



花样年

FANTASIA

万物·生长

F A N T A S I A

2019 Interim Report

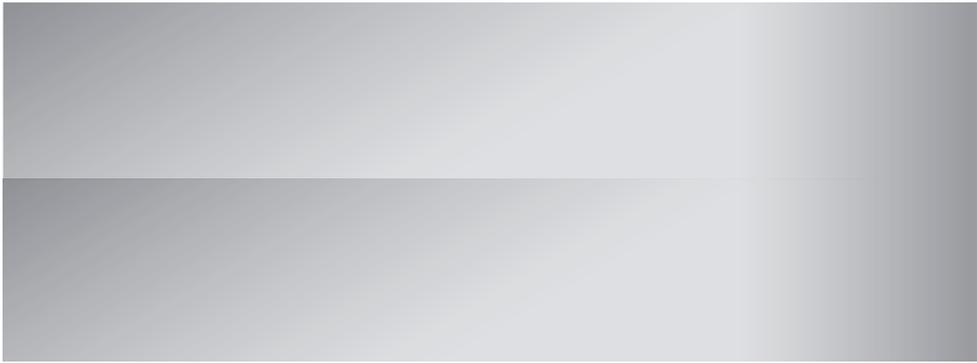
花样年控股集團有限公司

FANTASIA HOLDINGS GROUP CO., LIMITED

Stock Code: 01777.HK

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

FANTASIA
花样年



花样创造价值。

CREATING VALUE WITH ASPIRATIONS.

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Directors**Executive Directors**

Mr. Pan Jun (Chairman and Chief Executive Officer)
 Ms. Zeng Jie, Baby
 Mr. Ke Kasheng
 (appointed on 30 May 2019)
 Mr. Zhang Huiming
 (appointed on 30 May 2019)
 Mr. Chen Xinyu
 (appointed on 30 May 2019)
 Mr. Deng Bo
 (resigned on 30 May 2019)

Non-Executive Directors

Mr. Li Dong Sheng
 Mr. Liao Qian
 Mr. Lam Kam Tong
 (resigned on 30 May 2019)

Independent Non-Executive Directors

Mr. Ho Man
 Dr. Liao Jianwen
 Ms. Wong Pui Sze, Priscilla, JP
 Mr. Guo Shaomu
 Mr. Huang Ming
 (resigned on 30 May 2019)

Joint Company Secretaries

Mr. Liu Bin
 Ms. Luo Shuyu

Authorized Representatives

Mr. Pan Jun
 Ms. Luo Shuyu

Audit Committee

Mr. Ho Man
 (Committee Chairman)
 Dr. Liao Jianwen
 Ms. Wong Pui Sze, Priscilla, JP
 Mr. Guo Shaomu
 Mr. Huang Ming
 (resigned on 30 May 2019)

Remuneration Committee

Mr. Guo Shaomu
 (appointed as Committee Chairman on 30 May 2019)
 Mr. Ho Man
 Mr. Pan Jun
 Dr. Liao Jianwen
 Ms. Wong Pui Sze, Priscilla, JP
 Mr. Huang Ming
 (resigned on 30 May 2019)

Nomination Committee

Mr. Pan Jun
 (Committee Chairman)
 Mr. Ho Man
 Ms. Zeng Jie, Baby
 Dr. Liao Jianwen
 Ms. Wong Pui Sze, Priscilla, JP
 Mr. Guo Shaomu
 Mr. Huang Ming
 (resigned on 30 May 2019)

Auditors

Deloitte Touche Tohmatsu
 Certified Public Accountants

Principal Bankers

(in alphabetical order)
 Agricultural Bank of China
 China Construction Bank Corporation
 China Everbright Bank Co., Ltd.
 Industrial and Commercial Bank of China Limited
 The Hongkong and Shanghai Banking Corporation Limited

Legal Advisors

As to Hong Kong Law
 Sidley Austin

As to PRC Law
 Commerce & Finance Law Offices

As to Cayman Islands Law
 Conyers Dill & Pearman

Registered Office

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

Corporate Head Office in Hong Kong

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

Corporate Headquarters in People's Republic of China

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

Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

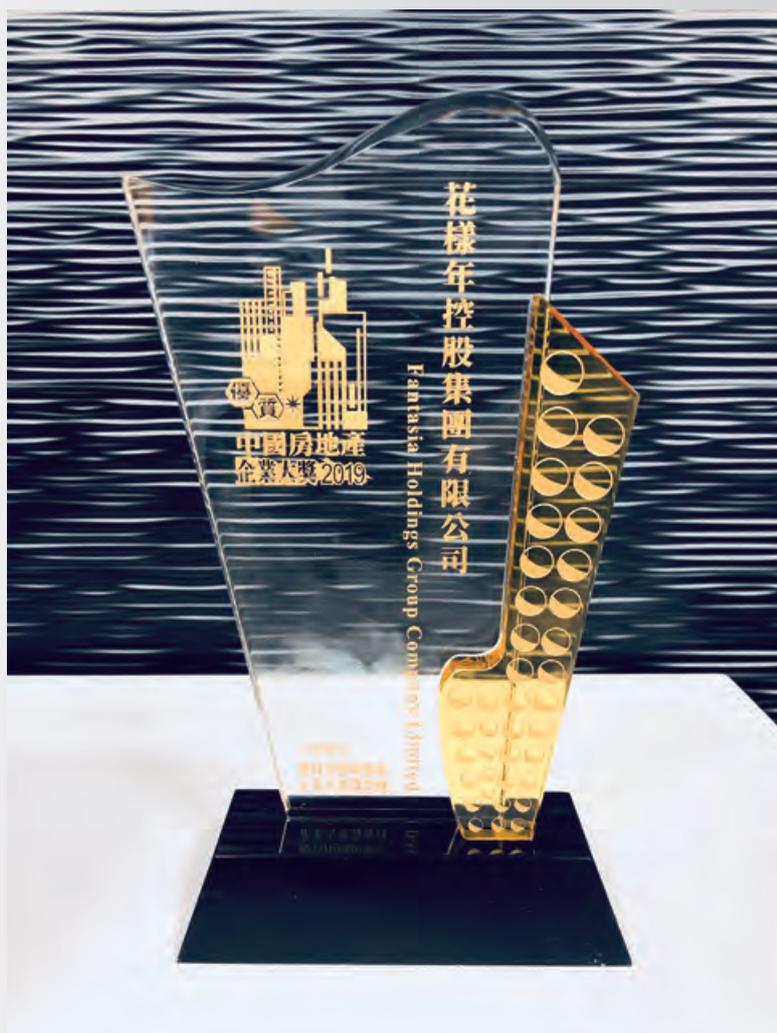
Website

<http://www.cnfantasia.com>

On 16 January 2019, Colour Life was awarded Golden Hong Kong Stocks 2018 – Best Listed Company in Investor Relations Management in Annual Golden Hong Kong Stocks Awards Ceremony 2018 held in Shenzhen.

The investor relations team of Colour Life has long been acclaimed by the capital market for its professional and compliant information disclosure

as well as sincere and transparent investor relations management. On 9 January, the team won Best Innovation Award in the Second China's Excellent IR in Investor Relations Innovation Summit of Listed Companies 2019 and the Second China's Excellent IR Awards Ceremony. Meanwhile, three members of the team won individual awards, namely Best Leader Award, Best Director Award and Highest Potential Award, respectively.



Annual Guandian Forum commenced in Shenzhen on 19 March 2019. Guandian Index Academy of Guandian Property & Co. rolled out China's Top 100 Real Estate Enterprises 2019, selected extraordinarily remarkable real estate and other relevant enterprises in the industrial chain and commended them by evaluating the performance of the most representative property enterprises in China in collaboration with the mainstream media, research institutions, real estate developers, investment institutions, financial investment banks and professional bodies. Fantasia Group (China) Co., Ltd. was honoured to be selected as one of the Top 100 Real Estate Enterprises.

On 19 March 2019, China's Top 10 Real Estate Enterprises Research Team, jointly formed by three research institutes, Development Research Centre of the State Council, Institute of Real Estate Studies of Tsinghua University and China Index Academy, published the Research Report on China's Top 100 Real Estate Enterprises 2019. Fantasia Group (China) Co., Ltd. was granted three accolades, namely China's Top 100 Real Estate Enterprises for 11 Consecutive Years from 2009 to 2019, China's Top 100 Real Estate Enterprises 2019 – Top 10 in Resilience and China's Top 100 Real Estate Enterprises 2019 – Top 10 in Financing Capacity.



China Real Estate Association and China Real Estate Evaluation Centre of Shanhang Yiju Real Estate Research Institute jointly convened the Press Conference on Evaluation Results of China's Top 500 Real Estate Developers 2019 in Beijing on 20 March 2019. Fantasia Group was selected as one of China's Top 500 Real Estate Developers 2019 by China Real Estate Association and China Real Estate Evaluation Centre of Shanhang Yiju Real Estate Research Institute and ranked 72th on the list.

On 23 May 2019, China Real Estate Association and China Real Estate Evaluation Centre of Shanghai Yiju Real Estate Research Institute jointly convened the Press Conference on Evaluation Results of China's Listed Real Estate Companies 2019 and the First Press Conference on Evaluation Results of China's Listed Property Services Companies in Hong Kong, China. By virtue of its greater comprehensive strength, Fantasia Group (China) Co., Ltd. (01777.HK) obtained the title of China's Top 100 Listed Real Estate Companies in Comprehensive Strength 2019 (ranked 66th). Colour Life Services Group Co., Limited (01778.HK), Fantasia's subsidiary, was listed on China's Top 10 Listed Property Services Companies (ranked 4th) in the First Press Conference on Evaluation Results of Listed Property Services Companies held on the same day.



China Index Academy and China's Top 10 Real Estate Enterprises Research Team hosted the Press Conference on Research Results of China's Top 100 Property Services Enterprises and the Twelfth China's Top 100 Property Services Enterprises Summit in Beijing on 24 May 2019. Colour Life Group under Fantasia won No. 1 in Leading Enterprises in Internet Community Operation 2019 and China's Leading Enterprises in Special Property Services 2019 – Smart Community in recognition of its innovative "Internet + Property" business model and leading industry position in community service platform construction. Wanxiangmei Property Management Co., Ltd., Colour Life Group's subsidiary, received the titles of China's Top 100 Property Services Enterprises 2019, China's Top 100 Property Services Enterprises 2019 – Top 10 in Growth and China's Top 100 Property Services Enterprises 2019 – Leading Enterprises in Service Quality in recognition of its great comprehensive strength and professional service standards.

Quality Chinese Real Estate Enterprises Awards Ceremony 2019 took place in Kowloon Shangri-La, Hong Kong on 28 May 2019. Fantasia Group (China) Co., Ltd. (01777.HK) won Quality Chinese Real Estate Enterprises Award for the fourth consecutive year, showing that Fantasia's consistent business resilience and robust performance growth were once again recognised by the Hong Kong capital market.



Quality Chinese Real Estate Enterprises Awards are aimed at commending elite real estate enterprises for their outstanding performance and contribution to economic prosperity of Hong Kong and Mainland China, and provide investors with an opportunity to conduct an annual review of quality real estate enterprises in Mainland China. The awards are determined by a panel of judges comprising The Hong Kong Institute of Financial Analysts and Professional Commentators Limited and experienced stock commentators, and the relevant information is reviewed by He Jinrong, Managing Partner of National Real Estate Industry of Deloitte China. The judges review each real estate enterprise in six dimensions, i.e. company results, business prospects, governance norms, project execution, brand image and social responsibility based on its overall performance to select quality Chinese real estate enterprises for the year of 2019.

Fantasia Charity Foundation was awarded Outstanding Partner on Double Ninth Charity Day 2018 by Shenzhen Voluntary Service Foundation.

In January 2019, Fantasia Group (China) Co., Ltd. was awarded the Outstanding Contribution Award by the SEE Foundation.

In June 2019, Longnan County in Jiangxi was plagued by a flood disaster with a return period of once in a hundred years. Fantasia Group shouldered its responsibility without hesitation by holding a charitable donation activity entitled Flood and Disaster Relief with Concerted Minds and Efforts, donated RMB100,000 through Fantasia Charity Foundation for flood and disaster relief and post-disaster reconstruction work in Wudang Town, Longnan County, and was awarded the title of Advanced Social Institution by Longnan County for carrying out relief and emergency work during the 6.10 flood disaster.



An exhibition entitled Open was staged at Fantasia's Zhi Art Museum in April 2018, the curator of which was selected in May 2019 as one of the curator nominee candidates of the year in the 13th Award of Art China for being most influential in the year. With a focus on the movements regarding the multi-facet concept of "open" in terms of experience and imagination, the exhibition Open displayed the well-contrasted media artwork of 9 artists from various countries in the exhibition hall that features the architectural elements of mountain, water, light and minimal art, fully demonstrating the organic integration of the tranquillity and vibrancy of Zhi Art Museum and its harmonious unity with nature, while implying the charting of a new chapter in innovative art through deeds.

Dated back to 2006, Award of Art China is the most important contemporary art award in China, with the objectives of showcasing the progress made in China's contemporary art within a regional cultural context and promoting its wide-ranging influence across the globe by collating contemporary artwork in China and granting awards on an annual basis.



WEI Ligang: Universality FANTASIA • ZHI ART MUSEUM, April 27th – August 18th, 2019

In the first half of 2019, Fantasia Group continued to adhere to the pursuit of art and beauty in life, advocated joint participation of the public in Shenzhen Fantasia Charity Foundation (深圳市花樣年公益基金會), practiced three major public welfare projects, namely Public Welfare in Education, Public Welfare in Art, and Public welfare in Elderly Services within the full life cycle of human beings according to the concept of “Enjoy the Charity”(樂享公益), and took the initiative in contributing to the society and supporting the development of social charitable events.

As a continuation of the art charity of “Fantasia: Voyage to Happiness”, Fantasia Group donated nearly RMB8 million to fund the annual series of exhibitions in Zhi Art Museum. At the end of April, the opening of the grand exhibition of 2019 in Zhi Art Museum, “Everything” by Wei Ligang, launched spectacularly. The exhibition displayed a total of 58 works, spanning over 30 years’ of the artist’s creating process starting from Chinese characters and calligraphy, covering various creation forms such as calligraphy, ink and multiple-media painting, sculpture, device, and recalling the artist’s creation process since late 1980s. The exhibition of “Everything” is a starting point of exploration with great research value, which presents a heuristic and pluralistic state of contemporary expression in the complex and resourceful land of Chinese traditional culture.



Fantasia donates stretcher elevators to Gaoping Nursing Home

In late March, Fantasia Group launched the “Warm Spring Program”, more than 20 Fantasia volunteers drove to Ji’an Hope Primary School and Gaoping Nursing Home in Suichuan to send their regards, bringing books and sports equipment to the poor schoolchildren and sending condolences to the poor seniors. Fantasia collaborated with its Shenzhen real estate branch to implement the charity campaign of “Re-taking the Long March to care about the poor seniors”, donating RMB200,000 to Gaoping Nursing Home for stretcher elevator and elevator derrick construction to solve the seniors’ accessibility problem. In early May, Fantasia Charity Foundation donated RMB300,000 to help the new building of Gaoping Nursing Home to carry out fire protection renovation and sprinkler system construction. 18 poor seniors were about to move to the new nursing home which had been completed but vacated for over a year due to its failed fire inspection.

Meanwhile, Fantasia also innovated the industry poverty alleviation model, namely “Supporting the poor and helping farmers by way of purchase instead of donation”. Fantasia not only collectively purchases agricultural products such as dog camphor tea and alpine yellow beans as year-end and Dragon Boat Festival welfare for employees, but also establishes “Supporting the poor and helping farmers” platform on Caizhiyun (彩之雲) APP and Colour Benefit Life (彩惠人生) under Colour Life Group to facilitate the sale of agricultural products, enabling urban residents to purchase “Gifts from the mountains” of Gaoping Town at reasonable price. The sales of the customized agricultural products for 2019 Dragon Boat Festival amounted to over RMB680,000.

“Suichuan model of Fantasia rural pension and poverty alleviation” project featuring innovative, replicable and exemplary effects was fully recognized by leaders from the Ministry of Civil Affairs, China National Committee on Aging, China Community Development Association, and provincial and municipal civil affairs departments and committees on aging. Media outlets including China Community News, Shenzhen Special Zone Daily, China.org.cn and cnr.cn also reported the relevant experiences and practices.

On May 12, Yi Peizhuang, Deputy Director of the Charity Promotion and Social Work Department of the Ministry of Civil Affairs, Zheng Zhangshu, Director of Charity Promotion and Social Work Department of Guangdong Civil Affairs Bureau, Wu Yuanxiang, Deputy Director of Shenzhen Civil Affairs Bureau, and leaders of Jiangxi Civil Affairs Bureau visited Gaoping Town, Suichuan County, Ji’an, Jiangxi Province to conduct rural pension and poverty alleviation research. They highly praised the “Suichuan model of Fantasia rural pension and poverty alleviation” as “effective, high positioning and long-term layout”.

Fantasia continued to focus on rural education. With the support of local government and education bureau, the Group completed the land acquisition for Ji’an Fantasia Hope Primary School’s new campus and “Three connections and one leveling”, and officially launched campus construction planning and quality-oriented education support featuring “Aesthetic education + physical education” for schoolchildren, which accumulated an amount of nearly RMB2 million and laid the foundation for future campus re-planning and construction.

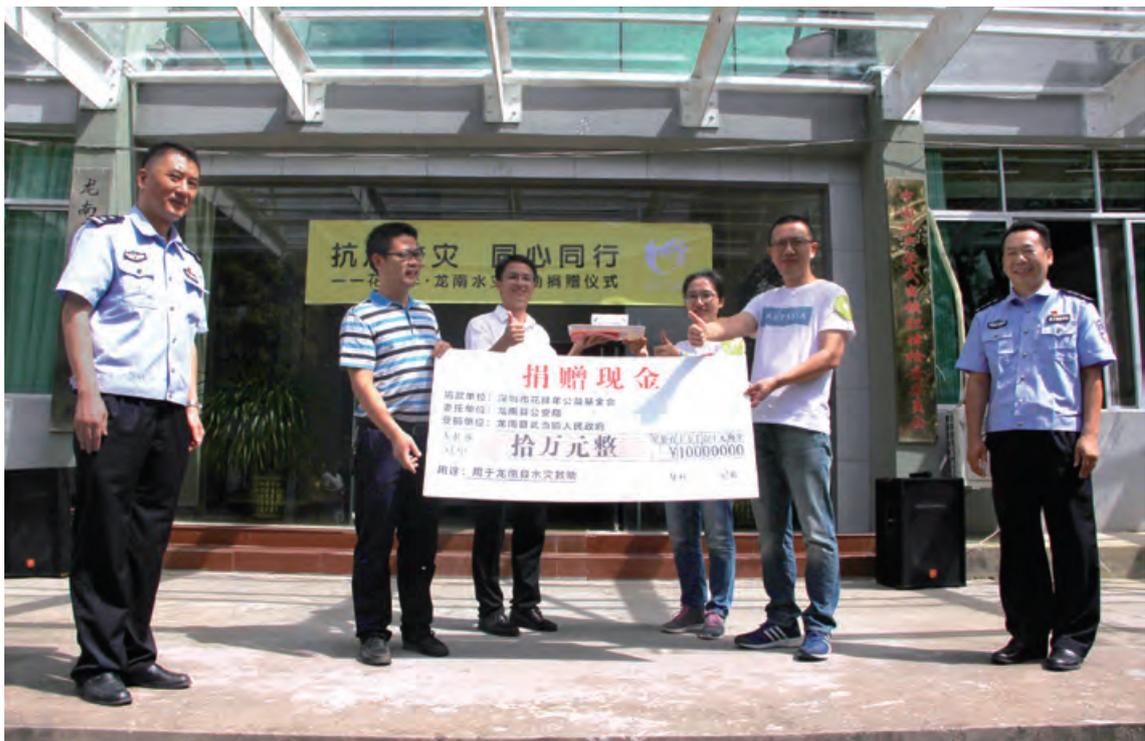


“Gifts from the mountains” – customized gift boxes for Fantasia’s poverty alleviation and supporting farmers project

In terms of disaster relief, on 10 June 2019, Longnan County, Ganzhou, Jiangxi suffered a once-in-a-century flood disaster. The Fantasia Group took on its mission to launch a “Fighting Floods Together with You” charitable donation campaign. The Fantasia Charity Foundation donated RMB100,000 for flood relief and post-disaster reconstruction in Wudang Town, Longnan County.

In 2019, Fantasia continued to provide such services as elderly centralized dining, Chinese medicine rehabilitation treatment, day care, chess and entertainment, table tennis, football and rehabilitation equipment exercise to community residents in day care centers under the elderly-service brand of Ankangnian. At the same time,

Fantasia also carried out the treatment of cerebral palsy, Down syndrome, developmental delay and autism for adults and children. During the current interim period from January to June 2019, Fantasia served 5,000 times for more than 300 people, which won the praise of community residents. In addition, Ankangnian Retirement Life Service Centre relied on government procurement to provide on-site services including cleaning service, rehabilitation service, life care, aging transformation. During the current interim period from January to June 2019, Fantasia served 60,000 times in total for 5,000 people from 15 Streets of four Districts (i.e. Wuhou District, Qingyang District, Gaoxin District and Chenghua District) of Chengdu, Sichuan. According to the satisfaction survey conducted on third-party platforms Xiaoxingtong and Quanshi, Ankangnian has always ranked first in terms of service satisfaction.



A group photo of longnan flood donation ceremony



Dear Shareholders,

I am pleased to present to our shareholders the business review of Fantasia Holdings Group Co., Limited (“Fantasia” or the “Company”, together with its subsidiaries the “Group”) for the six months ended 30 June 2019 as well as its prospects.

I. RESULTS

During the current interim period, the Group recorded revenue of approximately RMB8,577 million, net profit of approximately RMB244 million and contracted sales of approximately RMB13,169 million, up 65.1%, 35.6% and 16.5% YoY, respectively.

II. BUSINESS REVIEW

In the first half of 2019, global economic development and sentiment tended to decline, and the development of most countries showed varying degrees of slowdown. China's economy was in the bottom adjustment stage and tended to gradually stabilize with the support of policies. However, the escalation of trade tensions increased the uncertainty of the external environment. As for industry, the central government restated “houses are for living and not for speculation” and adhered to the control goal of “stabilizing land prices, housing prices and expectations”, and local governments’ “implementing policies by city” began to show its flexibility. However, after the relatively loose monetary policy in the first quarter, the financing

environment for real estate enterprises was tightened again in the second quarter under the influence of the policies of China Banking and Insurance Regulatory Commission, and the total amount of financing in the second quarter was reduced significantly. Under this background, the property market witnessed both year-on-year and quarter-on-quarter decline of transaction volume of commercial housing in the first half of this year. Major real estate enterprises also acquired land in a prudent manner, resulting significant decline of both year-on-year and quarter-on-quarter land transaction scale.

Year 2019 was the 10th anniversary of the Group's listing, the Group re-examined its group strategy with the mentality of re-starting a business, and put forward the overall strategic layout of focusing on “property + community”. On the one hand, the Group continuously deepened the dual business drivers of “property development” and “community service”, and on the other hand, it strengthened the synergy between diversified business and dual business drivers. Meanwhile, the Group proposed the operation policy of “focusing on investment, stabilizing finance and strengthening operation”. As for investment, the Group further specified investment strategy and continuously improved and standardized investment system and process comprehensively. As for finance, the Group determined to forge stable “financial iron triangle” through strengthening management on financial statements. As for operation, the Group transformed from planned operation to big operation, gradually establishing complete big operation management system.

After a series of optimization and adjustment measures, the Group recorded revenue of approximately RMB8,577 million and net profit of approximately RMB244 million in the first half of 2019, up 65.1% and 35.6% YoY, respectively. Of which, property business recorded contracted sales of approximately RMB13,169 million, up 16.5% YoY; Service area of Colour Life platform amounted to 1,205.5 million sq. m. During the current interim period, international rating agencies including Moody's and Standard & Poor's successively upgraded the Group's credit rating outlook to "Stable" based on the Group's good operation. Fitch Ratings gave us "B+" for corporate rating and debt rating and "Stable" for rating outlook for the first time. The Group's rating continued to improve.

Comprehensively Improving Quality and Efficiency of Real Estate Business to Achieve Quality Growth

Under the high pressure from government regulation and control policies, the Top 100 real estate enterprises' aggregate equity sale scale amounted to approximately RMB3.9 trillion, up 4% YoY. During the current interim period, the Group proposed the operation strategy of "expanding scale, maintaining profit and improving quality and efficiency" for real estate development business. The Group recorded contracted sales of approximately RMB13,169 million, up 16.5% YoY. The Group's business growth rate remained in line with that of the industry while adjusting operation strategy comprehensively.

After more than 20 years' development, the Group has formulated 5 major "deep penetration" areas including 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. Based on this, the Group further focused on urban layout, specified "5+N" urban investment strategy, selected five strategic core cities including Shenzhen, Chengdu, Wuhan, Shanghai and Beijing, combined with the consideration of urban agglomeration and energy level, centered around 5 "deep penetration" areas for moderate expansion, and selected 20+ quality cities, further consolidating and strengthening urban "deep penetration" strategy. Meanwhile, we will arrange the ratio between high-turnover and profit-oriented projects rationally during the investment and land-acquisition stage, gradually reaching the rational ratio of 7:3, realizing the balance between scale and profit and the balance between the present and the future, and promoting the stable development of the Group.

The Group grew in the Guangdong-Hong Kong-Macao Greater Bay Area, and actively responded to national strategic layout with its regional advantage and more than 20 years of “deep penetration” experience, seizing on the opportunity of the Department of Land and Resources of Guangdong Province promoting a new-round land reform in the Greater Bay Area for urban renewal, and establishing Fantasia Urban Development Operation Co., Ltd. (花樣年城市發展運營有限公司) to focus on urban renewal business in the Greater Bay Area. As at 30 June 2019, the Group had conducted urban renewal business in 6 core cities, including Shenzhen, Guangzhou, Foshan, Dongguan, Zhongshan and Huizhou, located in the Greater Bay Area. There are 39 urban renewal projects with total estimation value exceeding RMB350 billion and total estimation floor area exceeding 16 million sq.m. Of which, the project value in Shenzhen, being the core city for the Group's renewal business, accounts for nearly one half of the total project value and the land conversion will gradually be realized recently. In the future, the Group will continue to expand other urban projects in the Greater Bay Area, increase land reservation acquisition channels and scale, achieve full coverage of the Greater Bay Area, and facilitate the Group to secure land reservation edge, supporting the Group's strategic layout and realizing sustainable development.

The Group is a company that pursues product perfection and aesthetics, and has always expected to bring every customer wonderful life experience. As for product R&D, the Group has adhered to the philosophy of community “intelligent” manufacturer, continuing to explore and manufacture intelligent community products that combine technology, service and aesthetics. After years' of forging, the product series of Jiatianxia has become the quality boutique of the intelligent community, and effectively increase product premium. As at 30 June 2019, 5 Jiatianxia projects accumulatively recorded contracted sales of approximately RMB4,879 million, accounting for approximately 37.0% of the Group's total contracted sales.

As the real estate industry enters the silver age, and the Group continues to expand its scale, the Group has gradually been shifted from the “planned operation” to “big operation”, and will establish and improve the management system of big operation. By adjusting the organizational structure, optimizing the governance mechanism, and achieving the full-project, full-cycle, and full-professional efficient and coordinated operation, as well as the time-efficient internal coordination, we will achieve fast and efficient operation, increase the profit margin, and promote the Group's intrinsic and quality growth.

Consolidating Offline Community Service Standards to Create a More Open Online Ecosystem

Since the establishment of Colour Life, our community service has gone through 17 years in China, during which we have run our businesses with the spirit of never forgetting why we started, designing products in the professional manner, and providing services attentively. The year 2019 marks the 5th anniversary of the listing of Colour Life, we have become the world's largest community life service platform, directly and indirectly serving more than 10 million middle-class families. We continue to improve the community service capabilities, accelerate the expansion, optimize the homeowner experience, and increase the revenue of value-added service. As of 30 June 2019, the service area of the Colour Life platform reached 1,205.5 million square meters. The amount of online transactions exceeded RMB5.55 billion. Through online and offline overall expansion, the net profit for Colour Life attributable to controlling shareholders increased by 23.2% YoY to RMB216 million.

We always adhere to the concept of “providing home-resembled community service”. On the one hand, we will enhance the community cohesion through the humanistic activities, and on the other hand, we will provide the differentiated community services through five major service brands based on different community types, and continuously consolidate the offline community service level. On the Second East Blink Day in the first half of the year, Kaiyuan International and Wanxiangmei Property, under the theme of “diversified lives and beautiful dream” (生活萬象，築夢有美), successfully carried out various activities in over 200 communities of more than 100 cities across the country, with over 6 million homeowners' participation. These activities also won the recognition and praises from the numerous homeowners. The East Blink Day has gradually become the cultural label for Colour Life. At the same time, through our five major refined service brands, including Colour Life, Kaiyuan International, Wanxiangmei, Home E&E, and Aerospace Property, we continue to provide quality and professional services for various formats of properties, such as the mid- to high-end residential, office, commercial, industrial park and government properties.

Since the establishment of the community service platform, Caizhiyun, in 2013, Colour Life has continued to build a more open online ecosystem, enriched the products of the ecosystem and provided customers with more comprehensive and convenient services, the online platform has become the main battlefield of Colour Life. As of 30 June 2019, the number of registered users on the Colour Life intelligent community ecosphere exceeded 32.0 million, of which the active users were 16.4 million, representing 51.3% user activity level. In March 2019, Proprietary products of jd.com were launched on Colour Benefit Life, forming the community traffic converter at an unprecedented speed through strong alliances. In the first half of the year, Colour Benefit Life completed 622,000 orders in total, with an aggregated amount of RMB121.0 million, offsetting the property management fees for approximately 300,000 households. Next, Colour Life will focus on the big engine of Colour Benefit Life in tandem with the innovative and forward-looking community new retail approach, to continue to explore the path of an open, shared and win-win community ecosystem. Meanwhile, Colour Life will take advantage of the “Big Dipper” strategy to further realize the order-orientation of basic property management functions and the continuous improvement of property management efficiency. At present, Colour Life has implemented the order strategy in the seven major service sectors, i.e.

the E Safety, E Maintenance (including E Elevator), E Energy, E Cleaning, E Greening, E Payment, and E Complaint, which realized the whole process split of basic property management. Colour Life also introduced a platform quality management, control and evaluation system to enhance the quality of our services. The outcomes of the online platform construction are being rewarded to the shareholders in the form of fast-growing profits. During the current interim period, the community value-added services of Colour Life realized the operating income of RMB200.4 million with a high gross profit margin. Such revenue significantly contributed to Colour Life's profit and was the second largest source of revenue and profit in the business distribution.

Playing a Support Role by Focusing on the Business Drivers to Facilitate the “Property+Community” Strategic Synergy

In the first half of 2019, guided by the Group's development strategy focusing on the dual business drivers of “Property Development” and “Community Service” businesses, the business management, cultural and tourism, retirement life business and other support businesses operated steadily. In the second half of the year, we will continue to go ahead stably and will play a support role by focusing on the business drivers to help the Group achieve “property + community” strategic synergy.

The Group's business management company focuses on the business operation and management business, provides professional management services for the Group's self-sustained commercial projects, and continuously improves its operation and management level; while cooperating with the pace of real estate development and providing the commercial support, Fantasia's commercial products system of "Hongtang, Huashengtang and Zhimatang as well as Fantasia's World Outlets" is gradually improved, and launched in 25 major cities including Shenzhen, Kunming and Guiyang one after another. On the other hand, Fantasia adheres to the light assets expansion. Fantasia Business Management has established its strategic presence in four major regions, namely Eastern China, Southern China, Central China and South-western China, and has undertaken over 60 projects. In the future, Fantasia will aim at the peripheral unique consumption opportunities in the community business, strengthen the exploration and practice in the segments of community business, retail and others, and continue to provide better services for the homeowners to win more lucrative profits.

In terms of culture and tourism, "FuNian Jet Aviation" and "Morning Star Travel", the subsidiaries of the Group, are committed to high-end travel services and community tourism for customers. FuNian Jet Aviation is dedicated to developing into a leading domestic integrated business airline with brand influence and high-end service quality, and providing safe and comfortable air services, and personalized and distinguished experiences for high-income, high-taste, high-consumption, high-net-worth customers and elites. In terms of tourism, Morning Star Travel boosts the growth of domestic tourism business by taking advantage of the existing resources of the Group, interacting with different business segments, breaking through business boundaries and integrating customers, which not only makes breakthrough on its own businesses, but also complements product category and facilitates the overall development.

As China is becoming a deeply aging society, Futainian is committed to building a community-based retirement life service system that is suitable for China's national conditions and provides professional, personalized and dignified retirement life service for the elderly in the community. The organizational retirement life business focuses on building a service standard system and provides professional self-care, mediation and care-level retirement life service. In the future, Futainian will innovate the link model with the government, strengthen the embedded retirement life service in the home community, and explore intelligent retirement life service.

III. PROSPECTS FOR THE SECOND HALF OF THE YEAR

In the second half of 2019, the domestic economy is expected to face new risks and challenges, and the downward pressure will increase. As for the government's fiscal policy and monetary policy, the more-than-expected easing policy is less likely to be carried out in the short term. As the central government once again emphasizes that "houses are for living and not for speculation", the real estate industry has clearly not been used as a means of stimulating the economy in the short term. Therefore, the regulation and control policy over the real estate industry will not be loosened in the second half of the year. Against the backdrop of economic downturn, the stable industry policy and the severe external environment, the Group is determined to face the challenges as if we were a start-up. Upholding the spirit of second startup and butterfly rebirth, we focus on the dual business driver strategy of "real estate + community", forming a diversified business layout. Under the guidance of the business policy targeted at the "focusing on investment, stabilizing finance and strengthening operation", we continue to maintain the excellent profitability and robust financial performance.

The past 20 years, when Fantasia was born, have been an era imbued with miracles and myths. Fantasia witnessed the key course of China's reform and opening up, which encouraged people to create and struggle. Today, passing its 20th anniversary, Fantasia, with the youthful spirit of integrating into the times and going beyond the times,

adheres to the vision of a fun, interesting, and colorful living space and experience, and continues to focus on the dual business driver strategy of "real estate + community". In terms of real estate, we clarify the management requirements of "expanding scale, ensuring profit, improving quality and increasing efficiency", and we need to achieve the "high quality" and "high efficiency" growth on the basis of "low risk"; in terms of community service, we will continue to deeply plough the customer value, tap the growth potential of the "pan-community economy"; we will also create the differentiated online and offline services and consolidate the service quality to improve the customer satisfaction.

Looking back the past 21 years that Fantasia has gone through, we are gratified that we are able to continuously create value for our shareholders and improve our customers' satisfaction. Looking ahead, we will remain true to our original aspiration and work together to make Fantasia an international enterprise; not afraid of the challenges and opportunities brought up by the ever-changing era, we will communicate the idea of space and life advocated by Fantasia to everyone, and serve the customers around the world.

IV. APPRECIATION

The development and sound performance of Fantasia cannot be achieved without the trust and support of shareholders, bondholders and business partners, and the unremitting efforts made by all employees. I would like to take this opportunity to extend my sincere gratitude to all of you on behalf of the Board of Directors!

Pan Jun
Chairman
20 August 2019

Financial Review

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of developed properties and construction of properties, (ii) the lease of investment properties, (iii) the provision of property agency services, (iv) the provision of property operation services, (v) the provision of hotel accommodation services and (vi) the provision of travel agency and other services. For the six months ended 30 June 2019, revenue of the Group amounted to approximately RMB8,577 million, representing an increase of 65.1% from approximately RMB5,196 million for the corresponding period in 2018. The profit attributable to owners of the Company for the current interim period amounted to approximately RMB102 million, representing a decrease of 0.7% from approximately RMB103 million for the corresponding period in 2018.

The table below sets forth the total revenue derived from each of the projects and the aggregate gross floor area (“GFA”) of properties sold in the first half of 2019 and 2018.

	For the six months ended 30 June 2019			For the six months ended 30 June 2018		
	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.
Sichuan Meinian Plaza (四川美年廣場)	3,246,887	142,752	22,745	–	–	–
Ci Xi Joy City (慈溪悅城)	705,149	49,551	14,231	–	–	–
Guilin Lakeside Eden (桂林麓湖)	701,608	148,305	4,731	626,758	110,517	5,671
Sichuan Jiatianxia (四川家天下)	322,579	44,152	7,306	–	–	–
Chengdu Longwu (成都龍吾)	297,227	42,541	6,987	–	–	–
Huizhou TCL Kangchengsiji (惠州TCL康城四季)	117,385	6,415	18,299	30,471	3,114	9,785
Suzhou Hailrun Plaza (蘇州喜年廣場)	38,016	1,936	19,636	1,114	59	18,881
Chengdu Longnian Building (成都龍年中心)	34,289	8,616	3,980	10,137	1,996	5,079
Huizhou Love Forever (惠州花郡)	7,452	1,225	6,083	1,650	300	5,500
Huizhou Fantasia Special Town (惠州別樣城)	26,460	2,161	12,244	5,497	623	8,823
Suzhou Lago Paradise (蘇州太湖天城)	11,109	1,122	9,901	17,696	2,572	6,880
Guilin Fantasia Town (桂林花樣城)	10,600	2,167	4,892	1,029	194	5,304
Shenzhen Lenian (深圳樂年)	10,421	478	21,801	45,020	1,351	33,323
Wuhan Love Forever (武漢花郡)	7,526	1,060	7,100	128,590	14,153	9,086
Chengdu Grande Valley (成都大溪谷)	5,436	924	5,883	195,151	17,061	11,438
Chengdu Xiangmendi (成都香門第)	3,394	290	11,703	–	–	–
Wuhan Fantasia Town (武漢花樣城)	2,636	1,046	2,520	89,767	9,566	9,384
Dongguan Wonderland (東莞江山)	1,358	100	13,580	413	84	4,917
Shenzhen Longnian Building (深圳龍年大廈)	–	–	–	14,633	1,021	14,332
Tianjin Love Forever (天津花郡)	–	–	–	137,240	10,248	13,392
Ningbo Love Forever (寧波花郡)	–	–	–	1,257	256	4,910
Dali Human Art Wisdom (大理藝墅花鄉)	–	–	–	64,582	7,131	9,057
Nanjing Fantasia Town (南京花樣城)	–	–	–	876,017	120,070	7,296
Subtotal	5,549,532	454,841		2,247,022	300,316	
Others	181,476			316,258		
Total	5,731,008			2,563,280		



Wuhan FANTASIA • ENDLESS BLUE Experience Centre

Property Development

The Group recognises revenue from the sale of a property at a point in time when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable. Revenue from property development represents the proceeds from sales of properties held for sales by the Group. Revenue derived from property development increased by 123.6% to approximately RMB5,731 million for the six months ended 30 June 2019 from approximately RMB2,563 million for the corresponding period in 2018, which was primarily due to the increase in recognised income as a result of the additional properties of the Group brought forward to this year as compared to the corresponding period last year.

Property Investment

Revenue generated from property investment increased by 61.9% to approximately RMB204 million for the six months ended 30 June 2019 from approximately RMB126 million for the corresponding period in 2018. The increase was primarily due to an increase in rental area.

Property Agency Services

Revenue derived from property agency services decreased by 48.3% to approximately RMB15 million for the six months ended 30 June 2019 from approximately RMB29 million for the corresponding period in 2018. The decrease was due to the slowdown of second-hand house transactions.

Property Operation Services

Revenue derived from property operation services increased by 7.2% to approximately RMB2,142 million for the six months ended 30 June 2019 from approximately RMB1,999 million for the corresponding period in 2018.

Hotel Operation Services

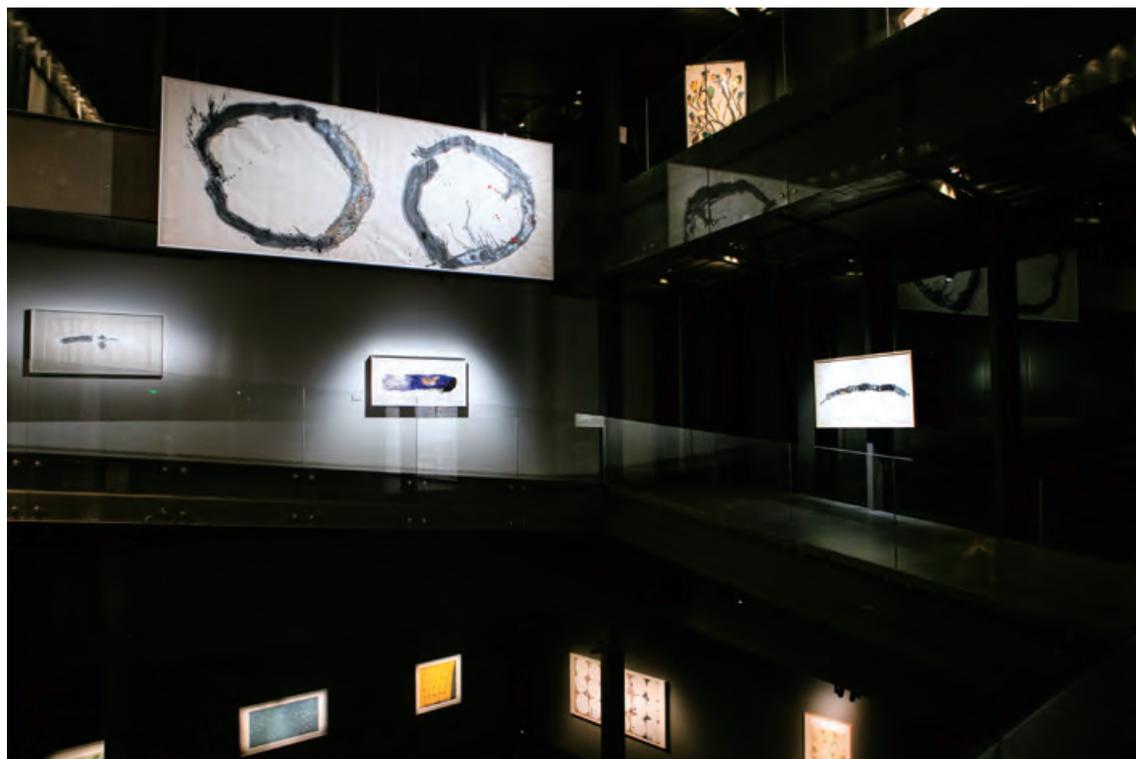
Revenue derived from hotel operation and related services amounted to approximately RMB67 million for the six months ended 30 June 2019, almost the same as that for the corresponding period in 2018 (the corresponding period in 2018: approximately RMB67 million).

Others

This mainly represent the revenue derived from tourism development business acquired in 2015.

Gross Profit and Gross Profit Margin

Gross profit of the Group increase by 92.5% to approximately RMB2,537 million for the six months ended 30 June 2019 from approximately RMB1,318 million for the corresponding period in 2018, while the Group's gross profit margin was approximately 29.6% for the six months ended 30 June 2019 as compared to a gross profit margin of approximately 25.4% for the corresponding period in 2018. The increase in gross profit margin was mainly due to the higher gross profit of the projects derived from the Group's revenue that brought forward to current period.



WEI Ligang: Universality FANTASIA • ZHI ART MUSEUM, April 27th – August 18th, 2019

Other Gains and Losses

The Group recorded net other gains for the six months ended 30 June 2019 of approximately RMB100 million (the corresponding period in 2018: net other losses of approximately RMB258 million), which was due to the disposal of an associate for the current interim period. Meanwhile, the generated currency exchange loss for the six months ended 30 June 2019 amounted to approximately RMB38 million and that for the corresponding period in 2018, which was caused by currency exchange rate decrease, amounted to approximately RMB270 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended 30 June 2019 amounted to approximately RMB155 million, almost the same as that for the corresponding period in 2018 (the corresponding period in 2018: approximately RMB157 million).

Administrative Expenses

The Group's administrative expenses decreased by 6.6% to approximately RMB644 million for the six months ended 30 June 2019 from approximately RMB690 million for the corresponding period in 2018. The decrease was primarily due to the the Group's effort in controlling cost.



“OPEN EAST” Asia Museum Forum FANTASIA • ZHI ART MUSEUM, May 23rd – May 25th, 2019

Finance Costs

The Group's finance costs for the six months ended 30 June 2019 amounted to approximately RMB811 million, almost the same as that for the corresponding period in 2018 (the corresponding period in 2018: approximately RMB814 million).

Income Tax Expense

The Group's income tax expense increased by 124.7% to approximately RMB1,018 million for the six months ended 30 June 2019 from approximately RMB453 million for the corresponding period in 2018. The increase was mainly due to simultaneous increase in enterprise income tax and land appreciation tax due to the relatively higher gross profit of property sales during the current interim period as compared to the corresponding period last year.



Liquidity, Financial and Capital Resources

Bank balances and Cash Position

As at 30 June 2019, the Group's bank balances and cash was approximately RMB25,064 million (31 December 2018: approximately RMB28,570 million), representing a decrease of 12.3% as compared to that as at 31 December 2018. A part of our bank balances is restricted bank deposits and is for property development purposes only. Such restricted bank deposits will be discharged upon the completion of the respective property development relevant to such deposits.

Net Gearing Ratio

The net gearing ratio was 79.5% as at 30 June 2019 (31 December 2018: 77.4%). The net gearing ratio was calculated based on net debt (the total of its borrowings, senior notes and bonds and assets backed securities ("ABS") net of bank balances and cash (including restricted/pledged bank deposits)) over total equity. Through optimizing its equity structure and the stringent implementation measure for cash flow budget, the Group was able to maintain a reasonable proportion of long-term and short-term debt and the net gearing ratio only slightly increased as compared to that as at the end of last year.



Chengdu JR • FANTASIA

Borrowings and Charges on the Group's Assets

As at 30 June 2019, the Group had borrowings, senior notes and bonds and ABS of approximately RMB16,535 million (31 December 2018: approximately RMB19,156 million) in total, approximately RMB23,797 million (31 December 2018: approximately RMB24,208 million) in total and approximately RMB215 million (31 December 2018: approximately RMB260 million) in total, respectively. Amongst the borrowings, approximately RMB5,791 million (31 December 2018: approximately RMB7,960 million) will be repayable within one year and approximately RMB10,745 million (31 December 2018: approximately RMB11,196 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB5,215 million (31 December 2018: approximately RMB6,398 million) will be repayable within one year and approximately RMB18,582 million (31 December 2018: approximately RMB17,810 million) will be repayable after one year.

As at 30 June 2019, a substantial part of the Group's borrowings was secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by the pledge of shares of certain subsidiaries of the Group.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings, lease liabilities and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During the current interim period, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange effect to its operation.



Shenzhen FANTASIA • FAMILY IS ALL

Contingent Liabilities

As at 30 June 2019, the Group had provided guarantees amounting to approximately RMB11,255 million (31 December 2018: approximately RMB9,790 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the six months ended 30 June 2019 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2019, excluding the employees of communities managed on a commission basis under property operation service segment, the Group had approximately 25,877 employees (31 December 2018: approximately 21,251 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice. Apart from salary payments, other staff benefits include contribution to the mandatory provident fund (for employees of Hong Kong Special Administrative Region) and state-managed retirement pension scheme (for employees of Mainland China), a discretionary bonus program and a share option scheme.



Suzhou Hongtang Shopping Mall Investment Fair 2019

The Company adopted a share option scheme on 27 October 2009. During the current interim period, a total of 142,660,000 share options were granted. During the current interim period, none of the share options had lapsed and 3,380,000 share options had been exercised. As at 30 June 2019, the number of outstanding share options was 80,648,000.

INTERIM DIVIDEND

The Board had resolved that no interim dividend be paid for the current interim period (the corresponding period in 2018: nil).





Chengdu FANTASIA • WONDERLAND

BUSINESS REVIEW

Property Development

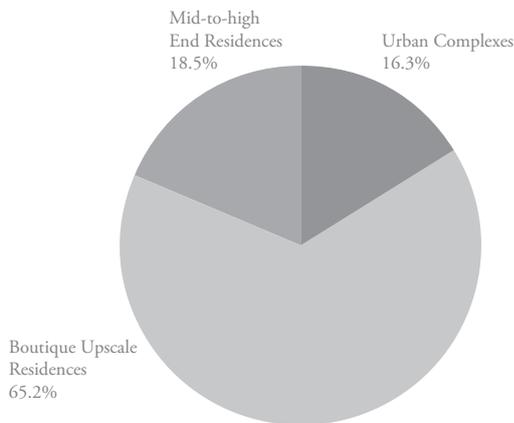
Contracted Sales

In the first half of 2019, China's real estate market adhered to the strategic direction guidelines of "houses are for living in, not for speculation", implementing city-specific policies and "stabilising housing prices, land prices and expectations". The real estate market has witnessed an overall stable trend.

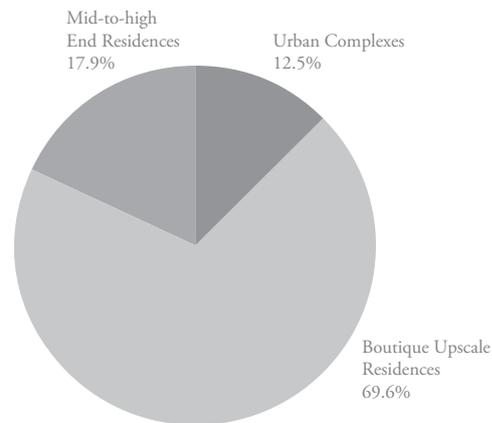
Facing such complicated domestic and overseas situation and increasingly reinforced control policies, the Group returned satisfactory results by proactively adjusting its strategies, firmly seizing the property market adjustment window period, adapting to the situation and accelerating destocking.

During the current interim period, the Group achieved total contracted sales of RMB13.169 billion and contracted sales area of 1,118,627 sq.m., of which, approximately RMB2.146 billion was derived from contracted sales of urban complexes with contracted sales area of 139,997 sq.m., representing approximately 16.3% and 12.5% of total contracted sales and total contracted sales area of properties of the Group in the first half of 2019, respectively; approximately RMB8.587 billion was derived from the contracted sales of boutique upscale residences with contracted sales area of 778,334 sq.m., accounting for 65.2% and 69.6% of the total contracted sales and total contracted sales area of properties of the Group in the first half of 2019, respectively; approximately RMB2.436 billion was derived from contracted sales of mid-to-high end residences with contracted sales area of 200,296 sq.m., representing approximately 18.5% and 17.9% of total contracted sales and total contracted sales area of properties of the Group in the first half of 2019, respectively.

Proportion of contracted sales value attributable to different product categories



Proportion of contracted sales area attributable to different product categories

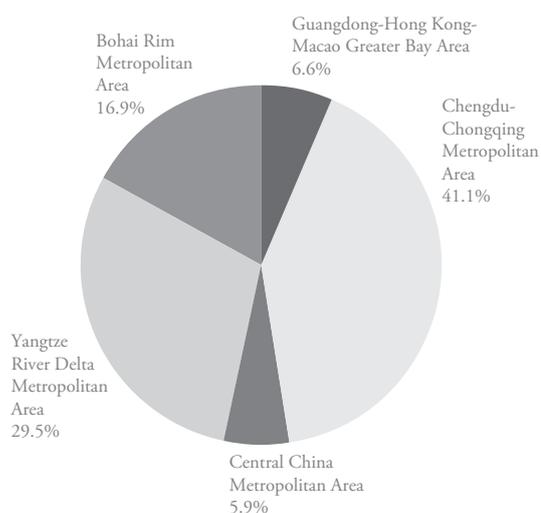


The proportion of contracted sales and contracted sales area attributable to different product categories in the first half of 2019

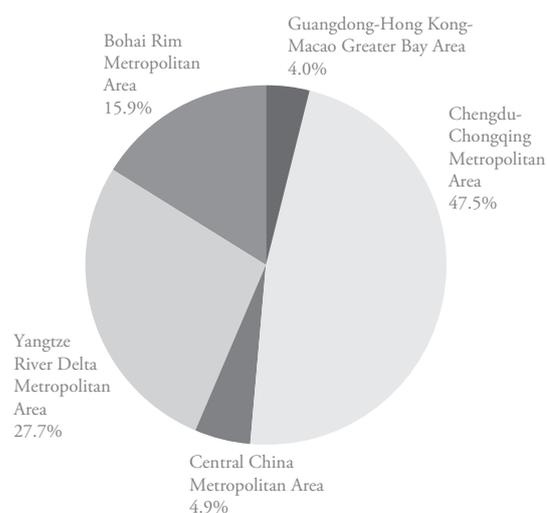
Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	2,146	16.3	139,997	12.5
Boutique Upscale Residences	8,587	65.2	778,334	69.6
Mid-to-high End Residences	2,436	18.5	200,296	17.9
Total	13,169	100.0	1,118,627	100.0

During the current interim period, the contracted sales contribution to the Group was mainly derived from sales in 14 cities, including Chengdu, Suzhou, Nanjing, Tianjin, Wuhan, Huizhou and Guilin, and also from 38 projects, including Jiatianxia at Chengdu, Jiatianxia at Nanjing, Nanjing Xinian Center, Tianjin Jiatianxia, Chengdu Zhihui City, Huayang Jinjiang at Chengdu, Suzhou Oriental Bay, Ci Xi Joy City at Suzhou and Guilin Lakeside Eden. The Group continued to extend 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 to achieve sustainable development.

Contracted sales value distribution in five major regions for 2019



Contracted sales area distribution in five major regions for 2019



Breakdown of the Group's contracted sales in five major regions in the first half of 2019

Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	870	6.6	45,122	4.0
Chengdu-Chongqing Metropolitan Area	5,417	41.1	530,207	47.5
Central China Metropolitan Area	777	5.9	54,820	4.9
Yangtze River Delta Metropolitan Area	3,885	29.5	310,232	27.7
Bohai Rim Metropolitan Area	2,220	16.9	178,246	15.9
Total	13,169	100.0	1,118,627	100.0



Chengdu FANTASIA • ZHI ART MUSEUM

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 2019, the Group closely followed the national strategy, sparing no effort to promote the project development in the Greater Bay Area at the critical moment when the construction of Guangdong-Hong Kong-Macao Greater Bay Area was fully launched. Seizing on the opportunity of urban renewal, the Group will extensively participate in the construction and development of the cities within the Greater Bay Area.

During the current interim period, the Group had 4 major projects on sale in Shenzhen and Huizhou, which are located in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group recorded total contracted sales of RMB870 million and total contracted sales area of 45,122 sq.m., attributing to approximately 6.6% and 4.0% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.



Chengdu-Chongqing Metropolitan Area

As an important economic hub in South-western China, the Chengdu-Chongqing Metropolitan Area shows its robust market demand for real estate and is one of the earliest important strategic markets of the Group. The Group has become one of the most influential brand developers in the region. In the first half of 2019, the Group continued to extend its presence in the Chengdu-Chongqing Metropolitan Area. By fully integrating hardware, software and services, the Group focused on constructing harmonious communities and innovated prominent products, thus achieving good sales performance.

During the current interim period, the Group had 11 projects on sale in Chengdu, Ziyang, Kunming and Guilin, which are located in the Chengdu-Chongqing Metropolitan Area. The Group recorded total contracted sales of RMB5.417 billion and total contracted sales area of 530,207 sq.m., attributing to approximately 41.1% and 47.5% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.



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. In the first half of 2019, the Group actively promoted the development of new projects in the region, focused on product building and continued to improve its brand recognition and customer word of mouth in the regional market, laying a solid foundation for the Group's further development in the region.

During the current interim period, the Group had 6 projects on sale in cities such as Wuhan, which are located in the Central China Metropolitan Area. The Group recorded total contracted sales of RMB777 million and total contracted sales area of 54,820 sq.m., attributing to approximately 5.9% and 4.9% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.



Kunming FANTASIA • LAKESIDE EDEN Experience Centre

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 value-added potential in the region for a long time. In the first half of 2019, the Group emphasized the construction of residential scenes based on user needs, satisfied the owners' yearning for better living standards, and launched boutique projects that fully reflected the characteristics of Fantasia to the market, thus achieving remarkable market influence.

During the current interim period, the Group had 10 projects on sale in Suzhou, Shanghai and Nanjing, which are located in the Yangtze River Delta Metropolitan Area. The Group recorded total contracted sales of RMB3.885 billion and total contracted sales area of 310,232 sq.m., attributing to approximately 29.5% and 27.7% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.

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 the first half of 2019, in line with the regional development trend, the Group rapidly promoted the project progress in the region, and sold projects rapidly, achieving good results.

During the current interim period, the Group had 5 projects on sale in cities such as Tianjin and Shijiazhuang, which are located in the Bohai Rim Metropolitan Area. The Group recorded total contracted sales of RMB2.22 billion and total contracted sales area of 178,246 sq.m., attributing to approximately 16.9% and 15.9% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.



Chengdu FANTASIA • ZHIHUI CITY BLOSSOM SCHOOL

Newly Commenced Projects

During the current interim period, the Group commenced development of 9 projects or phases of projects with a total planned GFA of approximately 1,397,766 sq.m..

Breakdown of newly commenced projects in the first half of 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA of newly commenced projects (sq.m.)
Chengdu-Chongqing Metropolitan Area						
1	Phase 3.2 of Chengdu Zhihui City	Chongzhou, Chengdu	Residential land use	80%	2021	44,746
2	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	2021	231,796
3	Chengdu Jiastianxia	Shuangliu District, Chengdu	Residential land use	55%	Completion by phases between 2020 and 2023	196,213
4	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	2021	285,711
Central China Metropolitan Area						
5	Wuhan Huahaoyuan	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	218,367
6	Wuhan Gedian Jianshan	Gedian Hi-tech District, Wuhan	Residential and commercial land use	100%	2021	268,668
7	Wuhan Hankou Xingfu Wanxiang	Jiang'an District, Wuhan	Commercial land use	30.6%	2020	52,152
8	Wuhan Shahu Boyi Mingmen	Wuchang District, Wuhan	Commercial land use	67%	2020	35,588
Bohai Rim Metropolitan Area						
9	Baoding Mancheng	Mancheng District, Baoding	Residential land use	51%	2021	64,525

Completed Projects

During the current interim period, the Group completed 6 projects or phases of projects with a total GFA of approximately 692,238 sq.m..

Breakdown of completed projects in the first half of 2019

Region	Completed GFA (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area	64,870
Chengdu-Chongqing Metropolitan Area	537,408
Yangtze River Delta Metropolitan Area	89,960

Projects Under Construction

As at 30 June 2019, the Group had 29 projects or phases of projects under construction with a total GFA of 7,393,805 sq.m.

Breakdown of projects under construction as at 30 June 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area						
1	Shenzhen Jiatianxia	Dapeng New District, Shenzhen	Residential and commercial land use	10%	Completion by phases between 2020 and 2021	262,940
2	Huizhou Huahaoyuan	Huiyang District, Huizhou	Residential and commercial land use	100%	2021	80,396
3	Huizhou Jiatianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	2021	241,091
Chengdu-Chongqing Metropolitan Area						
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	Completion by phases between 2019 and 2021	390,740
5	Chengdu Dragon Era International Center	Pidu District, Chengdu	Commercial land use	100%	2020	63,449
6	Chengdu Xiangmendi (southern zone)	Pidu District, Chengdu	Residential and commercial land use	100%	2020	353,631
7	Chengdu Xiangmendi (western zone)	Pidu District, Chengdu	Residential and commercial land use	50%	2021	109,662
8	Chengdu Zhihui City	Chongzhou, Chengdu	Residential and commercial land use	80%	Completion by phases between 2020 and 2021	707,510
9	Chengdu Kanjinzhaohao	Xinjin County, Chengdu	Residential and commercial land use	100%	2021	136,151
10	Chengdu Jiatianxia	Shuangliu District, Chengdu	Residential and commercial land use	55%	Completion by phases between 2019 and 2021	909,139
11	Chengdu Qingbaijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	2021	251,486
12	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	2020	241,227
13	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	Completion by phases between 2019 and 2021	502,860
14	Lands F and I of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	Completion by phases between 2019 and 2022	531,067
15	Land H of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	Completion by phases between 2019 and 2022	248,680

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Central China Metropolitan Area						
16	Wuhan Guanggu Love Forever	Gedian Development District, Wuhan	Residential and commercial land use	10%	2020	191,939
17	Wuhan Huahaoyuan	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	218,367
18	Wuhan Gedian Jianshan	Gedian Hi-tech District, Wuhan	Residential and commercial land use	100%	2021	268,668
19	Wuhan Hankou Xingfu Wanxiang	Jiang'an District, Wuhan	Commercial land use	30.6%	2020	52,152
20	Wuhan Shahu Boyi Mingmen	Wuchang District, Wuhan	Commercial land use	67%	2020	35,588
Yangtze River Delta Metropolitan Area						
21	Lishui Jiatianxia	Lishui Economic Development District, Nanjing	Residential and commercial land use	100%	2020	316,507
22	Nanjing Gaochun Love Forever	Gaochun District, Nanjing	Residential and commercial land use	100%	2019	165,801
23	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	49%	2021	233,911
24	Suzhou Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou	Residential land use	100%	2020	137,381
25	Cixi Seasonal Mansion Project	Cixi, Ningbo	Residential land use	11%	2020	253,594
Bohai Rim Metropolitan Area						
26	Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	60%	Completion by phases between 2020 and 2021	326,792
27	Baoding Mancheng	Mancheng District, Baoding	Residential land use	51%	2021	64,525
28	Tangshan Huayang Yuwan	International Tourism Island, Leping County, Tangshan	Residential and commercial land use	51%	2021	69,289
Overseas						
29	Parkwood Collection	Singapore	Residential land use	40%	2021	29,262

Projects Held for Development

As at 30 June 2019, the Group had 22 projects or phases of projects held for development with a total GFA of approximately 4,655,732 sq.m..

Breakdown of projects held for development as at 30 June 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA of projects held for development (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area					
1	Phase 1 of Pingshan World Plastic Plant Project	Pingshan District, Shenzhen	Residential and commercial land use	100%	328,541
2	Huizhou Kangcheng Siji	Zhongkai District, Huizhou	Residential and commercial land use	100%	76,259
3	Huizhou Jiatianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	36,721
Chengdu-Chongqing Metropolitan Area					
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	389,543
5	Chengdu Mont Conquerant	Xinjin County, Chengdu	Residential and commercial land use	100%	130,642
6	Chengdu Qingbaijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	213,152
7	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	283,468
8	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	680,228
9	Land D2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	135,493
10	Lands G and A2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	189,337

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA of projects held for development (sq.m.)
Central China Metropolitan Area					
11	Wuhan Blue Sky	Dongxihu District, Wuhan	Residential and commercial land use	100%	184,734
12	Wuhan Hanzheng Street	Qiaokou District, Wuhan	Residential and commercial land use	50%	360,331
13	Wuhan Jinshanghua	Jiang'an District, Wuhan	Residential and commercial land use	100%	58,735
Yangtze River Delta Metropolitan Area					
14	Shanghai Guobang Garden	Xuhui District, Shanghai	Commercial land use	100%	6,627
15	Suzhou Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou	Hotel land use	100%	73,691
16	Hangzhou Bay Jingcheng Mingshi	Hangzhou Bay New District, Ningbo	Residential land use	90%	76,769
Bohai Rim Metropolitan Area					
17	Tianjin Love Forever	Wuqing District, Tianjin	Residential land use	60%	62,831
18	Tianjin Nanhu Project	Wuqing District, Tianjin	Residential land use	100%	136,117
19	Tianjin Yingcheng Lake Project	Hangu District, Tianjin	Residential, tourism and commercial land use	100%	168,339
20	Zhangjiakou Huailai Project	Huailai County, Zhangjiakou	Commercial service land use	55%	527,622
21	Shijiazhuang Linghang Guoji	Yuhua District, Shijiazhuang	Commercial land use	51%	63,740
22	Tangshan Huayang Erwan	Tangshan International Tourism Island, Leping County, Tangshan	Residential and commercial land use	51%	472,812

Land Bank

As at 30 June 2019, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 12,049,537 sq.m..

Details of Land Bank

Region	Projects under construction (sq.m.)	Projects held for development (sq.m.)	Aggregate GFA of land bank (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area	584,427	441,521	1,025,948
Shenzhen	262,940	328,541	591,481
Huizhou	321,487	112,980	434,467
Chengdu-Chongqing Metropolitan Area	4,445,602	2,021,863	6,467,465
Chengdu	2,921,768	733,337	3,655,105
Ziyang	241,227	283,468	524,695
Kunming	502,860	680,228	1,183,088
Guilin	779,747	324,830	1,104,577
Central China Metropolitan Area	766,714	603,800	1,370,514
Wuhan	766,714	603,800	1,370,514
Yangtze River Delta Metropolitan Area	1,107,194	157,087	1,264,281
Nanjing	482,308	–	482,308
Hangzhou	233,911	–	233,911
Suzhou	137,381	73,691	211,072
Ningbo	253,594	76,769	330,363
Shanghai	–	6,627	6,627
Bohai Rim Metropolitan Area	460,606	1,431,461	1,892,067
Tianjin	326,792	367,287	694,079
Baoding	64,525	–	64,525
Tangshan	69,289	472,812	542,101
Shijiazhuang	–	63,740	63,740
Zhangjiakou	–	527,622	527,622
Overseas	29,262	–	29,262
Singapore	29,262	–	29,262
Total	7,393,805	4,655,732	12,049,537



Wuhan FANTASIA • Blue Sky Experience Centre

Colour Life

During the current interim period, Colour Life relied on its own brand effect, and continued to obtain a large amount of contracted management property area through discretionary entrustments. Benefiting from the continuous improvement on service capability and market competitiveness, the management area of Colour Life maintained rapid growth. As at 30 June 2019, the total contracted GFA under the management of Colour Life reached 563.5 million sq.m., servicing 2,824 communities, which increased by 9.8 million sq.m. and 115 communities, respectively, as compared to the end of 2018.

While actively expanding the management area, Colour Life continued its technology-oriented approach and adhered to its efficiency revolution in fundamental property services. Based on the long-term intensification, platform-oriented and standardization transformation of fundamental property services, Colour Life further put forward the “Big Dipper” strategy. By dividing the traditional property management services into evaluable and traceable orders, it could achieve the goal of individual accountability and more rewards for more work, and also enhanced service efficiency in the seven aspects of safety, maintenance, cleaning, parking, payment, energy and complaints.



Guilin FANTASIA • LAKESIDE EDEN

Moreover, Colour Life established connections with excellent partners in the industry through platform output and exported its underlying technology of Caizhiyun (彩之雲) to help them exploring new source of value-added services without separating the profits of fundamental property services owned by cooperative partners at the same time. Since it launched the platform output model, Colour Life has received receptive responses from industry cooperative partners. As at 30 June 2019, the service area under Colour Life's platform reached 1,205.5 million sq.m., which includes 563.5 million sq.m. for contracted area, 392.0 million sq.m. for cooperation area and 250.0 million sq.m. for alliance area.

With continuous expansion in service scale of the platform, as at 30 June 2019, the number of eco-system registered users of Colour Life had exceeded 32.0 million, of which 16.4 million were active users with a high activity level of 51.3%. The breakthrough in growth of registered users was mainly derived from the rapid development of ecosystem and homeowners in the cooperation communities who registered as online users. In the future, Colour Life will continue to gradually turn more registered users into active users and then consumer users eventually through online plus offline operating strategy to fuel the growth of trading volume and revenue from value-added business.



Huizhou FANTASIA • JIATIANXIA

While users scale was growing steadily, the construction of Colour Life's ecosystem also achieved tremendous progress. For the six months ended 30 June 2019, the Gross Merchandise Volume (GMV) of Colour Life's online platform amounted to RMB5,546.5 million, representing a YoY growth of 27.3%. In particular, with increasingly enriching of core products in Colour Life's ecosystem, the revenue from online promotion services reached RMB84.1 million. In addition, Colour Life achieved cooperation with developers in various means by assisting them in

selling inventory assets, namely parking spaces. During the current interim period, the cumulative sales over 2,000 parking spaces, which drove the revenue from sales and rental assistance of RMB91.8 million. Driven by the aforesaid core products, in the first half of 2019, the revenue from value-added business of Colour Life amounted to RMB200.4 million with a high gross profit margin. Such revenue significantly contributed to Colour Life's profit and was the second largest source of revenue and profit in the business distribution.



Taiwan delegation visited FULIN Endowment Apartment

In addition, Colour Life continued to promote the strategic product – Colour Benefit Life (彩惠人生), enabling it to integrate into the daily life of more community residents. The community residents can deduct property management fee and parking fee which they need to pay through purchasing commodities and services for their daily needs on Colour Benefit Life. Due to the precise understanding of community residents' demand by our frontline staff, as well as the trust of residents on Colour Life, Colour Benefit Life can reduce the generic expensive marketing expenses of commodities and service suppliers, and at the same time, suppliers return a portion of reduced marketing expenses to residents as property management fee. By virtue of Colour Benefit Life, homeowners can enjoy reduced and exempted property management fee benefits, quality shops can have direct access to the community retail channel, and Colour Life can improve the collection rates of property management fee, thereby achieving a win-win situation among them. During the current interim period, Colour Life successfully reached strategic cooperation with jd.com, 58 daojia (58到家) and other mature platforms, enabling them to launch their products and services on Colour Benefit Life. For the six months ended 30 June 2019, Colour Benefit Life achieved a total of approximately 622,000 transactions with total transaction amount of RMB121.0 million, which offset property management fee for approximately 300,000 households. Colour Life took practical actions to achieve win-win situation in community service.

Based on its active exploration on community scenarios and business models in the early days, Colour Life reached strategic cooperation agreements on capital and business levels with jd.com and 360.com in July 2019 respectively, and will integrate business innovations in areas including “community + business”, “community + logistics”, “community + safety” and “community + technology” in the future, optimizing owners' experiences and building warm “intelligent community”.

Home E&E

In the first half of 2019, Home E&E aimed to build a light luxury property service system and created a new lifestyle with exquisite, sensation, taste and fashion through super powerful intelligence and sense of technology, so as to bring customers supremely interactive, trustworthy and personalized living experience. Fantasia International Property, a subsidiary of Home E&E, focused on the property management services of high-end office buildings, complexes, villas, etc., and its business continued to grow during the current interim period. Aerospace Property (航天物業), another Home E&E's subsidiary, focused on the property management of government office buildings, corporate headquarters, commercial office buildings, science and technology parks, higher education institutions, apartments, residences, etc., possessing unique market competitiveness.

Business Management Business

In the first half of 2019, the Group's business management business continued to implement comprehensively and actively participated in the operation, planning and investment solicitation of several large projects within the Group. Projects including Nanjing OMG Mall, Guilin OMG Mall, "Fantasia World Outlets" in Chengdu, which had commenced operation, continued to maintain strong growth momentum in the first half of this year. Most of the projects' opening rate was near to 100%. In the first half of this year, Fantasia's high-end shopping center brand, "Hongtang", was launched spectacularly in Suzhou. The preparation works for opening the business for projects including Chengdu Hongtang, Suzhou Hongtang, Taicang Zhimatang (太倉芝麻唐) and Nanjing Lishui Hongtang (南京溧水紅唐) and Nanjing Hailrun OMG Mall (南京喜年花生唐) are underway in full swing. As for light-asset business expansion, Fantasia undertook entrusted asset management projects in a more active manner. By doing so, Fantasia gradually established strategic presence in four major regions, namely Eastern China, Southern China, Central China, and Southwestern China, and has undertaken over 60 such projects in such provinces as Tibet, Jiangxi, Jiangsu, Sichuan, Guangdong, Guangxi, Hunan, Yunnan, Guizhou and Anhui.



"OPEN EAST" Asia Museum Forum FANTASIA • ZHI ART MUSEUM, May 23rd – May 25th, 2019

Cultural and Tourism Business

As for the cultural and tourism business, the Group is committed to providing high-end travel services and community tourism services for customers in the first half of 2019. During the current interim period, FuNian Jet Aviation stepped into its first year of official operation, achieving excellent results in the corporate aircraft industry. As for tourism, Morning Star Travel Services implemented integration of internal institutions and businesses, adjusted and optimized product structure, induced various resources to improve volume of business and increase sales revenue, and achieved steady growth in performance.

Retirement Life Service Business

In the first half of 2019, Futainian continued to promote the retirement life service business and made good progress. As for institutional retirement life service, we further improved the operational system of retirement life service institutions, including the preparation and development system, the operation and management system, and the risk control system, so as to improve the service level, optimize customer experience, and win reputation with excellent service. Futainian has operated three mid to high-end retirement life institutions, namely Fulin Elderly Service Apartment (福鄰養老公寓), so far, of which, the occupancy rate of Shuangqiao Shop (雙橋店) maintains at 100%, the occupancy rate of Kehua Shop (科華店) increases steadily to above 70%, the occupancy rate of Shuncheng Shop (順城店), which commenced operation last year, continues to rise, and Longnian Shop (龍年店), which is under renovation, is also progressing well. As for home-based retirement life service, Futainian continues to actively participate in undertaking home-based service projects procured by the government. Fantasia secured the bidding of Guixi Street (桂溪街道) home-based service project in the first half of this year, and is proactively following up other home-based service projects.

Directors' and Chief Executives' Interests and Short Position

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, which would need to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities in the Stock Exchange (the "Listing Rules") were as follows:

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

Director	Nature of interest	Number of issued ordinary shares of the Company	Interest in underlying shares of the Company	Approximate percentage of interest in the Company as at 30 June 2019
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,314,090,500 ⁽¹⁾	–	57.47%
	Beneficial owner	–	9,980,000 ⁽²⁾	0.17%
Mr. Pan Jun	Beneficial owner	–	9,980,000 ⁽²⁾	0.17%
Mr. Ho Man	Beneficial owner	–	1,600,000 ⁽²⁾	0.03%

Notes:

- (1) Fantasy Pearl International Limited ("Fantasy Pearl") is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, and Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) The relevant director was granted options to subscribe for such number of shares of the Company under the Scheme (as defined under the sub-section headed "Share Option Scheme" in the "Corporate Governance and Other Information" section below) on 29 August 2011 and 16 October 2012.
- (3) As at 30 June 2019, the issued shares of the Company are 5,766,324,184.

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

USD300,000,000 aggregate principal amount of its 7.95% senior notes due 2022 (“2022 USD Notes”)

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2022 USD Notes ⁽¹⁾
Mr. Guo Shaomu	Beneficial owner	USD200,000	0.067%

Note:

- (1) The percentage of the interest in the 2022 USD Notes is based on the aggregate principal amount of USD300,000,000.



Chengdu FANTASIA • FAMILY IS ALL

(iii) Long positions in association corporations

A. *Fantasy Pearl*

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 30 June 2019
Ms. Zeng Jie, Baby	Interest of controlled corporation	80 ⁽¹⁾	Ordinary	80%
Mr. Pan Jun	Interest of controlled corporation	20 ⁽²⁾	Ordinary	20%

Notes:

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



Museum2050 x ZHI ART MUSEUM 2019 Annual Symposium FANTASIA • ZHI ART MUSEUM, April 28th – April 30th, 2019

B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 30 June 2019
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽¹⁾	954,659,259 ⁽¹⁾	Ordinary	71.85%
Mr. Pan Jun	Beneficial owner ⁽²⁾	1,755,440 ⁽²⁾	Ordinary	0.13%
Mr. Tang Xuebin	Beneficial owner ⁽³⁾	1,598,940	Ordinary	0.12%
Mr. Dong Dong	Beneficial owner ⁽³⁾	1,526,300	Ordinary	0.11%
Mr. Huang Wei	Beneficial owner ⁽³⁾	500,000	Ordinary	0.03%
Mr. Zhou Hongyi	Beneficial owner ⁽³⁾	560,000	Ordinary	0.04%
Mr. Tam Chun Hung, Anthony	Beneficial owner ⁽³⁾	710,000	Ordinary	0.05%
Dr. Liao Jianwen	Beneficial owner ⁽³⁾	710,000	Ordinary	0.05%
Mr. Xu Xinmin	Beneficial owner ⁽³⁾	710,000	Ordinary	0.05%



Chengdu HONGTANG

Notes:

- (1) Ms. Zeng Jie, Baby wholly owns Ice Apex Limited, which in turn owns 80% interest in Fantasy Pearl International Limited (“Fantasy Pearl”). Fantasy Pearl holds 57.47% interest in the Company. Fantasia Pearl has an interest in 954,659,259 shares in Colour Life (including 952,488,259 shares being held through the Company and 2,171,000 shares being held by itself beneficially). Ms. Zeng Jie, Baby is therefore deemed to be interested in 954,659,259 shares of Colour Life for the purpose of Part XV of the SFO.
- (2) These represent share options granted by Colour Life subject to vesting schedules.
- (3) As at 30 June 2019, the issued shares of Colour Life are 1,328,640,122.

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

Director	Nature of interest	Registered capital (RMB)	Approximate percentage of interest in the associated corporation as at 30 June 2019
Mr. Pan Jun	Beneficial owner	7,000,000 ⁽¹⁾	70%

Note:

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

Save as disclosed above, as at 30 June 2019, 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 2019, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

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

Name of shareholder	Nature of interest	Number of shares held	Approximate percentage of shareholding at 30 June 2019
Fantasy Pearl	Beneficial owner	3,314,090,500 ⁽¹⁾	57.47%
Ice Apex	Interest of controlled corporation	3,314,090,500 ⁽¹⁾	57.47%
Shenzhen China Star Optoelectronics Technology Co., Ltd.	Beneficial owner	1,156,995,574 ⁽²⁾	20.06%
TCL Corporation	Interest of controlled corporation	1,156,995,574 ⁽²⁾	20.06%

Note:

- (1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) Shenzhen China Star Optoelectronics Technology Co., Ltd. is wholly owned by TCL Corporation. TCL Corporation is deemed to be interested in the shares of the Company held by Shenzhen China Star Optoelectronics Technology Co., Ltd. for the purpose of Part XV of the SFO.

Save as disclosed above, as of 30 June 2019, 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.

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

The Company has adopted the code provisions set out in the Corporate Governance Code (“Corporate Governance Code”) contained in Appendix 14 to the Listing Rules on the Stock Exchange. During the current interim period, the Board is of the view that the Company has adopted complied with all the code provisions under the Corporate Governance Code.

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 2019 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

Audit Committee

The Company has established the audit committee (the “Audit Committee”) in compliance with the Listing Rules 3.21 and 3.22 to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Audit Committee on 22 December 2015 and 27 March 2019 respectively. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee of the Company currently comprises four independent non-executive Directors, including Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Ho Man is the chairman of the audit committee. The Audit Committee is responsible for the engagement of external auditor, review of the Group’s financial information and oversight of the Group’s financial reporting system and internal control and risk management procedures and reviewing the Group’s financial and accounting policies and practices. The Audit Committee together with the management of the Company have reviewed the accounting policies and practices adopted by the Group and discussed, among other things, the internal controls and financial reporting matters including a review of the unaudited interim results for the current interim period. The external auditors of the Company have also reviewed the unaudited interim results for the current interim 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 an executive Director, Mr. Pan Jun, and four independent non-executive Directors, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Guo Shaomu was appointed as the chairman of the Remuneration Committee on 30 May 2019, following the resignation of Mr. Huang Ming on the same date. 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, Mr. Pan Jun and Ms. Zeng Jie, Baby, and four independent non-executive Directors, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Pan Jun is the chairman of the committee. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment and reappointment of Directors.



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Share Option Scheme

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

The summary below sets out the details of movement of options granted as at 30 June 2019 pursuant to the Share Option Scheme:

Name	Date of grant	Exercise price	Closing price of the shares on the date of grant	Number of share option					Weighted average closing price immediately before exercise	Note
				Balance as at 1 January 2019	Granted during the year	Exercisable/ exercised during the year	Cancelled/lapsed during the year	Balance as at 30 June 2019		
		HK\$	HK\$						HK\$	
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	–	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	–	(3)
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	–	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	–	(3)
Mr. Deng Bo	29 August 2011	0.836	0.82	770,000	–	–	–	770,000	–	(1), (4)
	16 October 2012	0.8	0.77	1,540,000	–	–	–	1,540,000	–	(3), (4)
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	–	–	–	2,770,000	–	(3), (4)
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	–	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	–	(3)
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	–	(2), (4)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	–	(3), (4)
Other employees	29 August 2011	0.836	0.82	18,105,820	–	(2,040,000)	–	16,065,820	1.44	(1)
	29 August 2011	0.836	0.82	8,200,200	–	(860,880)	–	7,659,320	1.44	(2)
	16 October 2012	0.8	0.77	29,161,900	–	(479,400)	–	28,682,500	1.47	(3)
Total				84,027,920	–	(3,380,280)	–	80,647,640		

Notes:

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

- (2) The share options are exercisable during the following periods:
- (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;
 - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and
 - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.
- (3) The share options are exercisable during the following periods:
- (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board;
 - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board; and
 - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board.
- (4) Mr. Deng Bo, Mr. Lam Kam Tong and Mr. Huang Ming resigned as executive director, non-executive director and independent non-executive director, respectively, on 30 May 2019.



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Colour Life adopted a share option scheme (“Colour Life Share Option Scheme”) by the written resolutions of the Shareholders passed on 11 June 2014. The terms of the Colour Life Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The Colour Life Share Option Scheme is a share incentive scheme and is established to recognize, acknowledge and reward eligible participants who have contributed to the Colour Life Group and to encourage eligible participants to work towards enhancing the value of Colour Life. Eligible participants of the Colour Life Share Option Scheme include directors of Colour Life and employees of the Colour Life Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Colour Life Group who the board of directors of Colour Life (the “Colour Life Board”) considers, in its sole discretion, have contributed or will contribute to the Colour Life Group. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.



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The total number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme is not permitted to exceed 10% in nominal amount of the aggregate of shares of Colour Life in issue, unless with the prior approval from Colour Life's shareholders. The maximum number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of shares of Colour Life issue, unless with the prior approval from Colour Life's shareholders and with such participants and his associates abstaining from voting. Options granted to any director, chief executive or substantial shareholder of Colour Life, or any of their respective associates, shall be subject to the prior approval of the independent non-executive directors of Colour Life. Where any option granted to a substantial shareholder or an independent non-executive director of Colour Life, or any of their respective associates, would result in the shares of Colour Life issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares of Colour Life in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares of Colour Life, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders of Colour Life (voting by way of poll). As at the date of this report, the total number of outstanding shares which may be issued under the Colour Life Share Option Scheme is 85,449,678, representing 6.43% of the total number of shares of Colour Life in issue.

An offer of the grant of an option under the Colour Life Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1 per option to Colour Life as consideration. Options may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Colour Life Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the shares of Colour Life on the date of grant, (ii) the average closing price of the shares of Colour Life for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share of Colour Life. An option may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Colour Life Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Colour Life Share Option Scheme. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The summary below sets out the details of movement of share options granted as at 30 June 2019 pursuant to the Colour Life Share Option Scheme:

Name	Date of grant	Exercise price HK\$	Closing price of the shares on the date of grant HK\$	Balance as at 1 January 2019	Number of share options			Balance as at 30 June 2019	Weighted average closing price immediately before exercise HK\$	Notes
					Granted during the period	Exercised during the period	Cancelled/lapsed during the period			
Mr. Tang Xuebin	29 September 2014	6.66	6.66	547,790	-	-	-	547,790	-	(1)
				347,650	-	-	-	347,650	-	(2)
	30 April 2015	11.00	10.88	103,500	-	-	-	103,500	-	(3)
	18 March 2016	5.764	5.76	100,000	-	-	-	100,000	-	(4)
Mr. Dong Dong	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
	29 September 2014	6.66	6.66	455,150	-	-	-	455,150	-	(1)
				347,650	-	-	-	347,650	-	(2)
	30 April 2015	11.00	10.88	123,500	-	-	-	123,500	-	(3)
Mr. Huang Wei	18 March 2016	5.764	5.76	100,000	-	-	-	100,000	-	(4)
	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
	29 September 2014	6.66	6.66	547,790	-	-	-	547,790	-	(1)
Mr. Pan Jun				347,650	-	-	-	347,650	-	(2)
	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
Mr. Zhou Hongyi	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Mr. Tam Chun Hung, Anthony	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Dr. Liao Jianwen	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Mr. Xu Xinmin	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Employees of the Group	29 September 2014	6.66	6.66	10,513,148	-	-	(20,000)	10,493,148	-	(1)
				14,973,353	-	-	-	14,973,353	-	(2)&(5)
	30 April 2015	11.00	10.88	17,267,005	-	-	(168,666)	17,098,339	-	(3)
	18 March 2016	5.764	5.76	18,240,972	-	(2,000)	(89,534)	18,149,438	5.76	(4)
	27 November 2018	4.11	4.11	16,664,720	-	-	-	16,664,720	-	(5)
Total			85,729,878	-	(2,000)	(278,200)	85,449,678			

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) 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.

Share Award Scheme

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

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

(i) Purpose

The purpose of the Share Award Scheme is to enable Colour Life to grant shares of Colour Life (the “Colour Life Shares”) as incentive to selected eligible participants of the Share Award Scheme (the “Grantees”) as incentives or rewards for their contribution or potential contribution to the Colour Life Group. The directors of Colour Life consider that the Share Award Scheme will provide the Grantees with the opportunity to acquire proprietary interests in Colour Life and will encourage them to work towards enhancing the value of Colour Life for the benefit of Colour Life and its shareholders as a whole.

(ii) Fund available for the Scheme

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

On 13 November 2018, the board of Colour Life resolved to provide further fund in the amount of HK\$15,000,000 for the Share Award Scheme.

(iii) Term

The Share Award Scheme has an effective term till 2021.

(iv) Trustee

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

(v) Eligible Persons

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

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

(vi) Transfer of the Incentive Shares to the Grantees

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

At 31 December 2018, a total of 1,597,000 Company's shares were held for the Share Award Scheme and the aggregate consideration paid for these shares in an amount of RMB5,585,000 was deducted from shareholders' equity.

During the six months ended 30 June 2019, a total of 236,000 Company's shares were acquired by the Trustee for the Share Award Scheme at a consideration of RMB853,000.

During the six months ended 30 June 2019, 1,833,000 shares held for the Share Award Scheme were awarded to eligible employees or consultants of the Group for their performance and contribution of the Group. The fair value of the awarded shares at the date of grant of RMB6,567,000 were recognised as expenses and the difference between the consideration paid and the fair value of the awarded shares of RMB129,000 was credited to retained profits.

As at 30 June 2019, no share was held under the Share Award Scheme.

Purchase, Sale or Redemption of the Company's Securities

Senior Notes

On 31 January 2019, the Company issued additional 15% senior notes due 2021 with principal amount of USD100,000,000 (the "15% Additional Notes due 2021"), which is consolidated and form a single series with the 15% Original Notes due 2021, for the purpose of refinancing certain of its existing indebtedness. Further details relating to the issue of the Original Notes due 2021 are disclosed in the announcement dated 8 February 2019.

On 11 February 2019, the Company repaid the outstanding balances of USD300,000,000 7.25% senior notes due 2019 (the "2019 Notes"). The Company has already deposited the amount representing the aggregate principal amount of the outstanding 2019 Notes plus accrued interest to (but excluding) the maturity date into the paying agent's account. Further details relating to the issue of 2019 Notes are disclosed in the announcements dated 21 February 2018, 28 December 2018 and 11 February 2019.

On 11 March 2019, the Company issued senior notes due 2020 with principal amount of RMB1,000,000,000 at a coupon rate of 11.875% per annum (the “11.875% Senior Notes due 2020”) for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Issuance of 11.875% Senior Notes due 2020 are disclosed in the announcement of the Company dated 13 March 2019.

On 17 April 2019, the Company issued senior notes due 2022 with principal amount of USD200,000,000 at a coupon rate of 11.75% per annum (the “11.75% Senior Notes due 2022”) for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Issuance of 11.75% Senior Notes due 2022 are disclosed in the announcement of the Company dated 23 April 2019.

On 4 May 2019, the Company repaid RMB1,600,000,000 9.50% senior notes due 2019 (the “2016 Senior Notes”). The Company has already deposited the amount representing the aggregate principal amount of the 2016 Senior Notes plus accrued interest to (but excluding) the maturity date into the paying agent’s account. Further details relating to the issue of 2016 Senior Notes are disclosed in the announcements dated 26 April 2016, 27 April 2016, 22 August 2016 and 23 August 2016.

On 28 June 2019, the Company has repurchased part of the outstanding senior notes due 2022 in an aggregate principal amount of approximately USD2,500,000 in the open market. Further details relating to the repurchase of senior notes due 2022 are disclosed in the announcement of the Company dated 28 June 2019.

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

Update on Director’s Information

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

On 30 May 2019, Mr. Deng Bo has resigned as an executive director, Mr. Lam Kam Tong has resigned as a non-executive director and Mr. Huang Ming has resigned as an independent non-executive director. Mr. Huang Ming has ceased to be the chairman of the remuneration committee, a member of the audit committee and nomination committee of the Company.

On 30 May 2019, Mr. Ke Kasheng, Mr. Zhang Huiming and Mr. Chen Xinyu have been appointed as executive directors of the Company; and Mr. Guo Shaomu, an independent non-executive director, has been appointed as the new chairman of the remuneration committee of the Company.



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

花樣年控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Fantasia Holdings Group Co., Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 70 to 111, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 August 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

	NOTES	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue			
Goods and services	3	8,373,206	5,069,750
Rental		203,650	125,761
Total revenue	4	8,576,856	5,195,511
Cost of sales and services		(6,040,180)	(3,877,542)
Gross profit		2,536,676	1,317,969
Other income		93,720	75,295
Other gains and losses	12	100,292	(257,804)
Impairment losses under expected credit losses model, net of reversal	16	(38,311)	(35,037)
Change in fair value of investment properties	11	161,525	195,009
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	11	64,266	236,744
Selling and distribution expenses		(154,934)	(157,181)
Administrative expenses		(644,194)	(689,868)
Finance costs		(810,694)	(814,317)
Share of results of associates		(13,893)	16,866
Share of results of joint ventures		(40,079)	(21,741)
Gains on disposal of subsidiaries	26	7,245	766,779
Profit before tax		1,261,619	632,714
Income tax expense	5	(1,017,629)	(452,803)
Profit for the period	6	243,990	179,911
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		(1,892)	11,742
Remeasurement of defined benefit obligations		–	(238)
Deferred taxation effect		473	(2,876)
Other comprehensive (expense) income for the period, net of income tax		(1,419)	8,628
Total comprehensive income for the period		242,571	188,539
Profit for the period attributable to:			
Owners of the Company		102,093	102,841
Other non-controlling interests		141,897	77,070
		243,990	179,911
Total comprehensive income for the period attributable to:			
Owners of the Company		100,674	111,541
Other non-controlling interests		141,897	76,998
		242,571	188,539
Earnings per share (RMB cents)			
– Basic	8	1.77	1.78
– Diluted	8	1.76	1.77

	NOTES	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,147,745	2,596,806
Right-of-use assets	10	759,821	–
Investment properties	11	11,201,837	10,515,977
Interests in associates	12	724,515	1,346,586
Interests in joint ventures		1,388,786	1,426,958
Equity instruments designated at FVTOCI		55,153	51,551
Goodwill		2,408,254	2,339,723
Intangible assets		1,198,770	1,188,896
Prepaid lease payments		–	206,743
Premium on prepaid lease payments		–	76,418
Other receivables	14	154,326	158,698
Amount due from a joint venture	15	81,505	81,505
Pledged bank deposits		316,000	558,457
Deposits paid for potential acquisition of subsidiaries		134,491	194,427
Deposit paid for acquisition of a property project		205,461	202,961
Deposits paid for acquisition of land use rights		125,023	228,703
Deferred tax assets		566,445	565,707
		21,468,132	21,740,116
CURRENT ASSETS			
Properties for sale		38,005,204	34,882,404
Inventories		274,918	544,407
Prepaid lease payments		–	6,750
Premium on prepaid lease payments		–	2,548
Contract assets	13	482,849	449,590
Contract costs		291,836	201,414
Trade and other receivables	14	5,931,379	5,938,028
Tax recoverable		303,699	105,212
Amounts due from non-controlling shareholders of the subsidiaries of the Company	15	378,764	319,230
Amounts due from joint ventures	15	948,790	101,272
Amounts due from associates	15	184,254	15,909
Financial assets at fair value through profit or loss (“FVTPL”)	17	2,103,384	2,127,196
Derivative financial instruments	18	1,785	–
Restricted/pledged bank deposits		1,016,002	1,789,411
Bank balances and cash		23,732,184	26,222,584
		73,655,048	72,705,955

Condensed Consolidated Statement of Financial Position

At 30 June 2019

	NOTES	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	19	8,111,025	10,393,583
Contract liabilities		19,037,697	13,039,071
Derivative financial instruments	18	1,254	–
Amounts due to joint ventures	20	29,303	368
Amounts due to associates	20	21,779	19,971
Amounts due to non-controlling shareholders of the subsidiaries of the Company	20	47,224	335,850
Tax liabilities		5,672,709	5,504,651
Borrowings due within one year	21	5,790,556	7,959,810
Lease liabilities		90,823	–
Obligations under finance leases		–	69,164
Senior notes and bonds	22	5,214,706	6,397,660
Asset-backed securities issued	23	215,421	208,636
Provisions		28,391	30,740
Other current liabilities		1,386	2,625
		44,262,274	43,962,129
NET CURRENT ASSETS			
		29,392,774	28,743,826
TOTAL ASSETS LESS CURRENT LIABILITIES			
		50,860,906	50,483,942
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,797,113	1,734,943
Borrowings due after one year	21	10,744,661	11,195,744
Lease liabilities		252,067	–
Obligations under finance leases		–	236,880
Senior notes and bonds	22	18,582,103	17,810,083
Asset-backed securities issued	23	–	51,783
		31,375,944	31,029,433
NET ASSETS			
		19,484,962	19,454,509
CAPITAL AND RESERVES			
Share capital	24	498,235	497,945
Reserves		12,372,330	12,465,583
Equity attributable to owners of the Company		12,870,565	12,963,528
Non-controlling interests		6,614,397	6,490,981
		19,484,962	19,454,509

	Attributable to owners of the Company										Attributable to non-controlling interests				Total
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (note a)	Share options reserve RMB'000	Contribution reserve RMB'000 (note b)	Statutory reserve RMB'000 (note c)	Discretionary reserve RMB'000 (note c)	Revaluation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Share options reserve of Colour Life RMB'000 (note d)	Share options reserve of Morning Star RMB'000 (note d)	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	
At 1 January 2018 (audited)	497,868	1,695,255	1,033,694	17,534	40,600	85,730	1,477	6,452	9,262,590	12,641,200	242,458	4,855	4,812,251	5,059,564	17,700,764
Profit for the period	-	-	-	-	-	-	-	-	102,841	102,841	-	-	77,070	77,070	179,911
Remeasurement of defined benefit obligations	-	-	-	-	-	-	-	(142)	-	(142)	-	-	(96)	(96)	(238)
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	11,742	-	11,742	-	-	-	-	11,742
Deferred taxation effect	-	-	-	-	-	-	-	(2,900)	-	(2,900)	-	-	24	24	(2,876)
Other comprehensive income (expense) for the period	-	-	-	-	-	-	-	8,700	-	8,700	-	-	(72)	(72)	8,628
Total comprehensive income for the period	-	-	-	-	-	-	-	8,700	102,841	111,541	-	-	76,998	76,998	188,539
Issue of shares upon exercise of share options of the Company	77	802	-	(214)	-	-	-	-	-	665	-	-	-	-	665
Issue of shares upon exercise of share options of Colour Life	-	-	33,947	-	-	-	-	-	-	33,947	(32,708)	-	59,251	26,543	60,490
Dividend distributed to shareholders of the Company (note 7)	-	(329,217)	-	-	-	-	-	-	-	(329,217)	-	-	-	-	(329,217)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(77,465)	(77,465)	(77,465)
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	28,200	28,200	28,200
Dilution of interests in Colour Life	-	-	65,612	-	-	-	-	-	(39,640)	25,972	-	-	326,324	326,324	352,296
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	3,070	3,070	3,070
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	(73,842)	-	-	-	-	-	-	(73,842)	-	-	(69,625)	(69,625)	(143,467)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(70,233)	(70,233)	(70,233)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	-	-	6,548	520	-	7,068	7,068
Deemed disposal of partial interests in subsidiaries without loss of control	-	-	(107,466)	-	-	-	-	-	-	(107,466)	-	-	107,466	107,466	-
Transfer	-	-	-	-	-	64,269	-	-	(64,269)	-	-	-	-	-	-
At 30 June 2018 (unaudited)	497,945	1,366,840	951,945	17,320	40,600	149,999	1,477	15,152	9,261,522	12,302,800	216,298	5,375	5,196,237	5,417,910	17,220,710
At 1 January 2019 (audited)	497,945	1,366,840	930,451	17,320	40,600	142,758	1,477	6,346	9,959,791	12,963,528	220,115	5,628	6,265,238	6,490,981	19,454,509
Profit for the period	-	-	-	-	-	-	-	-	102,093	102,093	-	-	141,897	141,897	243,990
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	(1,892)	-	(1,892)	-	-	-	-	(1,892)
Deferred taxation effect	-	-	-	-	-	-	-	473	-	473	-	-	-	-	473
Other comprehensive expense for the period	-	-	-	-	-	-	-	(1,419)	-	(1,419)	-	-	-	-	(1,419)
Total comprehensive (expenses) income for the period	-	-	-	-	-	-	-	(1,419)	102,093	100,674	-	-	141,897	141,897	242,571
Issue of shares upon exercise of share options of the Company	290	2,865	-	(852)	-	-	-	-	-	2,303	-	-	-	-	2,303
Issue of shares upon exercise of share options of Colour Life	-	-	-	-	-	-	-	-	-	-	(6)	-	16	10	10
Dividend distributed to shareholders of the Company (note 7)	-	(195,940)	-	-	-	-	-	-	-	(195,940)	-	-	-	-	(195,940)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(95,212)	(95,212)	(95,212)
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	33,903	33,903	33,903
Acquisition of subsidiaries (note 25)	-	-	-	-	-	-	-	-	-	-	-	-	30,282	30,282	30,282
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	-	-	6,707	115	6,567	13,389	13,389
Shares repurchased under the share award scheme of Colour Life	-	-	-	-	-	-	-	-	-	-	-	-	(853)	(853)	(853)
Transfer	-	-	-	-	-	79,102	-	-	(79,102)	-	-	-	-	-	-
At 30 June 2019 (unaudited)	498,235	1,173,765	930,451	16,468	40,600	221,860	1,477	4,927	9,982,782	12,870,565	226,816	5,743	6,381,838	6,614,397	19,484,962

For the six months ended 30 June 2019

Notes:

- (a) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represented the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.
- (b) Contribution reserve represented (a) the contribution/distribution to shareholders during the group reorganisation in 2009; (b) the difference between consideration paid and fair value of net assets acquired from related parties; (c) the difference between the consideration received and carrying amount of net assets disposed of to related parties during the Group reorganisation in 2009; and (d) the waiver of shareholder loans in 2009.
- (c) The statutory reserve and discretionary reserve attributable to subsidiaries in the People's Republic of China (the "PRC") are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and transfer to capital upon approval from relevant authorities.
- (d) Share options reserve represent the share-based payment under the share option schemes of Colour Life Service Group Co., Limited ("Colour Life") and Morning Star Group Limited ("Morning Star"), which are subsidiaries of the Company.

	NOTES	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		2,023,193	743,855
Increase in contract liabilities		5,390,914	4,124,816
Increase in properties for sales		(4,271,688)	(2,358,382)
Decrease (increase) in inventories		269,489	(135,887)
Deposit paid for acquisition of land use right		–	(224,784)
Decrease (increase) in trade and other receivables		559,954	(567,954)
Decrease in trade and other payables		(1,173,110)	(185,709)
Other operating cash flows		(127,475)	28,918
Cash generated from operations		2,671,277	1,424,873
Income tax paid		(1,006,753)	(605,648)
Interest paid		(1,515,386)	(869,045)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		149,138	(49,820)
INVESTING ACTIVITIES			
Placement of restricted/pledged bank deposits		(10,222,880)	(1,201,540)
Withdrawal of restricted/pledged bank deposits		11,238,746	1,481,692
Settlement of consideration payables on acquisition of assets and liabilities through acquisition of subsidiaries and acquisition of business		–	(1,402,154)
Settlement of consideration receivables on disposal of subsidiaries		–	9,000
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	26	(616,896)	609,391
Purchases of property, plant and equipment		(167,925)	(235,135)
Payments for right-of-use assets		(73,911)	–
Proceeds from disposal of property, plant and equipment		8,352	22,076
Purchases of financial assets at FVTPL		(71,503)	–
Redemption of financial assets at FVTPL		102,475	–
Purchases of equity instruments designated at FVTOCI		(5,494)	(22,530)
Additions to investment properties		(613,640)	(249,723)
Proceeds from disposal of investment properties		–	343,751
Investments in associates		(89,033)	(61,055)
Investments in joint ventures		(3,457)	(21,572)
Return of capital from deregistration of a joint venture		–	382,001
Proceed from disposal of an associate	12	391,289	–
Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (net of cash and cash equivalents acquired)		–	(59,301)
Acquisition of property operation businesses (net of cash and cash equivalents acquired)	25	19,995	215
Payment of deposits paid for potential acquisition of subsidiaries		–	(889,524)
Deposit refunded for acquisition of subsidiaries		768	–
Dividend received from joint ventures and associates		47,781	–
Advance of loan receivables		(56,397)	(7,951)
Repayment of loan receivables		44,530	43,342
Advances to associates, joint ventures and non-controlling shareholders of the subsidiaries		(1,157,954)	(629,187)
Repayment from associates, joint ventures and non-controlling shareholders of the subsidiaries		82,557	1,395,782
Other investing cash flows		44,347	94,722
NET CASH USED IN INVESTING ACTIVITIES		(1,098,250)	(397,700)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Net proceeds from the issuance of senior notes and bonds	2,950,154	6,222,896
Repayment of senior notes	(3,646,014)	(4,380,715)
Repurchase/early redemption of senior notes	(16,292)	(503,399)
Net proceeds from the issuance of asset-backed securities	–	98,236
Repayment of principal receipts under securitisation arrangements	(46,000)	(27,500)
Contributions from non-controlling shareholders of the subsidiaries	33,903	28,200
Placement of new shares of Colour Life	–	352,296
Acquisition of additional interest in subsidiaries	–	(143,467)
New borrowings raised	5,030,803	7,078,087
Repayment of borrowings	(5,250,074)	(1,762,553)
Dividend paid to shareholders of the Company	(195,940)	(329,217)
Dividend paid to non-controlling shareholders of the subsidiaries	(95,212)	(77,465)
Issue of shares upon exercise of share options	2,313	61,155
Advances from associates, joint ventures, non-controlling shareholders of the subsidiaries	201,265	485,403
Repayment to associates, joint ventures, non-controlling shareholders of the subsidiaries	(462,463)	(13,513)
Other financing cash flows	(48,021)	(43,243)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,541,578)	7,045,201
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,490,690)	6,597,681
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	26,222,584	14,335,075
Effect of foreign exchange rate changes	290	(149,509)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	23,732,184	20,783,247

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. Principal Accounting Policies

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current 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.

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”)

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

For the six months ended 30 June 2019

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises and commercial properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For the six months ended 30 June 2019

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and
- used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and should be adjusted to reflect the discounting effect at transition. However, the adjustments to present value is insignificant to be recognised at the date of initial application, 1 January 2019.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related liabilities by applying HKFRS 16.C8(b)(ii) transaction.

The Group recognised lease liabilities of RMB379,281,000 and right-of-use assets of RMB718,214,000 at 1 January 2019.

For the six months ended 30 June 2019

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the Group is 10.31%.

	Note	At 1 January 2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018		170,961
Lease liabilities discounted at relevant incremental borrowing rates		107,054
Less: Recognition exemption – short-term leases		(28,839)
Recognition exemption – low-value assets		(4,978)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		73,237
Add: Obligations under finance leases recognised at 31 December 2018	(b)	306,044
Lease liabilities as at 1 January 2019		379,281
Analysed as		
Current		79,458
Non-current		299,823
		379,281

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	Right-of-use assets RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		73,237
Reclassification from prepaid lease payments	(a)	137,709
Amounts included in property, plant and equipment under HKAS 17		
– Assets previously under finance leases	(b)	507,268
		718,214
By class:		
Leasehold lands		137,709
Office premises		73,237
Transportation equipment		507,268
		718,214

Notes:

- (a) Upfront payments for leasehold lands in the PRC, which includes RMB137,709,000 and RMB154,750,000, held for own use and for currently undetermined future use, respectively, were classified as prepaid lease payments and premium on prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments in relation to the leasehold lands held for own use, amounting to RMB4,525,000 and RMB133,184,000, respectively, were reclassified to right-of-use assets, while the prepaid lease payments and premium on prepaid lease payments in relation to the leasehold lands held for currently undetermined future use, amounting to RMB75,784,000 and RMB78,966,000, respectively, were transferred to investment properties. In the opinion of the directors, the excess of the fair values of the leasehold lands held for currently undetermined future use at 1 January 2019 over their carrying amounts is insignificant to the condensed consolidated financial statements.
- (b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB507,268,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB69,164,000 and RMB236,880,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

For the six months ended 30 June 2019

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group’s condensed consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. However, the adjustments to present value is insignificant to be recognised at the date of initial application, 1 January 2019.

The application of HKFRS 16 as a lessor does not have a material impact on the retained profits at 1 January 2019.

No adjustments have been made, in the application of HKFRS 16 as a lessor, on the Group’s condensed consolidated statement of financial position as at 1 January 2019 and 30 June 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period.

2. Principal Accounting Policies (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (“HKFRS 16”) (Continued)

2.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2018 RMB'000	Adjustments RMB'000	Carrying amounts under HKFRS 16 at 1 January 2019 RMB'000
Non-current Assets				
Property, plant and equipment		2,596,806	(507,268)	2,089,538
Right-of-use assets		–	718,214	718,214
Investment properties	(a)	10,515,977	154,750	10,670,727
Prepaid lease payments	(a)	206,743	(206,743)	–
Premium on prepaid lease payments	(a)	76,418	(76,418)	–
Current Assets				
Prepaid lease payments	(a)	6,750	(6,750)	–
Premium on prepaid lease payments	(a)	2,548	(2,548)	–
Current Liabilities				
Lease liabilities		–	79,458	79,458
Obligations under finance leases	(b)	69,164	(69,164)	–
Non-current liabilities				
Lease liabilities		–	299,823	299,823
Obligations under finance leases	(b)	236,880	(236,880)	–

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

For the six months ended 30 June 2019

3. Revenue from Goods and Services**Disaggregation of revenue from goods and services**

Segments	Six months ended 30 June 2019						Total RMB'000
	Property development RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000		
Types of goods and services (Unaudited)							
<i>Property development</i>							
Sales of developed properties	5,568,142	–	–	–	–	–	5,568,142
Construction of properties	162,866	–	–	–	–	–	162,866
<i>Property agency services</i>							
Provision of property agency services	–	15,173	–	–	–	–	15,173
<i>Property operation services</i>							
Provision of property management services	–	–	1,849,744	–	–	–	1,849,744
Provision of value-added services	–	–	215,980	–	–	–	215,980
Provision of engineering services	–	–	76,568	–	–	–	76,568
<i>Hotel operations</i>							
Provision of hotel accommodation services	–	–	–	67,408	–	–	67,408
<i>Others</i>							
Manufacturing and sales of fuel pumps	–	–	–	–	229,202	–	229,202
Provision of travel agency services	–	–	–	–	188,123	–	188,123
	5,731,008	15,173	2,142,292	67,408	417,325	–	8,373,206
Timing of revenue recognition (Unaudited)							
A point in time	5,568,142	15,173	–	–	229,202	–	5,812,517
Over time	162,866	–	2,142,292	67,408	188,123	–	2,560,689
	5,731,008	15,173	2,142,292	67,408	417,325	–	8,373,206

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

Segments	Six months ended 30 June 2019						
	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Revenue disclosed in segment information (Unaudited)							
External customers	5,731,008	203,650	15,173	2,142,292	67,408	417,325	8,576,856
Inter-segment	2,590	–	–	19,587	–	–	22,177
	5,733,598	203,650	15,173	2,161,879	67,408	417,325	8,599,033
Elimination	(2,590)	–	–	(19,587)	–	–	(22,177)
Rental income	–	(203,650)	–	–	–	–	(203,650)
Revenue from contracts with customers	5,731,008	–	15,173	2,142,292	67,408	417,325	8,373,206

3. Revenue from Goods and Services (Continued)

Disaggregation of revenue from goods and services (Continued)

Segments	Six months ended 30 June 2018					
	Property development RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Types of goods and services (Unaudited)						
<i>Property development</i>						
Sales of developed properties	2,563,280	–	–	–	–	2,563,280
<i>Property agency services</i>						
Provision of property agency services	–	28,801	–	–	–	28,801
<i>Property operation services</i>						
Provision of property management services	–	–	1,773,862	–	–	1,773,862
Provision of value-added services	–	–	164,625	–	–	164,625
Provision of engineering services	–	–	60,286	–	–	60,286
<i>Hotel operations</i>						
Provision of hotel accommodation services	–	–	–	67,370	–	67,370
<i>Others</i>						
Manufacturing and sales of fuel pumps	–	–	–	–	248,533	248,533
Provision of travel agency services	–	–	–	–	162,993	162,993
	2,563,280	28,801	1,998,773	67,370	411,526	5,069,750
Timing of revenue recognition (Unaudited)						
A point in time	2,563,280	28,801	–	–	248,533	2,840,614
Over time	–	–	1,998,773	67,370	162,993	2,229,136
	2,563,280	28,801	1,998,773	67,370	411,526	5,069,750

For the six months ended 30 June 2019

3. Revenue from Goods and Services (Continued)

Disaggregation of revenue from goods and services (Continued)

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

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

4. Segment Information

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

Six months ended 30 June 2019

	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	Reportable segment total RMB'000	Eliminations RMB'000	Total RMB'000
SEGMENT REVENUE (UNAUDITED)									
External sales	5,731,008	203,650	15,173	2,142,292	67,408	417,325	8,576,856	–	8,576,856
Inter-segment sales	2,590	–	–	19,587	–	–	22,177	(22,177)	–
Total	5,733,598	203,650	15,173	2,161,879	67,408	417,325	8,599,033	(22,177)	8,576,856
Segment profit (loss)	1,317,616	353,198	898	374,570	(6,402)	(1,848)	2,038,032	(8,159)	2,029,873

4. Segment Information (Continued)

Six months ended 30 June 2018

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000 (note)	Reportable segment total RMB'000	Eliminations RMB'000	Total RMB'000
SEGMENT REVENUE									
(UNAUDITED)									
External sales	2,563,280	125,761	28,801	1,998,773	67,370	411,526	5,195,511	-	5,195,511
Inter-segment sales	6,716	-	-	54,361	-	-	61,077	(61,077)	-
Total	2,569,996	125,761	28,801	2,053,134	67,370	411,526	5,256,588	(61,077)	5,195,511
Segment profit (loss)	451,090	253,425	1,665	285,639	(8,908)	(52,664)	930,247	(12,621)	917,626

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

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

Reconciliation:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total segment profit	2,029,873	917,626
Unallocated amounts:		
Exchange loss	(38,351)	(270,146)
Interest income	46,847	75,019
Change in fair value of financial assets at FVTPL	7,160	-
Finance costs	(810,694)	(814,317)
Share results of associates	(13,893)	16,866
Share results of joint ventures	(40,079)	(21,741)
Gain on disposal of subsidiaries (note 26)	7,245	766,779
Gain on disposal of an associate	111,575	-
Gain (loss) on repurchase/early redemption of senior notes	582	(3,372)
Other unallocated other income, gains and losses	4,938	3,975
Other unallocated expenses	(43,584)	(37,975)
Profit before tax	1,261,619	632,714

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4. Segment Information (Continued)

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Property development	41,309,354	37,865,715
Property investment	11,305,660	10,652,307
Property agency services	20,348	18,808
Property operation services	7,675,395	7,565,411
Hotel operations	1,035,660	1,100,918
Others	2,484,448	2,741,429
Total segment assets	63,830,865	59,944,588
Total unallocated assets	31,292,315	34,501,483
Group's total assets	95,123,180	94,446,071

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

5. Income Tax Expense

	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax in the PRC		
Enterprise income tax	617,450	228,836
Land appreciation tax	358,874	90,703
	976,324	319,539
Deferred tax		
Charge to profit and loss	41,305	133,264
	1,017,629	452,803

6. Profit for the Period

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Net exchange loss	38,351	270,146
Interest income	(46,847)	(75,019)
(Gain) loss on repurchase/early redemption of senior notes	(582)	3,372
Gain on disposal of an associate	(111,575)	–
Release of prepaid lease payments	–	6,947
Release of premium on prepaid lease payments	–	9,616
Depreciation of property, plant and equipment	101,188	105,338
Depreciation of right-of-use assets	32,304	–
Amortisation of intangible assets	72,526	70,313
Staff costs	1,053,929	899,927

7. Dividends

During the six months ended 30 June 2019, a final dividend in respect of the year ended 31 December 2018 of HK4.00 cents, equivalent to RMB3.4 cents (2018: final dividend in respect of the year ended 31 December 2017 of HK7.00 cents, equivalent to RMB5.8 cents) per share was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to RMB195,940,000 (2018: RMB329,217,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: nil).

For the six months ended 30 June 2019

8. Earnings Per Share

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	102,093	102,841
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	–	(80)
Earnings for the purpose of diluted earnings per share	102,093	102,761
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,764,516	5,762,546
Effect of dilutive potential ordinary shares:		
Share options	28,342	36,047
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,792,858	5,798,593

The computation of diluted earnings per share for the six months ended 30 June 2019 does not take into account the effect of the share option granted by Colour Life, a non wholly-owned subsidiary of the Company, since the exercise price of the share options was higher than the average market price of the Colour Life's share.

The computation of diluted earnings per share for both the six months ended 30 June 2019 and 2018 does not take into account the effect of the share options granted by Morning Star, a wholly owned subsidiary of the Company, since Morning Star was loss-making for both periods and the exercise of share options would result in an increase in earnings per share.

9. Property, Plant and Equipment

The movements in property, plant and equipment during the six months ended 30 June 2019 are summarised as follows:

	RMB'000
At 31 December 2018 (Audited)	2,596,806
Effect arising from initial application of HKFRS 16	(507,268)
At 1 January 2019 (Adjusted)	2,089,538
Additions	167,925
Acquisition of subsidiaries (note 25)	392
Depreciation for the period	(101,188)
Disposals	(8,922)
At 30 June 2019 (Unaudited)	2,147,745

10. Right-of-use Assets

The movements in right-of-use assets during the six months ended 30 June 2019 are summarised as follows:

	RMB'000
At 1 January 2019 (Adjusted) (note a)	718,214
Inception of lease (note b)	73,911
Depreciation for the period	(32,304)
At 30 June 2019 (Unaudited)	759,821

Notes:

- (a) The amount is after adjustments from application of HKFRS 16.
- (b) During the current interim period, land use rights of RMB70,589,000 were acquired by the Group.

11. Investment Properties

The movements in investment properties during the six months ended 30 June 2019 are summarised as follows:

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Leasehold lands held for undetermined future use RMB'000	Total RMB'000
FAIR VALUE				
At 31 December 2018 (Audited)	8,796,779	1,719,198	–	10,515,977
Effect arising from initial application of HKFRS 16	–	–	154,750	154,750
At 1 January 2019 (Adjusted)	8,796,779	1,719,198	154,750	10,670,727
Additions	–	618,153	–	618,153
Transfer upon completion of construction work	855,149	(855,149)	–	–
Transfer from completed properties for sale	261,983	–	–	261,983
Net change in fair value recognised in profit or loss	27,326	134,199	–	161,525
Transfer to properties for sale under development upon the commencement of construction work	–	–	(154,750)	(154,750)
Disposals	(355,801)	–	–	(355,801)
At 30 June 2019 (Unaudited)	9,585,436	1,616,401	–	11,201,837

As at 30 June 2019, the fair values of the Group's completed investment properties of RMB9,585,436,000 (31 December 2018: RMB8,796,779,000) and investment properties under construction of RMB1,616,401,000 (31 December 2018: RMB1,719,198,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer which is not connected with the Group, which has appropriate qualifications and recent experiences in valuation of similar properties in the relevant locations.

For the six months ended 30 June 2019

11. Investment Properties (Continued)

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

12. Interests in Associates

During the six months ended 30 June 2019, the Group has disposed of its interest in an associate at a consideration of RMB773,397,000, with gain of disposal amounting to RMB111,575,000 recognised and included in “other gains and losses” in the condensed consolidated statement of profit or loss and other comprehensive income.

Up to 30 June 2019, cash consideration of RMB391,289,000 has been settled and the remaining consideration of RMB382,108,000 was included in trade and other receivables.

13. Contract Assets

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Unbilled revenue of		
– construction of properties	398,593	380,447
– engineering services	88,468	81,698
Retention receivables	8,792	243
	495,853	462,388
Less: allowance for impairment losses	(13,004)	(12,798)
	482,849	449,590

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 the customers on the construction work completed and/or 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 16.

14. Trade and Other Receivables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	2,019,078	1,957,127
Other receivables	184,556	101,309
Loan receivables	253,045	247,211
Prepayments and other deposits	1,017,015	1,446,854
Prepayments to suppliers	284,001	229,926
Prepayments for construction work	347,406	641,626
Payment on behalf of residents	875,128	788,055
Consideration receivables on disposal of equity interests in subsidiaries and an associate	414,108	32,000
Amount due from Pixian Government	122,830	122,830
Other tax prepayments	568,538	529,788
	6,085,705	6,096,726
Less: Amount shown under non-current assets	(154,326)	(158,698)
Amounts shown under current assets	5,931,379	5,938,028

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.

The progress payments arising from construction contracts are billed and payable in accordance with the terms of relevant agreements. The credit period is normally not exceeding 90 days from the date of bill.

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.

Consideration in respect of fuel pumps sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of delivery of fuel pumps. Each customer from sales of fuel pumps has a designated credit limit.

For the six months ended 30 June 2019

14. 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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0 to 30 days	1,030,941	996,756
31 to 90 days	537,466	506,815
91 to 180 days	235,834	280,436
181 to 365 days	105,748	84,682
Over 1 year	109,089	88,438
	2,019,078	1,957,127

Details of the impairment assessment are set out in note 16.

15. Amounts Due from Non-Controlling Shareholders of the Subsidiaries of the Company, Joint Ventures and Associates

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

The subsidiaries, joint ventures and associates 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 and associates.

Details of the impairment assessment are set out in note 16.

16. 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 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Impairment loss recognised in respect of:		
Trade receivables	13,177	7,633
Payments on behalf of residents included in other receivables	24,928	19,287
Contract assets	206	8,117
	38,311	35,037

The balances of other receivables (excluding payments on behalf of residents), amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures 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 1 January 2019 and 30 June 2019 are insignificant.

17. Financial Assets at FVTPL

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Money market fund investments	(a)	58,584	89,196
Debt Instrument	(b)	2,044,800	2,038,000
		2,103,384	2,127,196

Notes:

- (a) The fair value of the money market fund investments at 30 June 2019 and 31 December 2018 are determined by market approach, which arrived at by reference to the performance of the underlying investments mainly comprising debt investments in PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits.

As at 30 June 2019, the principal of the money market fund investments are RMB58,584,000 (31 December 2018: RMB89,196,000). In the opinion of directors, the fair value of investment at 30 June 2019 approximated to their principal amount.

- (b) The debt instrument ("Debt Instrument") was defaulted by a property developer in 2015 and it is pledged with certain completed properties located in Beijing, the PRC. The Debt Instrument can be recovered through the realisation of the properties under pledge in judicial auction, which is expected to be completed in 2019. According to the valuation report prepared by an independent professional valuer, the fair value of the Debt Instrument is RMB2,044,800,000 (31 December 2018: RMB2,038,000,000) as at 30 June 2019.

The fair value of the Debt Instrument at 30 June 2019 is determined by management, with reference to a valuation report prepared by professional valuer, to be RMB2,044,800,000. The fair value of the Debt Instrument is determined based on the probability weighted expected return model, which involved estimation of cash flows that can be recovered from the Debt Instrument under different scenarios of the outcomes of the judicial auction. The valuations of the Debt Instrument are dependent on certain unobservable inputs, including the expected value, discount rate and probability of outcome of the judicial auction.

Details of the fair value measurement of the investments are set out in note 32.

18. Derivative Financial Instruments

	30 June 2019		31 December 2018	
	Assets RMB'000 (Unaudited)	Liabilities RMB'000 (Unaudited)	Assets RMB'000 (Audited)	Liabilities RMB'000 (Audited)
Derivative financial instruments (under hedge accounting)				
Cash flow hedge				
– Foreign currency option contracts	1,785	1,254	–	–

During the current interim period, the Group had entered into certain foreign currency option contracts and the foreign currency options are designated as highly effective hedging instruments in order to minimise its exposures to foreign currency risk on its fixed rate USD senior notes.

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18. Derivative Financial Instruments (Continued)

The terms of the foreign currency option contracts have been negotiated to match the terms of the respective designated hedged items and the directors of the Company consider that the foreign currency options are highly effective hedging instruments. The major terms of these contracts are as follows:

Notional amount	Maturity	Strike rates (USD:RMB)	Cap rates (USD:RMB)	Floor rates (USD:RMB)
USD20,000,000	15 June 2020	6.862	7.200	5.500
USD20,000,000	15 June 2020	6.835	7.000	5.500
USD20,000,000	17 June 2020	6.905	7.200	6.000

19. Trade and Other Payables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	4,067,478	5,612,333
Deposit received	630,710	620,582
Other payables	394,193	872,599
Other tax payables	1,524,753	1,492,445
Accrued staff costs	518,178	848,205
Consideration payables for acquisition of subsidiaries and associates	898,711	869,397
Accruals	77,002	78,022
	8,111,025	10,393,583

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.

19. Trade and Other Payables (Continued)

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 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0 to 60 days	1,775,510	2,801,902
61 to 180 days	1,706,287	1,541,021
181 to 365 days	463,010	784,916
1 to 2 years	108,372	383,922
2 to 3 years	11,591	82,438
Over 3 years	2,708	18,134
	4,067,478	5,612,333

20. Amounts Due to Joint Ventures, Associates and Non-Controlling Shareholders of the Subsidiaries of the Company

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

21. Borrowings

During the six months ended 30 June 2019, the Group obtained new borrowings amounting to RMB5,030,803,000 and repaid borrowings amounting to RMB5,250,074,000.

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Secured	13,409,942	16,161,519
Unsecured	3,125,275	2,994,035
	16,535,217	19,155,554
Less: amounts due within one year shown under current liabilities	(5,790,556)	(7,959,810)
Amounts due after one year shown under non-current liabilities	10,744,661	11,195,744

The new borrowings raised are denominated in Renminbi, United State Dollar and Hong Kong Dollar and carry interest ranging from 4.28% to 14.00% per annum.

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22. Senior Notes and Bonds

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Senior notes:		
2013 senior notes due 2020	1,795,036	1,788,416
2016 senior notes due 2019	–	1,618,033
2016 USD senior notes due 2021	3,475,464	3,465,913
2017 senior notes due 2022	2,118,574	2,119,621
2018 USD300 million senior notes due 2019	–	2,023,783
2018 USD600 million senior notes due 2021	4,174,081	4,152,553
2018 senior notes due 2020	686,492	689,523
2018 USD140 million senior notes due 2019	1,014,685	1,009,001
2018 USD200 million senior notes due 2021	1,364,455	1,359,964
2019 January senior notes due 2021	684,001	–
2019 March senior notes due 2020	1,023,884	–
2019 April senior notes due 2022	1,359,557	–
	17,696,229	18,226,807
Corporate bonds:		
<i>Fantasia Bonds</i>		
2015 bonds due 2020	2,069,265	2,000,219
2016 bonds due 2020	1,128,926	1,086,005
2016 RMB3,000 million bonds due 2019	1,646,737	1,579,258
2018 bonds due 2021	1,037,706	999,953
<i>Colour Life Bonds</i>		
2016 RMB100 million bonds due 2019	–	106,092
2016 RMB300 million bonds due 2019	63,880	61,493
2017 bonds due 2020	154,066	147,916
	6,100,580	5,980,936
	23,796,809	24,207,743
Less: amounts due within one year shown under current liabilities	(5,214,706)	(6,397,660)
Amounts due after one year shown under non-current liabilities	18,582,103	17,810,083

During the six months ended 30 June 2019, the Group newly issued senior notes in an aggregate principal amount of USD300,000,000 and RMB1,000,000,000 (details are set out below) and repaid 2016 senior notes due 2019, 2018 USD300 million senior notes due 2019 and 2016 RMB100 million bonds due 2019, upon maturity, with aggregate principal amounts of RMB1,600,000,000, USD287,260,000 and RMB100,000,000, respectively. No gain or loss on repayment of senior notes is recognised in profit or loss.

22. Senior Notes and Bonds (Continued)

On 31 January 2019, the Group issued senior notes in an aggregate principal amount of USD100,000,000 (“2019 January senior notes due 2021”). The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company and carry interest of 15% per annum and interest is payable semi-annually on 18 December and 18 June in arrears, unless redeemed earlier. The 2019 January senior notes due 2021 will be consolidated and form a single series with the 2018 USD200 million senior notes due 2021 with the same terms and conditions of the 2018 USD200 million senior notes due 2021, except for the issue date and the issue price.

On 11 March 2019, the Group issued senior notes in an aggregate principal amount of RMB1,000,000,000 (“2019 March senior notes due 2020”). The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 11.875% per annum and interest is payable semi-annually on 11 September 2019, 11 March 2020 and 11 September 2020. The senior notes will mature on 11 September 2020.

On 17 April 2019, the Group issued senior notes in aggregate principal amounts of USD200,000,000 (“2019 April senior notes due 2022”). The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 11.75% per annum and interest is payable semi-annually on 17 October and 17 April in arrears, unless redeemed earlier. The senior notes will mature on 17 April 2022.

During the six months ended 30 June 2019, the Group repurchased the 2017 senior notes due 2022 and 2019 April senior notes due 2022 with the principal amounts of USD1,000,000 and USD1,500,000, respectively, at an aggregate consideration of USD2,416,000 (equivalent to RMB16,292,000). The gain on repurchase of senior notes of RMB582,000 is recognised in profit or loss. Upon completion of the repurchase, all repurchased senior notes were cancelled.

The movements of the senior notes and bonds during the six months ended 30 June 2019 are set out below:

	RMB'000
At 1 January 2019 (Audited)	24,207,743
Net proceeds on the date of issuance of senior notes	2,950,154
Exchange loss	39,194
Effective interest expenses	1,136,376
Payment of interests	(873,770)
Repayment of senior notes and bonds	(3,646,014)
Repurchase of senior notes	(16,874)
At 30 June 2019 (Unaudited)	23,796,809

For the six months ended 30 June 2019

23. Asset-Backed Securities Issued

The movement of the asset-backed securities issued during the period is set out below:

	RMB'000
At 1 January 2019 (Audited)	260,419
Effective interest recognised	9,259
Repayment of principal	(46,000)
Interests paid	(8,257)
At 30 June 2019 (Unaudited)	215,421

Analysis for reporting purpose:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current	215,421	208,636
Non-current	–	51,783
	215,421	260,419

24. Share Capital

	Number of shares	Amount HK\$	Equivalent to RMB'000
Ordinary shares of HK\$0.1 each			
Authorised:			
At 1 January 2019 and 30 June 2019	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2019 (Audited)	5,762,943,904	576,294,390	497,945
Issue of shares upon exercise of share options	3,380,280	338,028	290
At 30 June 2019 (Unaudited)	5,766,324,184	576,632,418	498,235

25. Acquisition of Subsidiaries

Acquisition of property operation businesses

For the six months ended 30 June 2019

During the six months ended 30 June 2019, the Group acquired following companies at a total consideration of RMB99,728,000. At the time of acquisition, the directors of the Company are of the view that the acquisition constitutes business combination. The transactions have been accounted for using the purchase method accordingly. The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property operation services.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition date	Equity interest acquired	Principal activities
北京達爾文國際酒店物業管理有限公司 Beijing Darwin International Hotel Property Management Co., Ltd. ("Beijing Darwin")	97,920	31 March 2019	51%	Provision of property operation services
深圳市閑閑科技有限公司 Shenzhen Xianxian Technology Co., Ltd. ("Shenzhen Xianxian")	1,808	31 March 2019	72%	Provision of property operation services

During the six months ended 30 June 2019, all of the acquisitions were acquired from independent third parties.

Total consideration transferred

	Beijing Darwin RMB'000	Shenzhen Xianxian RMB'000	Total RMB'000
Cash consideration paid in current period	9,438	1,808	11,246
Deposits paid in prior years	59,168	–	59,168
Consideration payable due within one year included in trade and other payables	29,314	–	29,314
	97,920	1,808	99,728

Acquisition-related costs were insignificant and have been excluded from cost of acquisition and were recognised as expenses during the six months ended 30 June 2019 and included in the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

For the six months ended 30 June 2019

25. Acquisition of Subsidiaries (Continued)

Acquisition of property operation businesses (Continued)

For the six months ended 30 June 2019 (Continued)

Assets acquired and liabilities assumed at the dates of acquisition are as follow:

	Beijing Darwin RMB'000	Shenzhen Xianxian RMB'000	Total RMB'000
Property, plant and equipment	383	9	392
Interest in an associate	842	–	842
Intangible assets	82,400	–	82,400
Trade and other receivables	12,087	292	12,379
Bank balances and cash	31,241	–	31,241
Contract liabilities	(18,644)	–	(18,644)
Trade and other payables	(22,594)	(622)	(23,216)
Amounts due to non-controlling shareholders of the subsidiaries	(3,315)	–	(3,315)
Deferred tax liabilities	(20,600)	–	(20,600)
	61,800	(321)	61,479

As at the date of acquisitions during the six months ended 30 June 2019, the trade and other receivables acquired with a fair value of RMB12,379,000 approximate its gross contractual amount, with no significant contractual cash flows not expected to be collected.

The fair value of intangible assets acquired in business combination as at the date of acquisitions is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquirees. The economic benefits and related costs are in turn projected over the expected survival period, taking into consideration of the attrition rate, the growth rate and the discount rate.

Goodwill arising on acquisition

	Beijing Darwin RMB'000	Shenzhen Xianxian RMB'000	Total RMB'000
Consideration transferred	97,920	1,808	99,728
Add: non-controlling interests	30,282	–	30,282
Less: fair value of net identifiable assets/liabilities acquired	(61,800)	321	(61,479)
Goodwill arising on acquisition	66,402	2,129	68,531

25. Acquisition of Subsidiaries (Continued)

Acquisition of property operation businesses (Continued)

For the six months ended 30 June 2019 (Continued)

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

Goodwill was arisen on the acquisitions of subsidiaries during the six months ended 30 June 2019, because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

As at the date of acquisitions during the six months ended 30 June 2019, intangible assets of RMB82,400,000 in relation to the acquisition of subsidiaries under property management services segment have been recognised by the Group.

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

	RMB'000
Net cash inflows arising on acquisition:	
Cash consideration paid	(11,246)
Bank balances and cash acquired	31,241
	<hr/> 19,995 <hr/>

26. Disposal of a Subsidiary

For the six months ended 30 June 2019

In June 2019, an independent investor injected capital in the form of registered capital amounting to RMB10,000,000 to Wuhan Xiangyun Jinrui Property Development Co., Ltd. (武漢祥雲錦瑞房地產開發有限公司) ("Wuhan Xiangyun"). After the capital injection, the equity interests, profit sharing and voting rights held by the Group was diluted from 100% to 50%. As all of the strategic financial and operating decisions required approval by unanimous consent of the Group and the independent investor, the remaining 50% equity interest in Wuhan Xiangyun was classified as interest in a joint venture. Wuhan Xiangyun holds a parcel of land located in Wuhan, the PRC, and is engaged in property development of the aforesaid land.

For the six months ended 30 June 2019

26. Disposal of a Subsidiary (Continued)

For the six months ended 30 June 2019 (Continued)

The above transaction is accounted for as disposal of partial interest in a subsidiary resulting in loss of control. Assets and liabilities derecognised at dates of loss of control of the disposed subsidiary were as follows:

	RMB'000
Assets and liabilities disposed at the date of loss of control:	
Properties for sale	2,772,720
Trade and other receivables	185,117
Amounts due from certain subsidiaries of the Company	54,830
Bank balances and cash	616,896
Trade and other payables	(9,998)
Amounts due to certain subsidiaries of the Company	(1,206,810)
Borrowing	(2,400,000)
	12,755
Gain on disposal of a subsidiary:	
Capital injection by an independent investor	10,000
Fair value of retained equity interest in Wuhan Xiangyun classified as interest in a joint venture	10,000
Less: Net assets disposed of	(12,755)
	7,245
Net cash inflow arising on disposal:	
Bank balances and cash disposed of	(616,896)

27. Capital and Other Commitments

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Construction commitments in respect of properties for sale contracted for but not provided in the condensed consolidated financial statements	10,411,830	9,117,151
Construction commitments in respect of investment properties contracted for but not provided in the condensed consolidated financial statements	2,513,298	1,804,001
Consideration commitments in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	35,972	61,106
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	30,246	29,203

28. Share-Based Payment Transactions

(a) Share option scheme of the Company

The following table discloses movements of the Company's share options held by directors and employees during the six months ended 30 June 2019:

	Number of share options under share option schemes (‘000)
Outstanding as at 1 January 2019	84,028
Exercised during the period	(3,380)
Outstanding as at 30 June 2019	80,648

The Group did not recognise any expense for the six months ended 30 June 2019 and 2018 in relation to share options granted by the Company.

(b) 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 2019:

	Number of share options under share option scheme (‘000)
Outstanding as at 1 January 2019	85,730
Lapsed during the period	(278)
Exercised during the period	(2)
Outstanding as at 30 June 2019	85,450

Colour Life recognised the total expense of RMB6,707,000 (six months ended 30 June 2018: RMB6,548,000) in share option reserve of Colour Life included in non-controlling interests for the six months ended 30 June 2019 in relation to share options granted by Colour Life.

(c) Share option scheme of Morning Star

Morning Star recognised the total expense of RMB115,000 (six months ended 30 June 2018: RMB520,000) in share option reserve of Morning Star included in non-controlling interests for the six months ended 30 June 2019 in relation to share options granted by the Morning Star and there is no movement of the share options of Morning Star during the six months ended 30 June 2019.

For the six months ended 30 June 2019

28. Share-Based Payment Transactions (Continued)

(d) Share award scheme of Colour Life

On 4 July 2016, a share award scheme (the “Share Award Scheme”) was adopted by Colour Life, to certain employees and consultants of Colour Life, as incentives or rewards for their contribution or potential contribution to Colour Life. The shares to be awarded are repurchased and held by an independent trustee appointed by Colour Life.

At 31 December 2018, a total of 1,597,000 Colour Life’s shares were held for the Share Award Scheme and the aggregate consideration paid for these shares in an amount of RMB5,585,000 was deducted from other non-controlling interests.

During the current interim period, a total of 236,000 Colour Life’s shares were acquired by the Trustee for the Share Award Scheme at a consideration of RMB853,000.

During the current interim period, 1,833,000 shares held for the Share Award Scheme were awarded to eligible employees or consultants of the Colour Life for their performance and contribution. The fair value of the awarded shares at the date of grant of RMB6,567,000 were recognised as expenses and credited to other non-controlling interests.

At 30 June 2019, no share was held under the Share Award Scheme.

29. Contingent Liabilities

	30 June 2019 RMB’000 (Unaudited)	31 December 2018 RMB’000 (Audited)
Guarantees given to banks for mortgage facilities granted to purchasers of the Group’s properties for sales	11,255,461	9,789,678

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 period.

30. 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 2019 RMB’000 (Unaudited)	31 December 2018 RMB’000 (Audited)
Properties for sale	9,569,517	6,374,242
Investment properties	3,180,410	2,484,166
Pledged bank deposits	212,873	988,457
Property, plant and equipment	155,600	132,278
Prepaid lease payments	–	75,784
	13,118,400	10,054,927

31. Related Party Disclosures

(a) Related party transactions

Apart from the related party transactions disclosed elsewhere in the condensed consolidated financial statements, the Group had following significant transactions with related parties during the interim period:

Related parties	Relationship	Transactions	Six months ended 30 June	
			2019	2018
			RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Shenzhen Colour Pay Network Technology Co., Ltd.	A company controlled by Mr. Pan Jun, a director and the chief executive officer of the Company	Commission income	16,478	25,306

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2019 and 2018 is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefit	51,036	55,766
Post-employment benefit	4,609	4,352
	55,645	60,118

(c) Others

As at 30 June 2019, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB206,969,000 (31 December 2018: RMB846,000,000) in aggregate.

During the six months ended 30 June 2019, the Group had sold certain properties to its key management personnel of the Group (not including the directors of the Company), at a cash consideration of RMB11,987,000 (six months ended 30 June 2018: RMB5,342,000).

For the six months ended 30 June 2019

32. 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).

	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000		
Financial assets at FVTPL				
– Money market fund investments	58,584	89,196	Level 3	Market approach – Expected performance of government debentures, treasury notes, corporate bonds and short-term fixed deposits.
– Debt Instrument	2,044,800	2,038,000	Level 3	Probability weighted expected return model – Fair value is estimated based on expected value, discount rate and probability of outcome of judicial auction.
Equity instruments designated at FVTOCI	55,153	51,551	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.

32. 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 as at		Fair value hierarchy	Valuation technique and key input
	30 June 2019	31 December 2018		
	RMB'000	RMB'000		
	(Unaudited)			
Derivative financial instruments	Assets:	–	Level 2	Discounted cash flow – Fair value is estimated based on, inter alia, the contracted exchange rate and the forward rate.
– Cash flow hedge	1,785			
	Liabilities:	–		
	(1,254)			

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

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

	Fair value hierarchy	30 June 2019		31 December 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)		(Audited)	
Senior notes	Level 1	17,696,229	17,362,517	18,226,807	15,520,865
Listed corporate bonds	Level 1	4,235,897	4,155,135	4,086,177	4,053,355
Unlisted corporate bonds	Level 3	1,864,683	1,874,385	1,894,759	1,916,019
Asset-backed securities issued	Level 3	215,421	221,688	260,419	268,483

The management of the Group estimates the fair value of other financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

33. Events after the End of the Reporting Period

- On 3 July 2019, a wholly-owned subsidiary of the Company, Fantasia Group (China) Co., Ltd. (花樣年集團(中國)有限公司) ("Fantasia Group China") issued domestic corporate bonds of RMB800,000,000, which are listed on the Shanghai Stock Exchange. The corporate bonds are unsecured, carry interest at rate of 8.2% per annum and interest is payable annually. The corporate bonds will mature in July 2022 unless the holders sell back the bonds to Fantasia Group China earlier.
- On 15 July 2019, the Company issued guaranteed fixed rate senior notes with aggregate nominal value of USD200,000,000 which carry fixed interest of 12% per annum and mature in 2022. The proceeds are to be used for refinancing certain of the Group's existing indebtedness.
- On 15 July 2019, the 2018 USD140 million senior notes due 2019 were repaid upon maturity.
- On 1 August 2019, the Company issued guaranteed fixed rate senior notes with aggregate nominal value of USD100,000,000 which carry fixed interest of 11.75% per annum and mature in 2022. The proceeds are to be used for refinancing certain of the Group's existing indebtedness.

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