REPORTING PERIOD

On 24 November 2021, a winding-up petition was filed against Fantasia Investment Holdings Company Limited ("Fantasia Investment"), a major subsidiary of the Company, in connection with loan facilities of alleged outstanding principal amount of US\$149 million in which Fantasia Investment was the guarantor ("Hong Kong Petition"). The Hong Kong Petition was dismissed on 18 July 2023.

On 26 May 2022, a winding-up petition was filed against the Company at the Grand Court of Cayman Islands in connection with loan facilities of outstanding amount of approximately US\$149 million (the "Cayman Petition"). The Cayman Petition has been withdrawn by consent on 20 July 2023.

**TO THE BOARD OF DIRECTORS OF FANTASIA HOLDINGS GROUP CO., LIMITED**

(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 19 to 47, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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. Because of the multiple uncertainties and its possible effect on the interim condensed consolidated financial information described in the “Basis for Disclaimer of Conclusion” section of our report, we do not express a conclusion on the interim financial information.

BASIS FOR DISCLAIMER OF CONCLUSION**Multiple Uncertainties Relating to Going Concern**

As set out in Note 2 to the consolidated financial statements, the Group incurred net loss of RMB2,805,310,000 for the period ended 30 June 2023. As at 30 June 2023, the Group’s net current liabilities amounted to RMB13,557,292,000.

As at 30 June 2023, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB30,942,446,000 according to their scheduled repayment dates. As a result, as at 30 June 2023, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB43,973,205,000 had become default or cross default. Subsequent to 30 June 2023, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates. These conditions, together with other matters disclosed in note 2 to the condensed consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group’s liquidity and financial position, which are set out in note 2 to the condensed consolidated financial statements. The validity of the going concern assumptions on which the condensed consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully completing the offshore debt restructuring; (ii) successfully carrying out the Group’s business strategy plan including the acceleration of the sales of properties; (iii) successfully obtaining of additional new sources of financing as and when needed; (iv) successfully disposing of the Group’s equity interest in project development companies when suitable; and (v) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

Disclaimer of Conclusion

Because of the multiple uncertainties related to going concern and its possible cumulative effect on these interim condensed consolidated financial statements described in the "Basis for Disclaimer of Conclusion" section of our report, we do not express a conclusion on the interim financial information.

Prism Hong Kong and Shanghai Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

25 August 2023

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue			
Contracts with customers	4	3,918,519	3,450,385
Leases		101,642	97,434
Total revenue		4,020,161	3,547,819
Cost of sales and services		(3,444,077)	(2,975,363)
Gross profit	5	576,084	572,456
Other income		27,436	20,497
Other gains and losses		(1,280,741)	(1,432,427)
Impairment losses under expected credit loss model, net of reversal	18	(86,639)	(98,083)
Change in fair value of investment properties	12	(93,584)	(189,074)
Write-down on properties for sales	15	(180,092)	(248,557)
Selling and distribution expenses		(103,380)	(105,853)
Administrative expenses		(381,169)	(480,320)
Finance costs		(1,149,179)	(1,136,814)
Share of results of associates		15,142	18,778
Share of results of joint ventures		(2,646)	10,074
Net loss on disposal of subsidiaries		(15,752)	(131,780)
Loss before tax	7	(2,674,520)	(3,201,103)
Income taxation	6	(130,790)	(135,367)
Loss for the period		(2,805,310)	(3,336,470)
Other comprehensive expense			
Items that will not be reclassified subsequently to profit or loss:			
Fair value change on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		(4,473)	(1,296)
Deferred taxation effect		1,118	324
Other comprehensive expense for the period, net of income tax		(3,355)	(972)
Total comprehensive expense for the period		(2,808,665)	(3,337,442)
Loss for the period attributable to:			
Owners of the Company		(2,708,135)	(3,342,830)
Other non-controlling interests		(97,175)	6,360
		(2,805,310)	(3,336,470)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(2,709,879)	(3,343,335)
Other non-controlling interests		(98,786)	5,893
		(2,808,665)	(3,337,442)
Loss per share – basic (RMB cents)	9	(46.91)	(57.91)
Loss per share – diluted (RMB cents)	9	(46.91)	(57.91)

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,037,756	1,104,986
Right-of-use assets	11	364,685	425,695
Investment properties	12	8,233,719	8,322,168
Interests in associates		1,285,713	1,425,013
Interests in joint ventures		3,093,873	3,096,519
Equity instruments designated at FVTOCI		22,202	25,139
Goodwill	13	902,084	906,977
Intangible assets	14	16,602	21,378
Other receivables	17	867,239	897,853
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures		6,190,913	6,193,004
Deferred tax assets		1,454,665	1,473,765
		23,469,451	23,892,497
CURRENT ASSETS			
Properties for sale	15	43,440,600	44,135,133
Contract assets	16	32,848	39,878
Contract costs		185,108	214,946
Trade and other receivables	17	13,982,496	14,923,558
Tax recoverable		1,200,499	1,234,180
Amounts due from related parties	28(a)	7,659,529	7,906,523
Restricted/pledged bank deposits		1,145,522	1,519,591
Bank balances and cash		1,183,286	1,164,432
		68,829,888	71,138,241
		92,299,339	95,030,738

At 30 June 2023

	NOTES	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	19	5,625,235	6,838,236
Contract liabilities		15,378,418	17,276,961
Amounts due to related parties	28(a)	356,354	383,544
Tax liabilities		6,827,584	6,782,869
Borrowings due within one year	20	13,894,164	14,092,214
Lease liabilities due within one year		24,989	29,849
Senior notes and bonds due within one year	21	40,024,981	38,957,574
Asset-backed securities issued due within one year	22	255,455	255,438
		82,387,180	84,616,685
NET CURRENT LIABILITIES		(13,557,292)	(13,478,444)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,912,159	10,414,053
NON-CURRENT LIABILITIES			
Deferred tax liabilities		96,258	130,708
Borrowings due after one year	20	5,947,937	5,609,066
Lease liabilities due after one year		113,519	98,751
Senior notes and bonds due after one year	21	1,992,863	–
		8,150,577	5,838,525
NET ASSETS		1,761,582	4,575,528
CAPITAL AND RESERVES			
Share capital	23	498,787	498,787
Reserves		(2,152,688)	557,192
Equity attributable to owners of the Company		(1,653,901)	1,055,979
Non-controlling interests		3,415,483	3,519,549
		1,761,582	4,575,528

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company									Attributable to non-controlling interests			
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Share-based payments reserve RMB'000	Contribution reserve RMB'000	Statutory reserve and discretionary reserve RMB'000	Revaluation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Share-based payments reserve of Colour Life RMB'000	Other non-controlling interests RMB'000	Subtotal RMB'000	Total RMB'000
At 1 January 2023 (Audited)	498,787	550,006	2,178,467	13,860	40,600	375,430	891	(2,602,062)	1,055,979	243,034	3,276,515	3,519,549	4,575,528
Loss for the period	-	-	-	-	-	-	-	(2,708,135)	(2,708,135)	-	(97,175)	(97,175)	(2,805,310)
Fair value change on equity instruments designated at FVTOCI	-	-	-	-	-	-	(2,326)	-	(2,326)	-	(2,147)	(2,147)	(4,473)
Deferred taxation effect	-	-	-	-	-	-	581	-	581	-	537	537	1,118
Other comprehensive expense for the period	-	-	-	-	-	-	(1,745)	-	(1,745)	-	(1,610)	(1,610)	(3,355)
Total comprehensive expense for the period	-	-	-	-	-	-	(1,745)	(2,708,135)	(2,709,880)	-	(98,785)	(98,785)	(2,808,665)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(4,934)	(4,934)	(4,934)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(347)	(347)	(347)
Transfer	-	-	-	-	-	1,983	-	(1,983)	-	-	-	-	-
At 30 June 2023 (Unaudited)	498,787	550,006	2,178,467	13,860	40,600	377,413	(854)	(5,312,180)	(1,653,901)	243,034	3,172,449	3,415,483	1,761,582
At 1 January 2022 (Audited)	498,787	550,006	2,061,576	13,860	40,600	371,620	8,760	2,790,270	6,335,479	243,034	4,074,948	4,317,982	10,653,461
(Loss) profit for the period	-	-	-	-	-	-	-	(3,342,830)	(3,342,830)	-	6,360	6,360	(3,336,470)
Fair value change on equity instruments designated at FVTOCI	-	-	-	-	-	-	(674)	-	(674)	-	(622)	(622)	(1,296)
Deferred taxation effect	-	-	-	-	-	-	168	-	168	-	156	156	324
Other comprehensive expense for the period	-	-	-	-	-	-	(506)	-	(506)	-	(466)	(466)	(972)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(506)	(3,342,830)	(3,343,336)	-	5,894	5,894	(3,337,442)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(12,771)	(12,771)	(12,771)
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	495,746	495,746	495,746
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	90,993	-	-	-	-	497,554	588,547	-	(785,480)	(785,480)	(196,933)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(486,268)	(486,268)	(486,268)
Disposal of equity instruments designated at FVTOCI	-	-	-	-	-	-	(7,733)	10,823	3,090	-	-	-	3,090
Transfer	-	-	-	-	-	3,810	-	(3,810)	-	-	-	-	-
At 30 June 2022 (Unaudited)	498,787	550,006	2,152,569	13,860	40,600	375,430	521	(47,993)	3,583,780	243,034	3,292,069	3,535,103	7,118,883

Notes:

- 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.
- 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 to related parties during the Group reorganisation in 2009; and (d) the waiver of shareholder loans in 2009.
- 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.
- Share-based payments reserves of Colour Life Service Group Co., Limited ("Colour Life"), which is a non-wholly owned subsidiary of the Company, represent the share-based payment under the share option schemes of Colour Life.

For the six months ended 30 June 2023

	NOTE	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Cash used in operations		(622,462)	(206,616)
Income tax paid		(66,604)	(103,710)
Interest paid		(31,653)	(143,831)
NET CASH USED IN OPERATING ACTIVITIES		(720,719)	(454,157)
INVESTING ACTIVITIES			
Placement of restricted/pledged bank deposits		(2,187,731)	(10,843,862)
Withdrawal of restricted/pledged bank deposits		2,561,800	12,569,699
Settlement of consideration receivables of disposal of subsidiaries		92,839	980,921
Purchases of property, plant and equipment		(19,596)	(7,083)
Net proceeds from disposal of property, plant and equipment and early termination of lease contracts		39,317	23,083
Additions to investment properties		(16,258)	(40,666)
Proceeds from disposal of investment properties		–	68,315
Proceeds from disposal of equity instruments designated at FVTOCI		–	98,369
Acquisition and capital injection to associates and joint ventures		(629)	(246,674)
Deposit refunded for acquisition of subsidiaries		2,091	–
Deposits paid for potential acquisition of subsidiaries and investments in associates and joint ventures		–	(3,928)
Disposal of subsidiaries (net of cash and cash equivalent disposed of)		(7,644)	(275,467)
Interest received		9,831	8,739
Advance of loan receivables		–	(58,001)
Repayment of loan receivables		8,033	–
Advances to related parties		(859,185)	(54,964)
Repayment from related parties		1,106,179	2,276,040
NET CASH FROM INVESTING ACTIVITIES		729,047	4,494,521

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	NOTE	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
FINANCING ACTIVITIES			
New borrowings raised	20	171,616	–
Repayment of borrowings	20	(102,205)	(890,491)
Repayment of lease liabilities		(33,860)	(21,840)
Dividend paid to non-controlling shareholders of the subsidiaries		(4,934)	(12,771)
Contributions from non-controlling shareholders of the subsidiaries		–	495,746
Acquisition of additional interest in subsidiaries		–	(196,933)
Advances from related parties		670,821	881,820
Repayments to related parties		(698,011)	(873,300)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		3,427	(617,769)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		11,755	(177,405)
CASH AND CASH EQUIVALENTS AT THE BEGINNING			
OF THE PERIOD		1,164,432	973,148
Effect of foreign exchange rate changes		7,099	10,972
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD,			
represented by bank balances and cash		1,183,286	806,715

For the six months ended 30 June 2023

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.

2. GOING CONCERN BASIS

For the period ended 30 June 2023, the Group incurred net loss of RMB2,805,310,000. As at 30 June 2023, the Group’s net current liabilities amounted to RMB13,557,292,000 and net assets amounted to RMB1,761,582,000. As at 30 June 2023, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB82,387,180,000.

As at 30 June 2023, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB30,942,446,000 according to their scheduled repayment dates. As a result, as at 30 June 2023, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB43,973,205,000 had become default or cross default. Subsequent to 30 June 2023, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates. These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity and performance of the Group and the Group’s available sources of financing and have considered the Group’s cash flow projections prepared by management for a period of not less than 12 months from the date of reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- The Company has appointed Houlihan Lokey (China) Limited as its financial adviser for its offshore debt restructuring. The Group is actively in discussions with the existing lenders on the renewal of the Group’s certain borrowings. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address upcoming financial obligations and future operating cash flow requirements whilst engaging in existing lenders;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and trade receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

2. GOING CONCERN BASIS (continued)

The Directors, taking into account the above plans and measures, are of the opinion that, they are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the period ended 30 June 2023 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described above.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements of the Group for the period ended 30 June 2023.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of amendments to Hong Kong Financial Reporting Standard ("HKFRSs")

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 17	<i>Insurance contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

For the six months ended 30 June 2023

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

Segment	For the period ended 30 June 2023						Total RMB'000 (Unaudited)
	Property development RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)		
Types of goods and services							
<i>Property development</i>							
Sales of completed properties	2,720,132	–	–	–	–	–	2,720,132
<i>Property agency services</i>							
Provision of property agency services	–	767	–	–	–	–	767
<i>Property operation services</i>							
Provision of property management services	–	–	1,037,916	–	–	–	1,037,916
Provision of value-added services	–	–	31,757	–	–	–	31,757
Provision of engineering services	–	–	103,856	–	–	–	103,856
<i>Hotel operations</i>							
Provision of hotel accommodation services	–	–	–	24,091	–	–	24,091
<i>Others</i>							
Property project management and other related services	–	–	–	–	–	–	–
	2,720,132	767	1,173,529	24,091	–	–	3,918,519
Timing of revenue recognition							
A point in time	2,720,132	767	6,610	–	–	–	2,727,509
Over time	–	–	1,166,919	24,091	–	–	1,191,010
	2,720,132	767	1,173,529	24,091	–	–	3,918,519

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

Segment	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue disclosed in segment information	2,720,132	101,642	767	1,193,986	24,091	–	4,040,618
Elimination	–	–	–	(20,457)	–	–	(20,457)
Leases	–	(101,642)	–	–	–	–	(101,642)
Revenue from contracts with customers	2,720,132	–	767	1,173,529	24,091	–	3,918,519

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregation of revenue from contracts with customers (continued)

Segment	For the period ended 30 June 2022						Total RMB'000 (Unaudited)
	Property development RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)		
Types of goods and services							
<i>Property development</i>							
Sales of completed properties	2,445,839	–	–	–	–	–	2,445,839
<i>Property agency services</i>							
Provision of property agency services	–	764	–	–	–	–	764
<i>Property operation services</i>							
Provision of property management services	–	–	954,431	–	–	–	954,431
Provision of value-added services	–	–	11,973	–	–	–	11,973
Provision of engineering services	–	–	5,986	–	–	–	5,986
<i>Hotel operations</i>							
Provision of hotel accommodation services	–	–	–	23,612	–	–	23,612
<i>Others</i>							
Property project management and other related services	–	–	–	–	7,780	–	7,780
	2,445,839	764	972,390	23,612	7,780	–	3,450,385
Timing of revenue recognition							
A point in time	2,445,839	764	10,939	–	7,780	–	2,465,322
Over time	–	–	961,451	23,612	–	–	985,063
	2,445,839	764	972,390	23,612	7,780	–	3,450,385

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

Segment	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue disclosed in segment information	2,445,839	97,434	764	1,020,772	23,612	7,780	3,596,201
Elimination	–	–	–	(48,382)	–	–	(48,382)
Leases	–	(97,434)	–	–	–	–	(97,434)
Revenue from contracts with customers	2,445,839	–	764	972,390	23,612	7,780	3,450,385

For the six months ended 30 June 2023

5. SEGMENT INFORMATION

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

Six months ended 30 June 2023

Segment revenue (Unaudited)	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
Segment revenues	2,720,132	101,642	767	1,193,986	24,091	–	4,040,618
Segment results	(253,647)	8,058	(695)	50,182	(7,971)	–	(204,073)

Six months ended 30 June 2022

Segment revenue (Unaudited)	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
Segment revenues	2,445,839	97,434	764	1,020,772	23,612	7,780	3,596,201
Segment results	(388,901)	(91,640)	(388)	80,271	(17,932)	(10,831)	(429,421)

Note: For the six months ended 30 June 2022, others are engaged in provision of property project management services. For the six months ended 30 June 2021, others are engaged in provision of travel agency services and manufacturing and sale of fuel pumps.

Segment (loss) profit represents the profit earned or loss incurred by each segment without allocation of exchange, interest income, share of results of associates and joint ventures, net loss on disposal of subsidiaries, associates and joint ventures, certain other income, gains and losses, finance costs, central administration costs and directors' salaries. This is the measure reported to the directors of the Company, the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

5. SEGMENT INFORMATION (continued)

Reconciliation:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue:		
Total revenue for operating and reportable segments	4,040,618	3,596,201
Elimination of inter-segment revenues	(20,457)	(48,382)
Group's total revenue	4,020,161	3,547,819
Total segment results	(204,073)	(429,421)
Unallocated amounts:		
Interest income	9,831	8,739
Net exchange loss	(1,279,260)	(1,480,288)
Finance costs	(1,149,179)	(1,136,814)
Share of results of associates and joint ventures	12,496	28,852
Net loss on disposal of subsidiaries, associates and joint ventures	(35,524)	(159,664)
Other unallocated gain and loss	(871)	(997)
Other unallocated expenses	(27,940)	(31,510)
Loss before tax	(2,674,520)	(3,201,103)

For the six months ended 30 June 2023

5. SEGMENT INFORMATION (continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Property development	57,910,370	59,829,678
Property investment	8,233,719	8,322,168
Property agency services	4,771	10,939
Property operation services	4,756,630	4,631,799
Hotel operations	607,172	666,426
Others	74,711	89,924
Total segment assets	71,587,373	73,550,934
Total unallocated assets	20,711,966	21,479,804
Group's total assets	92,299,339	95,030,738

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, equity instruments designated at FVTOCI, deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures, amounts due from related parties, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

6. INCOME TAXATION

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax in the PRC		
EIT		
– Current year	60,923	148,342
LAT	84,077	106,250
	145,000	254,592
Deferred tax		
Credit to profit and loss	(14,210)	(119,225)
	130,790	135,367

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Government grant and partial exemption of PRC value-added tax (included in other income)	(6,083)	(9,674)
Interest income (included in other income)	(9,831)	(8,739)
Net exchange loss	1,279,260	1,480,288
Net loss on disposal of subsidiaries (note b)	15,752	131,780
Net loss on disposal of associates and joint ventures (included in other gain and losses)	19,772	27,884
Loss on disposal of property, plant and equipment and early termination of lease contracts (included in other gains and losses)	22,891	4,188
Depreciation of property, plant and equipment (note 10)	79,840	91,451
Depreciation of right-of-use assets (note 11)	33,709	33,710
Amortisation of intangible assets (note 14)	4,776	4,775
Write-down of properties for sales (note a)	180,092	248,557
Staff costs	877,014	901,192

Notes:

- (a) During the six months ended 30 June 2023, mainly due to the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments, a provision for impairment loss on properties for sale of RMB180,092,000 (six months ended 30 June 2022: RMB248,557,000) was recognised to reflect the decrease in relevant net realisable value.

The net realisable value is determined by reference to the estimated selling prices of the properties for sale, which takes into account a number of factors including the latest market prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC, less estimated selling expenses and estimated cost to completion. The net realisable value were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited, an independent qualified professional valuers which are not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

- (b) During the period ended 30 June 2023, the Group disposed certain subsidiaries at insignificant consideration in aggregate, after consideration of the impact of the net assets disposed of and non-controlling interests, the net loss on disposal of subsidiaries were approximately RMB15,752,000.

During the period ended 30 June 2022, the Group disposed certain subsidiaries at a total consideration of RMB658,114,000, after consideration of the impact of the net assets disposed of and non-controlling interests, the net loss on disposal of subsidiaries were RMB131,780,000.

8. DIVIDENDS

During the six months ended 30 June 2023, no dividend in respect of the year ended 31 December 2022 was declared.

The directors of the Company do not recommend the payment of an interim dividend for both the six months ended 30 June 2023 and 2022.

For the six months ended 30 June 2023

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period:		
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to owners of the Company)	(2,708,135)	(3,342,830)
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	5,772,598	5,772,598

For the six months ended 30 June 2023 and 2022, the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

10. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	1,104,986
Additions	19,596
Disposals	(6,986)
Depreciation for the period	(79,840)
At 30 June 2023 (Unaudited)	1,037,756

11. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	425,695
Inception of lease	33,680
Early termination of lease contracts	(60,981)
Depreciation for the period	(33,709)
<hr/>	
At 30 June 2023 (Unaudited)	364,685

12. INVESTMENT PROPERTIES

The movements in investment properties during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	8,322,168
Additions	17,993
Net change in fair value recognised in profit or loss	(93,584)
Disposals	(12,858)
<hr/>	
At 30 June 2023 (Unaudited)	8,233,719

As at 30 June 2023, the fair value of the Group's completed investment properties was amounting to RMB6,394,721,000 (31 December 2022: RMB6,507,260,000) and investment properties under development was amounting to RMB1,838,998,000 (31 December 2022: RMB1,814,908,000).

For the six months ended 30 June 2023

13. GOODWILL

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property Operation CGU	902,084	906,977

For the purpose of impairment testing, goodwill above has comprised a group of subsidiaries in property operation services collectively as the property operation cash-generating units ("Property Operation CGU").

The recoverable amounts of Property Operation CGU have been determined based on a value in use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a five-year period, including the growth rates, the pre-tax discount rates, estimated revenue, estimated gross profit, estimated operating expenses as at 30 June 2023 and 31 December 2022.

The discount rates reflect specific risks relating to Property Operation CGU. The growth rates within the five-year period have been based on past experience and management's expectation of market development. The cash flows beyond the five-year period are extrapolated using zero growth rate.

	30 June 2023	31 December 2022
Pre-tax discount rates	16%	14%
Growth rate within the five-year period	2%-8%	2%-8%

The management of the Group believes that any reasonably possible change in the key estimation of the value-in-use calculation would not cause the carrying amounts of Property Operation CGU to exceed its recoverable amounts.

14. INTANGIBLE ASSETS

The movements in intangible assets during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	21,378
Amortisation of intangible assets	(4,776)
At 30 June 2023 (Unaudited)	16,602

The intangible assets represent the property management contracts and customers' relationship were acquired from third parties through business combination.

15. PROPERTIES FOR SALE

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Completed properties for sale	8,107,273	8,418,882
Properties under development for sale	42,255,363	42,458,195
	50,362,636	50,877,077
Less: Provisions for net realisable value	(6,922,036)	(6,741,944)
	43,440,600	44,135,133

For the six months ended 30 June 2023, a provision for impairment loss on properties for sales of RMB180,092,000 was recognised to reflect the change in relevant net realisable value (six months ended 30 June 2022: RMB248,557,000).

16. CONTRACT ASSETS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Unbilled revenue of engineering services	40,333	47,363
Less: allowance for impairment losses	(7,485)	(7,485)
	32,848	39,878

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional upon the satisfaction by engineering services rendered by the Group. The amounts are transferred out of contract assets to trade receivables when the rights become unconditional.

Details of the impairment assessment are set out in note 18.

For the six months ended 30 June 2023

17. TRADE AND OTHER RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables		
– contracts with customers	2,525,532	2,513,695
– leasing	30,912	29,338
Other receivables	1,161,504	1,125,174
Loan receivables	138,000	143,710
Prepayments and other deposits	2,037,300	2,470,414
Prepayments to suppliers	883,803	994,579
Prepayments for construction work	2,038,613	2,473,821
Consideration receivables on disposal of equity interests in subsidiaries and an associate	4,611,410	4,567,063
Amount due from Pixian Government	122,830	122,830
Other tax prepayments	1,299,831	1,380,787
	14,849,735	15,821,411
Less: Amounts shown under non-current assets	(867,239)	(897,853)
Amounts shown under current assets	13,982,496	14,923,558

Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of agreement.

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

Hotel operation and travel agency service income are mainly in form of settlement in cash and credit cards.

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.

17. TRADE AND OTHER RECEIVABLES (continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 30 days	1,153,697	1,417,500
31 to 90 days	430,827	437,121
91 to 180 days	294,566	258,011
181 to 365 days	378,672	215,415
Over 1 year	298,682	214,986
	2,556,444	2,543,033

Details of the impairment assessment are set out in note 18.

18. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Impairment loss recognised on		
– trade and other receivables	(86,639)	(76,784)
– amount due from a related party	–	(20,452)
– contract assets	–	(847)
	(86,639)	(98,083)

The balances of other receivables (excluding payments on behalf of residents), amounts due from non-controlling shareholders of the subsidiaries of the Company, joint ventures, associates and related parties are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and thus the Group assessed that the ECL on these balances at 30 June 2023 are insignificant.

For the six months ended 30 June 2023

19. TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables	3,087,386	4,355,066
Deposit received	124,485	72,296
Other payables	1,217,869	1,145,494
Other tax payables	809,877	813,704
Accrued staff costs	106,886	161,828
Accruals	278,732	289,848
	5,625,235	6,838,236

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 and settlement of subcontracting fee ranged from two months to one year.

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 60 days	1,310,888	2,365,446
61 to 180 days	1,053,215	1,488,769
181 to 365 days	402,577	310,084
1 – 2 years	311,621	187,377
2 – 3 years	9,085	3,390
	3,087,386	4,355,066

20. BORROWINGS

During the six months ended 30 June 2023, new borrowing amounting to RMB171,616,000 (six months ended 30 June 2022: nil) was obtained by the Group and borrowings amounting to RMB102,205,000 (six months ended 30 June 2022: RMB890,491,000) was repaid by the Group.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Secured	19,355,300	19,247,078
Unsecured	486,801	454,202
	19,842,101	19,701,280
Less: Amounts shown under current liabilities	(13,894,164)	(14,092,214)
Amounts shown under non-current liabilities	5,947,937	5,609,066

For the six months ended 30 June 2023

21. SENIOR NOTES AND BONDS

Senior notes and bonds	Maturity	Principal '000	Nominal interest rate	Effective interest rate	Carrying amount at	
					30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Senior notes:						
Fantasia Notes						
2016 USD500 million senior notes	5 years	USD500,000	7.38%	7.70%	1,731,704	1,616,289
2017 USD300 million senior notes	5 years	USD300,000	7.95%	8.26%	2,490,768	2,324,108
2018 USD200 million senior notes	3 years	USD200,000	15.00%	15.64%	1,877,094	1,705,293
2019 USD100 million senior notes	2 years	USD100,000	15.00%	15.51%	943,268	856,936
2019 USD300 million senior notes	3 years	USD300,000	11.75%	13.20%	2,627,661	2,410,947
2019 USD350 million senior notes	3 years	USD350,000	12.25%	13.83%	3,244,665	2,978,072
2020 USD450 million senior notes	3 years	USD450,000	10.88%	11.31%	3,918,992	3,608,295
2020 USD300 million senior notes	3 years	USD300,000	11.88%	12.20%	2,631,952	2,416,063
2020 USD200 million senior notes	2 years	USD200,000	7.95%	7.55%	1,661,142	1,547,288
2020 USD350 million senior notes	3 years	USD350,000	9.25%	9.46%	2,806,488	2,594,393
2020 USD320 million senior notes	3 years	USD320,000	9.88%	10.18%	2,683,380	2,481,670
2020 USD250 million senior notes	1 year	USD250,000	6.95%	7.32%	2,065,512	1,930,463
2021 USD150 million senior notes	2 years	USD150,000	11.88%	10.96%	1,351,657	1,240,769
2021 USD250 million senior notes	3 years	USD250,000	10.88%	11.72%	1,904,379	1,748,211
2021 USD50 million senior notes	1 year	USD50,000	14.50%	15.45%	456,419	414,673
2021 USD100 million senior notes	2 years	USD100,000	11.88%	14.08%	908,081	806,770
2021 USD200 million senior notes	3 years	USD200,000	14.50%	15.24%	1,073,273	976,410
					34,376,435	31,656,650
Corporate bonds:						
Fantasia Bonds						
2018 RMB1,000 million bonds	3 years	RMB1,000,000	7.50%	7.62%	1,133,151	1,078,377
2019 RMB800 million bonds	3 years	RMB800,000	8.20%	8.27%	930,644	897,799
2019 RMB730 million bonds	3 years	RMB730,000	7.80%	7.84%	865,561	838,082
2020 RMB2,500 million bonds	3 years	RMB2,500,000	7.50%	7.54%	2,890,437	2,721,538
2020 RMB1,543 million bonds	3 years	RMB1,543,000	7.50%	7.51%	1,821,616	1,765,128
					7,641,409	7,300,924
					42,017,844	38,957,574
Less: Amounts shown under current liabilities					(40,024,981)	(38,957,574)
Amounts shown under non-current liabilities					1,992,863	–

As at 31 December 2022, due to the cross-default terms and conditions set out in the relevant agreements of Fantasia Notes and Fantasia Bonds, all of the outstanding Fantasia Notes and Fantasia Bonds have been classified as current liabilities.

As at 30 June 2023, pursuant to the modification of repayment arrangement of certain Fantasia Bonds approved by the respective bondholders' meeting, the maturity date of 2018 RMB1,000 million bonds and 2019 RMB730 million bonds had been extended to between 2023 to 2028 and the Fantasia Bonds amounting to RMB1,992,863,000 have been classified as non-current liabilities. Other than the aforesaid Fantasia Bonds, the remaining Fantasia Notes and Fantasia Bonds have been classified as current liabilities due to the cross-default terms and conditions set out in the relevant agreements.

21. SENIOR NOTES AND BONDS (continued)

The movements of the senior notes and bonds during the six months ended 30 June 2023 are set out below:

	RMB'000
At 1 January 2023 (Audited)	38,957,574
Exchange loss	1,214,949
Interest expenses	1,845,321
At 30 June 2023 (Unaudited)	42,017,844

22. ASSET-BACKED SECURITIES ISSUED

In 2021, a subsidiary of the Company issued asset-backed securities (“2021 ABS”) under securitisation arrangements collateralised by the future earnings relating to the operation of carparks and guaranteed by Fantasia China. The subsidiary of the Company issued the 2021 ABS in an aggregate nominal value of RMB255,000,000 which carry interests ranging from 7% to 7.5% per annum. Under the securitisation arrangement, the principal and interests are payable quarterly and with maturity ranging from 2021 to 2023.

The movement of the assets backed securities during the period is set out below:

	RMB'000
At 1 January 2023 (Audited)	255,438
Effective interest recognised	11,483
Interest paid	(11,466)
At 30 June 2023 (Unaudited)	255,455

23. SHARE CAPITAL

	Number of shares	Amount HK\$	Equivalent to RMB'000
Ordinary Shares of HK0.1 each			
Authorised:			
At 1 January 2023 and 30 June 2023	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2023 (Audited) and 30 June 2023 (Unaudited)	5,772,597,864	577,259,786	498,787

For the six months ended 30 June 2023

24. CAPITAL AND OTHER COMMITMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Construction commitments in respect of investment properties contracted for but not provided in the condensed consolidated financial statements	370,094	409,771
Consideration commitments in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	783,099	783,099
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	8,737	16,076

25. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share option scheme of Colour Life

The following table discloses movements of Colour Life's share options held by directors, employees and non-controlling shareholders of certain subsidiaries of Colour Life during the six months ended 30 June 2023:

	Number of share options under share option schemes (‘000)
Outstanding as at 1 January 2023	50,677
Lapsed during the period	(893)
Outstanding as at 30 June 2023	49,784

No expense was recognised by Colour Life for the six months ended 30 June 2023 and 2022 in share option reserve of Colour Life included in non-controlling interests in relation to share options granted by Colour Life.

(b) Share award scheme of Colour Life

The Board of Directors of Colour Life has adopted a share award scheme (the "Colour Life's Share Award Scheme") on 4 July 2016 for certain employees of Colour Life and consultants to Colour Life as incentives or rewards for their contribution to Colour Life by way of the Colour Life's shares acquired by and held through an independent trustee appointed by Colour Life (the "Trustee") until fulfilment of special conditions before vesting.

During the six months ended 30 June 2023 and 2022, no shares held for the Colour Life Share Award Scheme were awarded.

Up to 30 June 2023 and 31 December 2022, total of 1,802,000 Company's shares acquired have not been awarded to eligible employees or consultants.

26. CONTINGENT LIABILITIES

- (a) The Group provided guarantees amounting to RMB11,028 million (31 December 2022: RMB10,415 million) given to banks for mortgage facilities granted to purchasers of the Group's properties for sales as at 30 June 2023.
- (b) The Group provided guarantees on several basis covering its respective shares of outstanding obligations under the bank borrowings incurred by the joint ventures and associates for developing their projects. As at 30 June 2023, the Group's aggregate shares of such guarantees provided in respective of loans borrowed by these joint ventures amounted to RMB1,837 million (31 December 2022: RMB1,912 million) and associates amounted to RMB3,198 million (31 December 2022: RMB3,606 million) and guarantees to suppliers of associates amounted to RMB160 million (31 December 2022: RMB160 million).

In the opinion of the directors, the possibility of the default of the parties is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting period.

27. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Properties for sale	31,973,795	32,894,593
Investment properties	6,077,719	6,178,913
Pledged bank deposits	69,751	34,770
Property, plant and equipment	697,832	778,655
	38,819,097	39,886,931

For the six months ended 30 June 2023

28. RELATED PARTY DISCLOSURES

(a) Related party balances

At the end of the reporting period, the Group has the following significant balances due from related parties:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-controlling shareholders of the subsidiaries of the Company	409,981	599,819
Joint ventures	4,043,973	4,086,607
Associates	2,880,032	2,984,797
Related parties	325,543	235,300
	7,659,529	7,906,523

The amounts due from non-controlling shareholders of the subsidiaries of the Company, joint ventures, associates and related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

The subsidiaries, joint ventures, associates and related parties are mainly engaged in property development, property management and property leasing business, the Group determined the current or non-current portion based on the expected date of recovery of the advances, which is by reference to the status of the property projects and the financial position of the subsidiaries, joint ventures, associates and related parties.

Details of the impairment assessment are set out in note 18.

At the end of the reporting period, the Group has the following significant balances due to related parties:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-controlling shareholders of the subsidiaries of the Company	17,993	14,093
Associates	77,173	199,688
Joint ventures	210,283	98,931
Related parties	50,905	70,832
	356,354	383,544

The amounts due to related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

28. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefit	17,837	18,206
Post-employment benefit	780	881
	18,617	19,087

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

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).

For the six months ended 30 June 2023

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

	Fair value at		Fair value hierarchy	Valuation technique and key input
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)		
Equity instruments designated at FVTOCI	22,202	25,139	Level 3	Discounted cash flow – Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return.

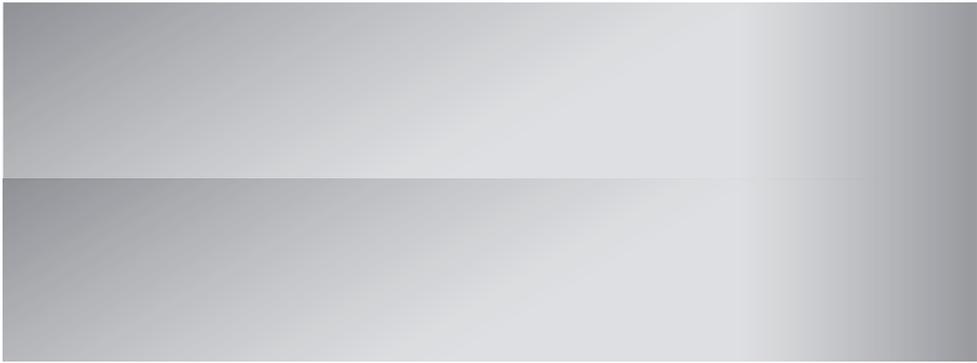
30. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2023, the Group entered into certain new lease agreements for the use of office premises for three years. On the lease commencement, the Group recognised RMB33,680,000 (six months ended 30 June 2022: RMB592,000) right-of-use assets and RMB33,680,000 (six months ended 30 June 2022: RMB592,000) lease liabilities.

31. EVENTS AFTER REPORTING PERIOD

Subsequent to 30 June 2023 and up to the date of the condensed consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of the outstanding/overdue operational payables, banks and other borrowings and senior notes. The Group has been proactive in seeking ways to settle the outstanding litigation of the Group, however, the outcome of the claims and disputes is not certain at current stage.

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