

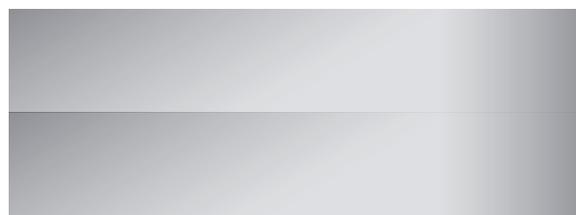
Infinity

2020

Interim Report | Stock Code: 01777.HK

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



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

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DIRECTORS

Executive Directors

Mr. Pan Jun (Chairman and
Chief Executive Officer)
Ms. Zeng Jie, Baby
Mr. Ke Kasheng
Mr. Zhang Huiming
Mr. Chen Xinyu

Independent Non-Executive Directors

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

COMPANY SECRETARY

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

REMUNERATION COMMITTEE

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

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

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

LEGAL ADVISORS

As to Hong Kong Law
Sidley Austin

As to PRC Law

Commerce & Finance Law
Offices

As to Cayman Islands Law

Conyers Dill & Pearman

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

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Central
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

The Company's Share Listing
Ordinary shares
The Stock Exchange of
Hong Kong Limited
Stock Code: 1777

WEBSITE

<http://www.cnfantasia.com>

LIST OF AWARDS RECEIVED BY FANTASIA DURING THE FIRST HALF OF THE YEAR:

Evaluation List of China's Top 500 Real Estate Developers 2020 – China Real Estate Research Association
Fantasia Group (China) Co., Ltd. Ranked 71st

List of 2020 China Real Estate Listed Companies with Strongest Comprehensive Strengths – China Real Estate Research Association
Fantasia Holdings (01777.HK) Ranked 62nd

2020 Top 100 Real Estate Companies of China – China Index Academy
Fantasia Group (China) Co., Ltd. Ranked 51st
Top 10 in Financing Capacity
Top 10 in Resilience

List of Top 100 Real Estate Companies of China in 2020 – Guandian Index Academy
Fantasia Group (China) Co., Ltd. Ranked 79th
2020 Top 10 Listed Real Estate Companies of China in Terms of Solvency

Aesthetics Vogue Award

Top 10 Outstanding Residence for the Year
Kunming Fantasia • Luhu International Project
Extreme Architectural Aesthetics Award of Excellence
Kunming Fantasia • Luhu International Project
Innovative Experience Space Silver Award
Chengdu Fantasia • Zhihui City
Innovative Conceptual Design Award of Excellence
Wuhan Fantasia • Xuhui • Hanzheng Street the First
Architectural Design Award of Excellence
Jingbei Fantasia • Ruantong • Xingfu Wanxiang
Space Design Award of Excellence
Jingbei Fantasia • Ruantong • Xingfu Wanxiang
Internet Popularity Award
Jingbei Fantasia • Ruantong • Xingfu Wanxiang

Kinpan Award

Best Residence for the Year in Sichuan and Yunnan Region
Fantasia • Grande Valley



Honours and awards granted to Fantasia during the first half of 2020

In the first half of 2020, 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.

In March, amidst continuous shortage of anti-epidemic supplies, Fantasia Charity Foundation conducted emergency procurement of 6,300 disposable surgical masks, 800 bottles of hands-washing-free alcohol disinfectant, antiseptic swabs, forehead thermometers, sprayers and other anti-epidemic supplies, which were delivered to Fantasia Ji'an Hope Primary School, with an aim to alleviate its pressing need for protective materials.

In May, Fantasia Charity Foundation donated a set of invigilation system to Fenghuangshan School at Huiyang District, Huizhou City. The installation and inspection for acceptance of the system have been completed on 4 June.

In June, the secretariat of Fantasia Charity Foundation and the representatives from Shenzhen branch of Fantasia Real Estate paid a visit to Fantasia Hope Primary School in Ji'an, Jiangxi and the nursing home in Gaoping Town, Suichuan to gain an understanding of the construction progress of the new teaching buildings of the Hope Primary School and the living conditions of students and teachers of the school, extend care and love to the elderly in the nursing home and learn about the renovation works needed to be done to the nursing home. In addition, a batch of mosquito-killing lamps, mosquito-killing liquid, vacuum flasks, summer sleeping mats, 5 water dispensers and other daily necessities for the students and teachers with a worth of over RMB60,000 were donated to the school. They also gave out gifts to the elderly in the nursing home, and, at the request of the government of Gaoping Town, conducted an assessment and inspection on the schools and caring houses (mini nursing homes) that were subject to geological hazards in Gaoping Town.

In July, Fantasia Charity Foundation recruited 20 volunteers from Fantasia Group and its partners in a campaign to provide financial support to 21 impoverished students from Fantasia Hope Primary School. Each student shall receive an annual grant of RMB2,000, amounting to RMB42,000 in total, which have been delivered to the parents of all these impoverished students under the witness of the volunteers and the school by the foundation. Led by the school workers, the volunteers also paid a visit to the houses of some impoverished students, offering them consolation and care.



Children of Fantasia Hope Primary School wearing donated white shoes



Children of Fantasia Hope Primary School exhibiting their drawings

At the end of July, with the charity donation by all employees of Fantasia Urban Development Group, Fantasia Charity Foundation joined hands with Fantasia Hope Primary School to hold the third summer camp. By participating in on-campus summer camp activities mainly comprising military training, extracurricular training, psychological counseling and aesthetic education courses, the students was offered a chance to strengthen their living skills and sense of discipline as well as improving their academic performance and receiving quality education. 70 students who were from underprivileged families or in urgent needs for psychological or academic help or outstanding in both character and academic performance were selected by the school to attend the summer camp. Among which, 30 selected outstanding students and 5 teachers participated in a four-day city tour in early August. Led by the representatives from Fantasia Urban Development Group and Fantasia Charity Foundation, the teachers and students had a tour throughout Shenzhen to have first-hand experience of the development dynamics of the city and the hardwork of city builders as well as the natural beauty and local culture.

In August, Fantasia Charity Foundation entered into the donation agreement with the charity foundation of Suichuan County, Jiangxi Province, pursuant to which Fantasia Charity Foundation shall donate RMB313,500 and the government of Tanghu Town, Suichuan County shall construct and purchase one set of agricultural product processing equipment for the Poverty Alleviation Workshop of Qingcha Village, Tanghu Town, Suichuan County. The Poverty Alleviation Workshop is scheduled to commence operation at the end of October this year. In addition, Fantasia Charity Foundation also entered into the donation agreement with the government of Gaoping Town, Suichuan County to donate RMB200,000 for the maintenance project of Gaoping Nursing Home and the disaster prevention project of the Poverty Alleviation Caring Houses in Shuikou Village. The aforesaid two donations have been made in early September.



Opening ceremony of Summer Camp of Fantasia Hope Primary School



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 2020 as well as its prospects.

I. RESULTS

In the first half of 2020, the Group recorded revenue of approximately RMB9,241 million, representing an increase of 7.7% compared to the corresponding period of last year. The Group's net profit for the period was approximately RMB277 million, representing an increase of 13.4% compared to the corresponding period of last year. If excluding the impact of exchange gains or losses, the net profit for the period was approximately RMB558 million, representing an increase of 97.6% compared to the corresponding period of last year.

In the first half of 2020, the Group recorded contracted sales of RMB17,506 million, representing an increase of 32.9% compared to the corresponding period of last year, and the corresponding gross floor area sold was approximately 1,354,430 sq.m., representing an increase of 21.1% compared to the corresponding period of last year, which laid a solid foundation for achieving the sales goal for the year.

II. REVIEW FOR THE FIRST HALF OF 2020

In the first half of 2020, faced with the severe challenges brought by the COVID-19 epidemic and the complex and changing domestic and international environment, the central government pushed forward epidemic prevention and control and promoted economic and social development in a coordinated manner, maintaining effective epidemic containment and accelerating work and production resumption and activities restart. In the first half of the year, the PRC economy declined and then returned to growth track, with major indicators showing signs of growth and the economy staging steady recovery.

As for industry, the outbreak of the COVID-19 epidemic had some impact on the sale performance of the real estate enterprises in the first half of 2020. Sales of commercial properties across the country in the first half of 2020 recorded a year-on-year decrease of 5.4%, among which sales of residential properties recorded a decrease of 2.8% YoY. However, as the sales market gradually improved since March, the market generally showed a trend of recovery in the second quarter and the overall growth in sales beat market expectation, continuing to demonstrate the importance of the real estate industry for the development of the domestic economy.

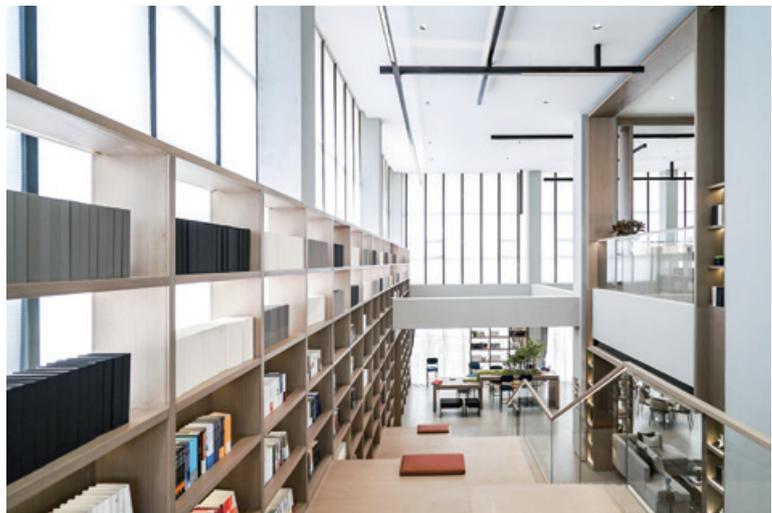


Photo of FANTASIA • ENDLESS BLUE Lifestyle Aesthetics Museum

In the first half of 2020, with the mentality of restarting a business and under the overall strategic layout of focusing on “property + community”, the Group continuously deepened the dual business drivers of “property development” and “community service”. In terms of investment strategy, operation strategy, financial strategy and community strategy, the Group put forward the strategies of “targeted investment” “high efficiency” “stable performance” and “safe community”, achieving substantial progress in various businesses.

Meanwhile, thanks to the proactive measures taken by the Group to fight against the epidemic amidst the outbreak of the epidemic, the property development business bucked the trend to achieve sales growth and accelerate project turnover. Our efforts in fighting against the epidemic at the communities have gained high recognition from the owners and the government and achieved outstanding results.

Investment strategy: targeted investment

Investment capability is one of the core competences of real estate enterprises, and is also one of the most important factors affecting the profitability of investment projects. In terms of investment strategy, the Group upheld the key motto of “targeted investment” to significantly improve the Group’s investment capability: firstly, sticking to the “5+N” urban investment strategy, the Group focused on the five major areas including 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, and selected 20+ quality cities for further development; secondly, the Group stepped up efforts to acquire high-turnover projects through public auctions to achieve fast recovery and roll-over development of cash flow, and also acquired profitable projects through diverse ways such as acquisition and urban renewal projects to strike a balance between business scale and profit margin; thirdly, efforts have been made to optimise the investment decision-making process and determine the quantitative financial metrics for investments to improve the accuracy of project analysis; and fourthly, the Group enhanced cooperation with leading enterprises of various industries to improve operation efficiency through collaboration with strong business partners and utilisation of their respective advantages.



On-site photo of Fantasia • Luhu International Project

In the first half of 2020, the Group seized opportunities at the land market to acquire eleven parcels of quality land located in Nanjing, Hangzhou, Chengdu, Beijing, Shaoxing, Foshan and other cities, laying a solid foundation for future sales growth of the Group.

Operation strategy: high efficiency

An important goal of the Group's efforts in enhancing operation is to promote operation efficiency. To facilitate efficient sale transactions, the Group made prompt response and implemented flexible measures amidst the outbreak of the epidemic. In particular, the Group launched its online marketing center in January to ride on the trend of online sales, launched the "Everyone can be a Homeowner (人人房東)" program in February to tap potential customers via Internet social media, and launched its online marketing account "Fantasia go" in June to facilitate efficient interaction with property purchasers. While ensuring the safety of our staff and the customers, the sales centers operated by the Group except those in Wuhan resumed full operation by the end of March and the sales offices in Wuhan were also reopened in mid April.

In the first half of the year, by focusing on improving "cash flow + profit margin", the Group expedited project development by strengthening schedule control of the entire process of project development and implementing special incentive policies as supplemental tool. Amidst the outbreak of the epidemic, the Group worked closely with the construction unit, implemented epidemic prevention measures as required by the government and took measures to recruit construction workforce. By adopting scientific and effective measures, the Group strived to resume operation at the construction sites as early as possible while complying with the management requirements of the government. The Group managed to resume operation for 90% of projects under construction by the end of March and for all projects by the end of April, so as to ensure no delay in the development progress of the key projects. During the period, by significantly accelerating the progress of project development, the cycle from land acquisition to commencement of construction for new projects was shortened to 2.7 months, and the cycle from land acquisition to launch of project was shortened to 8.2 months, achieving the goal of accelerating project turnover.

Financial strategy: stable performance

The Group is always committed to pursuing healthy development. In the first half of 2020, the Group took active measures to manage its debt level. As at the end of June 2020, the net gearing ratio of the Group was 78.3%, maintaining at a healthy level of the industry. During the period, due to the outstanding financial position of the Group, Fitch Ratings, Standard & Poor's and Moody's (all being international rating agencies) maintained the Group's credit rating and "Stable" outlook rating, demonstrating the recognition of the Group's business development and confidence in the Group's financial conditions by the international capital market.

While maintaining a healthy debt level, the Group adhered to the overall philosophy of "controlling total debt, reducing short-term debts and cutting financing costs" and proactively optimised its financial structure, including early partial redemption of the USD bonds due in March 2021, so as to reduce its short-term debts. The Group also made good use of the domestic and overseas capital markets, and proactively expanded financing channels such as domestic banks and issuance of corporate bonds, so as to further optimise its capital structure.

Due to its outstanding operation and financial performance, the Group gained high recognition from the investors. During the period, the yield curve of its USD bonds at the secondary market showed a declining trend, with the decrease in the yield significantly outperforming the market. The Group proactively seized the market opportunities for bond issuance and successfully completed several issuances of offshore USD bonds since January. The coupon rate of the USD bonds with a principal amount of US\$200 million for a term of two years issued in August 2020 has dropped to 7.95%, effectively reducing financing costs.

Community strategy: safe community

In the first half of 2020, Colour Life Services Group Co., Limited (“Colour Life”), a subsidiary of the Group, continued to consolidate its basic businesses, made great efforts to improve customers’ satisfaction and promote harmony in communities, and strived to improve service quality and enhance operation efficiency through technology application and refined management. Meanwhile, the Group continued to collaborate with JD.com and 360.com, two Internet titans, to explore various community scenarios, with an aim to identify and develop potential business opportunities and income drivers.

In the fight against the epidemic, the Group made prompt response by carrying out unified deployment and quickly developing a standardised epidemic prevention and control plan which has been simultaneously implemented in all projects of the Group across the country. Our efforts have been well paid off. No case of mass infection was reported in any community managed by the Group, and the infection rate of residents in the communities managed by the Group in Wuhan City was far below the average infection rate of the city. Moreover, our efforts were well recognised, with over 75% of the projects managed by the Group receiving commendation from the government or compliments and regards from the owners. The Group has been praised for 127 times and 603 times for its excellent work by the city- and district-level governments and the sub-district offices and communities, respectively.

The epidemic is an important test for the potential of property management companies. As evidenced by our success in containment of the epidemic, the Group is well poised to deliver professional and efficient response and services benefitting from its focus and expertise on the property management sector over the past years. Our joint efforts to fight against the epidemic offered the property management company a chance to enhance communication with the owners and build up mutual trusts in each other, which also helped to improve owners’ satisfaction and strengthen the brand recognition of the Group, laying a solid foundation for the Group for future expansion of community business.

III. PROSPECTS

Looking forward to the second half of 2020, due to the profound adjustment in the global economy and the highly complicated domestic and international development environment, the economic development of the PRC will be under certain pressure. However, currently China is still in an important period of strategic opportunities with ample room for development, and has good fundamental conditions to support sustainable and healthy development of the economy. In the second half of the year, it is expected that the PRC economy will maintain an overall stable development momentum, while the real estate industry will adhere to the policy of “houses are for living and not for speculation” and the property market will maintain steady and healthy development.



East Blink Day held in communities managed by Colour Life

In the second half of 2020, upholding the spirit of second startup, the Group will focus on the dual business driver strategy of “real estate + community” and go all out to expedite business development. In terms of operation strategy, we will enhance our operation efficiency to improve profit margin and cash flow, and make prompt adjustments in response to changes in the development of the epidemic, policies and market conditions, with an aim to accelerate destocking and fund recovery. In terms of investment strategy, we will focus on extending our business presence in cities with huge potential within the five major urban agglomerations and acquire lands through public auctions to accelerate project turnover, and also leverage on our advantage in acquiring profitable projects through urban renewal projects and acquisitions and mergers. As to financial strategy, we will focus on maintaining a stable and healthy financial position by proactively managing our debt level, continuing to optimise debt structure, expanding financing channels and reducing financing costs. In terms of community strategy, we will continue to place emphasis on epidemic prevention, improvement of basic services and customers' satisfaction, and meanwhile promote business development empowered with online value-added services, so as to provide the residents with various value-added services.

In 2020, upholding the spirit of second startup and adhering to the vision of “becoming an interesting, tasteful, resourceful leader in living space and experience”, Fantasia is ready to start another journey with commitment to provide customers with better products and offer shareholders and investors greater return, ushering in a new bright future for us all.

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

18 August 2020



Funian Aviation Plane taking off

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 and related services, (iv) the provision of property operation services, (v) the provision of hotel accommodation services and (vi) manufacturing and sales of fuel pumps. For the Period, revenue of the Group amounted to approximately RMB9,241 million, representing an increase of 7.7% from approximately RMB8,577 million for the corresponding period in 2019. The profit attributable to owners of the Company for the Period amounted to approximately RMB96 million, representing a decrease of 5.7% from approximately RMB102 million for the corresponding period in 2019.

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 2020 and 2019.

	For the six months ended 30 June 2020			For the six months ended 30 June 2019		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	sq. m.	RMB/sq. m.	RMB'000	sq. m.	RMB/sq. m.
Chengdu Xiangmendi (成都香門第)	2,751,220	299,226	9,194	3,394	290	11,703
Sichuan Jiastianxia (四川家天下)	2,215,338	177,844	12,457	322,579	44,152	7,306
Guilin Lakeside Eden (桂林麓湖)	926,254	148,583	6,234	701,608	148,305	4,731
Huizhou Zijin Huafu (惠州紫金華府)	210,620	25,071	8,401	–	–	–
Sichuan Meinian Plaza (四川美年廣場)	101,593	5,918	17,167	3,246,887	142,752	22,745
Kunming Lakeside Eden (昆明麓湖)	91,050	29,677	3,068	–	–	–
Ci Xi Joy City (慈溪悅城)	50,479	9,046	5,580	705,149	49,551	14,231
Chengdu Longnian Building (成都龍年中心)	27,361	5,744	4,763	34,289	8,616	3,980
Chengdu Zhihui City (成都智薈城)	27,740	9,495	2,922	–	–	–
Chengdu Longwu (成都龍吾)	15,489	5,896	2,627	297,227	42,541	6,987
Huizhou TCL Kangchensiji (惠州TCL康城四季)	–	–	–	117,385	6,415	18,299
Suzhou Hailun Plaza (蘇州喜年廣場)	–	–	–	38,016	1,936	19,636
Huizhou Fantasia Special Town (惠州別樣城)	–	–	–	26,460	2,161	12,244
Suzhou Taihu Tiancheng (蘇州太湖天城)	–	–	–	11,109	1,122	9,901
Guilin Fantasia Town (桂林花樣城)	–	–	–	10,600	2,167	4,892
Shenzhen Lenian (深圳樂年)	–	–	–	10,421	478	21,801
Wuhan Love Forever (武漢花郡)	–	–	–	7,526	1,060	7,100
Huizhou Love Forever (惠州花郡)	–	–	–	7,452	1,225	6,083
Chengdu Grande Valley (成都大溪谷)	–	–	–	5,436	924	5,883
Wuhan Fantasia Town (武漢花樣城)	–	–	–	2,636	1,046	2,520
Dongguan Wonderland (東莞江山)	–	–	–	1,358	100	13,580
Subtotal	6,417,144	716,500		5,549,532	454,841	
Others	213,647			181,476		
Total	6,630,791			5,731,008		



Wuhan FANTASIA • ENDLESS BLUE Experience Centre

Property Development

The Group recognises revenue from the sale of properties 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 15.7% to approximately RMB6,631 million for the six months ended 30 June 2020 from approximately RMB5,731 million for the corresponding period in 2019, 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 decreased by 3.1% to approximately RMB197 million for the six months ended 30 June 2020 from approximately RMB204 million for the corresponding period in 2019. The decrease was primarily due to a decrease in rented area.

Property Agency Services

Revenue derived from property agency services decreased by 51.1% to approximately RMB7 million for the six months ended 30 June 2020 from approximately RMB15 million for the corresponding period in 2019. The decrease was due to the slowdown of second-hand house transactions.

Property Operation Services

Revenue derived from property operation services decreased by 0.8% to approximately RMB2,124 million for the six months ended 30 June 2020 from approximately RMB2,142 million for the corresponding period in 2019.

Hotel Operation and Related Services

Revenue derived from hotel operation and related services amounted to approximately RMB24 million for the six months ended 30 June 2020, representing a decrease of 65.1% as compared to the corresponding period 2019, which was mainly due to the impact of the COVID-19 epidemic (the corresponding period in 2019: RMB67 million).

Others

This mainly represent revenue from manufacturing and sales of fuel pumps.

Gross Profit and Gross Profit Margin

Gross profit of the Group increase by 22.5% to approximately RMB3,109 million for the six months ended 30 June 2020 from approximately RMB2,537 million for the corresponding period in 2019, while the Group's gross profit margin was approximately 33.6% for the six months ended 30 June 2020 as compared to a gross profit margin of approximately 29.6% for the corresponding period in 2019. 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.

Other Gains and Losses

The Group recorded net other losses for the six months ended 30 June 2020 of RMB246 million (the corresponding period in 2019: net other gains of RMB100 million), which was due to net exchange loss of RMB281 million (the corresponding period in 2019: net exchange loss of RMB38 million) as a result of the appreciation of USD.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended 30 June 2020 amounted to approximately RMB156 million, almost the same as those for the corresponding period in 2019 amounting to RMB155 million.

Administrative Expenses

The Group's administrative expenses increased by 8.2% to approximately RMB697 million for the six months ended 30 June 2020 from approximately RMB644 million for the corresponding period in 2019. The increase was primarily due to the increase in the daily administrative expense of the Group.

Finance Costs

The Group's finance costs increased by 14.4% to approximately RMB927 million for the six months ended 30 June 2020 from approximately RMB811 million for the corresponding period in 2019. The increase was primarily due to the increase in average balance of interest-bearing liabilities of the Group.



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

Income Tax Expense

The Group's income tax expense increased by 12.2% to approximately RMB1,141 million for the six months ended 30 June 2020 from approximately RMB1,018 million for the corresponding period in 2019. The increase was mainly due to an increase in land appreciation tax as a result of the higher gross profit margin of property sales during the current interim period as compared to the corresponding period of 2019.

Liquidity, Financial and Capital Resources

Bank balances and Cash Position

As at 30 June 2020, the Group's total bank balances and cash was approximately RMB25,191 million (31 December 2019: approximately RMB23,044 million), representing an increase of 9.3% as compared to that as at 31 December 2019. 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 78.3% as at 30 June 2020 (31 December 2019: 73.5%). The net gearing ratio was calculated based on net debt (the total of its borrowings, senior notes and bonds and issued 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.



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

Borrowings and Charges on the Group's Assets

As at 30 June 2020, the Group had borrowings, senior notes and bonds and ABS of approximately RMB11,805 million (31 December 2019: approximately RMB13,985 million) in total, approximately RMB29,311 million (31 December 2019: approximately RMB24,083 million) in total and approximately RMB35 million (31 December 2019: approximately RMB105 million) in total, respectively. Amongst the borrowings, approximately RMB5,991 million (31 December 2019: approximately RMB6,430 million) will be repayable within one year and approximately RMB5,814 million (31 December 2019: approximately RMB7,555 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB8,845 million (31 December 2019: approximately RMB4,964 million) will be repayable within one year and approximately RMB20,466 million (31 December 2019: approximately RMB19,120 million) will be repayable after one year.

As at 30 June 2020, a substantial part of the Group's borrowings was secured by 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 balances and cash, 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.

Contingent Liabilities

(i) As at 30 June 2020, the Group had provided guarantees amounting to approximately RMB10,291 million (31 December 2019: approximately RMB12,167 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 mortgage loans and ends after the purchaser obtained the individual property ownership certificate.



(ii) The Group provided guarantees on several basis covering its respective equity shares of outstanding obligations under the bank borrowings incurred by the joint and ventures and associates for developing their projects. As at 30 June 2020, the Group's shares of such guarantees provided in respect of loans borrowed respectively by these joint ventures and associates amounted to approximately RMB1,317 million and approximately RMB330 million. As the directors is of the opinion that the possibility of the default of the parties is remote and the fair value of guarantee contracts is insignificant, no provision for such guarantee contracts was recognised in the financial statements for the six months ended 30 June 2020.

Employees and Remuneration Policies

As at 30 June 2020, excluding the employees of communities managed on a commission basis under property operation service segment, the Group had approximately 34,118 employees (31 December 2019: approximately 33,431 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

of the PRC) and state-managed retirement pension scheme (for employees of Mainland China), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme on 27 October 2009. As at 30 June 2020, a total of 142,660,000 share options were granted. During the current interim period, none of the share options had lapsed and 747,000 share options had been exercised. As at 30 June 2020, the number of outstanding share options was 74,351,000.

INTERIM DIVIDEND

The Board had resolved that no interim dividend be paid for the current interim period (the corresponding period in 2019: nil).



Chengdu JR • FANTASIA

BUSINESS REVIEW

Property Development

Contracted Sales

In the first half of 2020, faced with the negative impact of COVID-19 on the macroeconomy and the real estate industry, the Group returned satisfactory results by making prompt adjustments to its strategies, expanding customer base through online marketing platforms, facilitating work resumption and sales at the offline sales offices, seizing the opportunities arising from the recovery of the property market since March and accelerating destocking.

During the first six months ended 30 June 2020 (“the Period”), the Group achieved total contracted sales of approximately RMB17.506 billion and contracted sales area of 1,354,430 sq.m., of which, approximately RMB15.064 billion was derived from the contracted sales of residences with contracted sales area of 1,228,698 sq.m., accounting for approximately 86.0% and 90.7% of the total contracted sales and total contracted sales area of properties of the Group in the first half of 2020, respectively; and approximately RMB2.442 billion was derived from contracted sales of urban complexes with contracted sales area of 125,732 sq.m., representing approximately 14.0% and 9.3% of total contracted sales and total contracted sales area of properties of the Group in the first half of 2020, respectively.



On-site photo of Fantasia • Shenzhen Jiastianxia Project



On-site photo of show house of Wuhan Fantasia • Xiangmendi Project

Contracted sales amount and area attributable to different product categories in the first half of 2020

Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	15,064	86.0	1,228,698	90.7
Urban Complexes	2,442	14.0	125,732	9.3
Total	17,506	100.0	1,354,430	100.0

During the Period, the contracted sales contribution to the Group was mainly derived from sales in 16 cities, including Chengdu, Ningbo, Suzhou, Shenzhen, Wuhan, Nanjing, Tianjin, Huizhou and Guilin, and also from approximately 41 projects, including Ningbo Chaoyue Nantang, Huayang Jinjiang at Chengdu, Shenzhen Jiastianxia, Ningbo Fenglinfu, Chengdu Kanjinzhao, Nanjing Xinian Center 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.



Show house of Xiangmendi, a project jointly developed by Fantasia and Dowell

Contracted sales amount and area in each region in the first half of 2020

Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	1,792	10.2	95,454	7.0
Chengdu-Chongqing Metropolitan Area	6,306	36.0	668,693	49.4
Central China Metropolitan Area	1,004	5.7	60,948	4.5
Yangtze River Delta Metropolitan Area	5,743	32.8	317,271	23.4
Bohai Rim Metropolitan Area	2,424	13.8	205,583	15.2
Overseas	237	1.5	6,481	0.5
Total	17,506	100.0	1,354,430	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 2020, the Group proactively seized the historic significant opportunity to build an internationally first-class bay area and a world-class urban agglomeration, sparing no effort to promote the project development in the Guangdong-Hong Kong-Macao Greater Bay Area. Seizing on the opportunity of urban renewal, the Group will extensively participate in the construction and development of the cities within the Guangdong-Hong Kong-Macao Greater Bay Area.

During the Period, the Group recorded total contracted sales of RMB1.792 billion and total contracted sales area of 95,454 sq.m. in Shenzhen, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 10.2% and 7.0% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2020.

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 2020, the Group continued to achieve good sales for its prominent projects in Chengdu such as Huayang Jinjiang and Chengdu Kanjinzhao, and acquired a number of parcels of quality land in Chengdu during the Period, further strengthening its leading edge in the region.



On-site photo of Fantasia Huizhou Jitianxia Project

During the Period, the Group recorded total contracted sales of RMB6.306 billion and total contracted sales area of 668,693 sq.m. in Chengdu, Ziyang, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 36.0% and 49.4% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2020.

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 2020, the outbreak of the COVID-19 epidemic delivered a serious blow to Wuhan City, and the property market was also hit hard. The Group proactively implemented responsive measures to fight against the epidemic, and reopened its sales offices in the city in April 2020. In addition, the Group launched products that cater to the rigid and improvement-oriented demands of Wuhan residents, further improving its name recognition and brand reputation among the customers in the regional market.

During the Period, the Group recorded total contracted sales of RMB1.004 billion and total contracted sales area of 60,948 sq.m. in cities such as Wuhan in the Central China Metropolitan Area, contributing to approximately 5.7% and 4.5% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2020.

Yangtze River Delta Metropolitan Area

The Yangtze River Delta Metropolitan Area is one of the most economically dynamic hubs in China. The Group has paid close attention to the core cities with high growing potential in the region for a long time. During the fourth quarter of 2019 to the first half of 2020, the Group acquired a number of parcels of land in Ningbo, Nanjing, Hangzhou, Shaoxing and other cities. In particular, the Group launched Ningbo Chaoyue Nantang and Fenglinfu in June 2020, which received warm response from the local residents, driving the excellent sales performance of the Group in the Yangtze River Delta Metropolitan Area in the first half of 2020.



On-site photo of show house of Fantasia • Grande Valley Project

During the Period, the Group recorded total contracted sales of RMB5.743 billion and total contracted sales area of 317,271 sq.m. in Ningbo, Suzhou, Nanjing and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 32.8% and 23.4% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2020.

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 2020, the Group rapidly promoted the construction and sales of projects in the region, and also acquired a number of parcels of land in Tianjin, Beijing and other cities, further expanding its influence in the region.

During the Period, the Group recorded total contracted sales of RMB2.424 billion and total contracted sales area of 205,583 sq.m. in Tianjin, Zhangjiakou and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 13.8% and 15.2% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2020.

Newly Commenced Projects

During the Period, the Group commenced development of 14 projects or phases of projects with a total planned GFA of approximately 1,581,957 sq.m..



Art Exhibition Hall of Fantasia Wunan 396 Project

Breakdown of newly commenced projects in the first half of 2020

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA of newly commenced projects (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area						
1	Huizhou Kangcheng Siji	Zhongkai District, Huizhou	Residential and commercial land use	100%	2022	76,685
Chengdu-Chongqing Metropolitan Area						
2	Chengdu Grande Valley	Pujiang County, Chengdu	Residential and commercial land use	70%	Completion by phases between 2020 and 2022	122,135
3	Chengdu Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	Completion by phases between 2021 and 2023	213,152
4	Chengdu Yinweilai	Pidu District, Chengdu	Residential and commercial land use	50%	2022	67,459
5	Chengdu Biyun Tianxi	Tianfu New District, Chengdu	Residential and commercial land use	50%	2022	131,347
6	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	2023	283,468
Central China Metropolitan Area						
7	Wuhan Jinshanghua	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	60,368
Yangtze River Delta Metropolitan Area						
8	Ningbo Chaoyue Nantang	Haishu District, Ningbo	Residential use	33%	2022	205,151
9	Ningbo Fenglinfu	Fenghua District, Ningbo	Residential use	34%	2022	157,318
10	Nanjing Huahaoyuan	Jiangbei New District, Nanjing	Residential use	65%	2022	79,806
11	Hangzhou Duiyuetian	Jiangan District, Hangzhou	Residential use	51%	2022	101,606
Bohai Rim Metropolitan Area						
12	Tianjin Love Forever	Wuqing District, Tianjin	Residential land use	60%	2021	13,207
13	Tianjin Jinshanghua	Wuqing District, Tianjin	Residential land use	100%	2021	7,031
14	Zhangjiakou Xingfu Wanxiang	Huilai County, Zhangjiakou	Commercial service land use	55%	2021	63,224

Completed Projects

During the Period, the Group completed a total of 6 projects or phases of projects with a total GFA of approximately 958,634 sq.m..

Breakdown of completed projects in the first half of 2020

Region	Completed GFA (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area	80,396
Chengdu-Chongqing Metropolitan Area	878,238

Projects Under Construction

As at 30 June 2020, the Group had 39 projects or phases of projects under construction with a total GFA of 7,805,647 sq.m..

Breakdown of projects under construction as at 30 June 2020

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 Jiastianxia	Dapeng New District, Shenzhen	Residential and commercial land use	10%	2023	262,940
2	Huizhou Jiastianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	2020	241,091
3	Huizhou Kangcheng Siji	Zhongkai District, Huizhou	Residential and commercial land use	100%	2022	76,685
Chengdu-Chongqing Metropolitan Area						
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	Completion by phases between 2020 and 2022	467,721
5	Chengdu Dragon Era International Center	Pidu District, Chengdu	Commercial land use	100%	2020	63,449
6	Chengdu Xiangmendi (western zone)	Pidu District, Chengdu	Residential and commercial land use	50%	2021	112,011
7	Chengdu Zhihui City	Chongzhou, Chengdu	Residential and commercial land use	80%	Completion by phases between 2020 and 2021	419,547
8	Chengdu Kanjinzhao	Xinjin County, Chengdu	Residential and commercial land use	100%	2021	136,151
9	Chengdu Jiastianxia	Shuangliu District, Chengdu	Residential and commercial land use	55%	Completion by phases between 2020 and 2021	548,091
10	Chengdu Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	2021	464,638
11	Chengdu Yinweilai	Pidu District, Chengdu	Residential and commercial land use	50%	2022	67,459
12	Chengdu Biyun Tianxi	Tianfu New District, Chengdu	Residential and commercial land use	50%	Completion by phases between 2022 and 2023	131,347
13	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	2020	524,695
14	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	Completion by phases between 2021 and 2022	285,771

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
15	Land I of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	Completion by phases between 2020 and 2022	344,095
16	Land H of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	Completion by phases between 2021 and 2022	248,680
17	Land D2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	2022	135,493
18	Land F of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	2020	143,417
Central China Metropolitan Area						
19	Wuhan Huahaoyuan	Jiang'an District, Wuhan	Residential and commercial land use	100%	2022	190,902
20	Wuhan Jinshanghua	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	60,368
21	Wuhan Gedian Jianshan	Gedian Hi-tech District, Wuhan	Residential and commercial land use	100%	2022	268,668
22	Wuhan Hankou Xingfu Wanxiang	Jiang'an District, Wuhan	Commercial land use	30.6%	2021	52,152
23	Wuhan Blue Sky	Dongxihu District, Wuhan	Residential and commercial land use	55%	2021	184,809
Yangtze River Delta Metropolitan Area						
24	Nanjing Lishui Jiatianxia	Lishui Economic Development District, Nanjing	Residential and commercial land use	100%	2020	316,507
25	Nanjing Gaochun Love Forever	Gaochun District, Nanjing	Residential and commercial land use	100%	2020	165,801
26	Nanjing Huahaoyuan	Jiangbei New District, Nanjing	Residential land use	65%	2022	79,806
27	Suzhou Oriental Bay	Taihu National Tourism Vacation Zone, Suzhou	Residential land use	43%	2020	137,381
28	Shanghai Wunan 396 (originally known as Guobang Garden)	Xuhui District, Shanghai	Commercial land use	100%	2020	6,627
29	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	44%	2021	233,911
30	Hangzhou Duiyuetian	Jiangan District, Hangzhou	Residential land use	51%	2022	101,606
31	Ningbo Cixi Seasonal Mansion Project	Cixi, Ningbo	Residential land use	11%	2020	253,594
32	Ningbo Chaoyue Nantang	Haishu District, Ningbo	Residential land use	33%	2022	205,151
33	Ningbo Fenglinfu	Fenghua District, Ningbo	Residential land use	34%	2022	157,318

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Bohai Rim Metropolitan Area						
34	Tianjin Jiastianxia	Wuqing District, Tianjin	Residential land use	60%	Completion by phases between 2020 and 2021	328,927
35	Tianjin Love Forever	Wuqing District, Tianjin	Residential land use	60%	2021	62,872
36	Tianjin Jinshanghua	Wuqing District, Tianjin	Residential land use	100%	2021	137,418
37	Baoding Mancheng	Mancheng District, Baoding	Residential land use	51%	2022	64,525
38	Zhangjiakou Xingfu Wanxiang	Huailai County, Zhangjiakou	Commercial service land use	55%	2021	101,264
Overseas						
39	Parkwood Collection	Singapore	Residential land use	40%	2021	22,759

Projects Held for Development

As at 30 June 2020, the Group had a total of 21 projects or phases of projects held for development with a total GFA of approximately 4,566,226 sq.m..

Breakdown of projects held for development as at 30 June 2020

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	Shenzhen Good Time	Pingshan District, Shenzhen	Residential and commercial land use	50%	320,647
2	Huizhou Jiastianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	35,293
3	Foshan Nanhai Guicheng Project	Nanhai District, Foshan	Residential land use	49%	251,290

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA of projects held for development (sq.m.)
Chengdu-Chongqing Metropolitan Area					
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	472,642
5	Chengdu Xinjin 84 mu Project	Xinjin County, Chengdu	Residential and commercial land use	100%	197,458
6	Chengdu Xifu Hongyun	Pujiang County, Chengdu	Residential and commercial land use	30%	309,110
7	Chengdu Biyun Tianxi	Tianfu New District, Chengdu	Residential and commercial land use	50%	163,924
8	Chengdu Chunyu Xi'an	Pidu District, Chengdu	Residential and commercial land use	40%	79,334
9	Chengdu Yin Future	Pidu District, Chengdu	Residential and commercial land use	50%	13,248
10	Chengdu Pidū District 30 mu Project	Pidu District, Chengdu	Residential and commercial land use	50%	59,244
11	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	686,465
12	Land G and A2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	186,674
Central China Metropolitan Area					
13	Wuhan Hanzheng Street	Qiaokou District, Wuhan	Residential and commercial land use	34.50%	321,290
14	Phase II of Jin Xiu Town	Hongshan District, Wuhan	Residential and commercial land use	50.10%	111,883
Yangtze River Delta Metropolitan Area					
15	Suzhou Taihu Tiancheng	Taihu National Tourism Vacation Zone, Suzhou	Hotel land use	100%	73,691
16	Ningbo Hangzhou Bay Jingcheng Mingshi	Hangzhou Bay New District, Ningbo	Residential land use	90%	76,769
17	Shaoxing Jinghu Project	Jinghu District, Shaoxing	Residential land use	49%	373,867
Bohai Rim Metropolitan Area					
18	Tianjin Yingcheng Lake Project	Hangu District, Tianjin	Residential, commercial service and tourism	100%	168,339
19	Shijiazhuang Linghang Guoji	Yuhua District, Shijiazhuang	Commercial land use	51%	63,740
20	Zhangjiakou Xingfu Wanxiang	Huailai County, Zhangjiakou	Commercial service land use	55%	426,358
21	Beijing Miyun Tanying Project	Miyun District, Beijing	Residential land use	22.5%	174,960

Land Bank

On 30 June 2020, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 12,371,873 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	580,716	607,230	1,187,946
Shenzhen	262,940	320,647	583,587
Huizhou	317,776	35,293	353,069
Foshan	–	251,290	251,290
Chengdu-Chongqing Metropolitan Area	4,092,565	2,168,099	6,260,664
Chengdu	2,410,414	1,294,960	3,705,374
Ziyang	524,695	–	524,695
Kunming	285,771	686,465	972,236
Guilin	871,685	186,674	1,058,359
Central China Metropolitan Area	756,899	433,173	1,190,072
Wuhan	756,899	433,173	1,190,072
Yangtze River Delta Metropolitan Area	1,657,702	524,327	2,182,029
Nanjing	562,114	–	562,114
Suzhou	137,381	73,691	211,072
Shanghai	6,627	–	6,627
Hangzhou	335,517	–	335,517
Ningbo	616,063	76,769	692,832
Shaoxing	–	373,867	373,867
Bohai Rim Metropolitan Area	695,006	833,397	1,528,403
Tianjin	529,217	168,339	697,556
Baoding	64,525	–	64,525
Shijiazhuang	–	63,740	63,740
Zhangjiakou	101,264	426,358	527,622
Beijing	–	174,960	174,960
Overseas	22,759	–	22,759
Singapore	22,759	–	22,759
Total	7,805,647	4,566,226	12,371,873



Wuhan FANTASIA • ENDLESS BLUE Experience Centre

Community services

Leveraging on its core competitiveness based on professional and market-oriented services, Colour Life, a community services provider of the Group, has established a unique development pattern of third-party expansion, under which the Group strives to increase its market shares by enhancing its brand reputation and offering quality services at a competitive price. As at 30 June 2020, the Total Contracted GFA of Colour Life reached 563.7 million sq.m. in 279 cities across the country.

In the fight against the COVID-19 epidemic, Colour Life made prompt response by carrying out unified deployment and quickly developing a standardised epidemic prevention and control plan which has been simultaneously implemented in all projects of the Group nationwide. Thanks to the commitment and professional work of all staff of Colour Life, no case of mass infection was reported in any community managed by Colour Life, and the infection rate of residents in the communities managed by Colour Life in Wuhan City was far below the average infection rate of the city. Moreover, our efforts were well recognized, with over 75% of the projects managed by Colour Life receiving commendation from the government or compliments and regards from the owners.



Shoe box gift activity held in communities managed by Colour Life

Colour Life continued to adhere to the strategy of “promoting community care” during the Period. For example, in response to the “street-stall economy” initiative of the government and in order to promote neighbourhood relationship, Colour Life organised “public welfare fairs” in the communities, which not only offered an opportunity to promote communication among the adults and also provided vending stalls for the children for fun and broadening their horizon.

In order to optimise the overall management system, Colour Life carried out restructuring of its original structure and reorganised its business into five regional segments by geographical location, so as to promote further integration between its original businesses such as “Colour Life branch” and the acquired businesses such as “WXM branch”, which is conducive to the unified management of Colour Life to enhance resource utilisation and achieve scale economy, and also helps export the management and service experiences of some outstanding communities across the Group to promote synergetic effects and cost advantage.

In terms of value-added business, Color Life continued to build a more open online ecosystem. JD.com and 360.com, two Internet giants, have joined Colour Life as strategic investors to jointly explore community value-added business. In the first half of 2020, the Group joined hands with JD.com to promote the implementation of a pilot business of smart parcel lockers. Based on this business, Colour Life will continue to explore other types of community services, making property management services a much more important part of the owner’s life.



Children from East Scout of communities managed by Colour Life

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION

As at 30 June 2020, 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 2020
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,314,090,500 ⁽¹⁾	–	57.45%
	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 subsection 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 2020, the issued shares of the Company are 5,768,417,304.

(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.

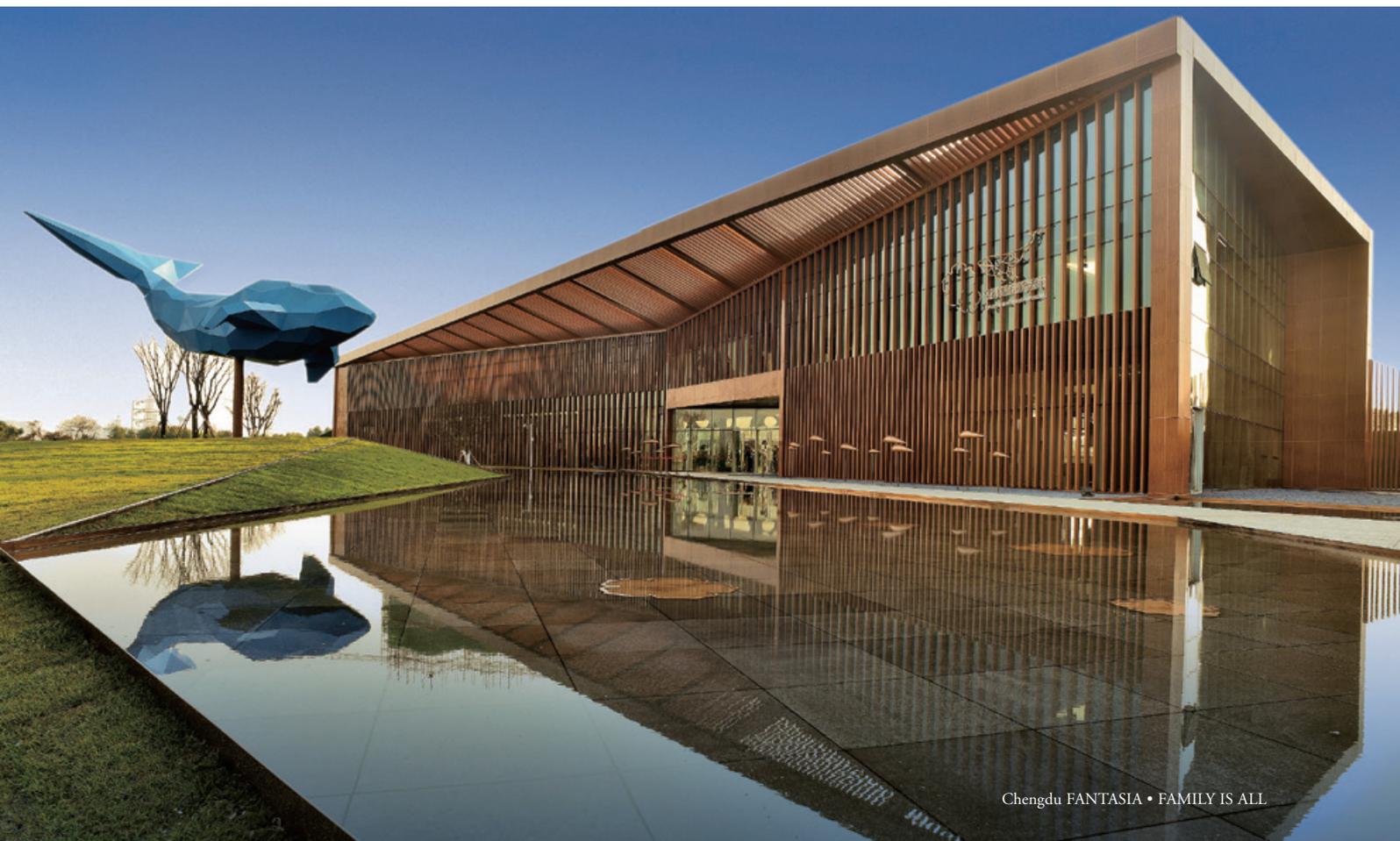
(iii) Long positions in association corporations

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.



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B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2019
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽¹⁾⁽²⁾⁽³⁾	954,659,259	Ordinary	67.10%
Mr. Pan Jun	Beneficial owner	1,255,440 ⁽⁴⁾	Ordinary	0.13%
Dr. Liao Jianwen	Beneficial owner	510,000 ⁽⁴⁾	Ordinary	0.05%

Note:

- (1) The interests are held as to 735,456,782 shares by Fantasia Holdings, as to 218,001,477 shares by Splendid Fortune and as to 2,171,000 shares by Fantasy Pearl.
- (2) Fantasia Holdings is owned as to 57.46% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings for the purpose of Part XV of the SFO.
- (3) Splendid Fortune is 67.36% owned by Fantasy Pearl and 32.64% owned by Colour Success, which is in turn owned as to 43.34% by Mr. Tang Xuebin, 13.33% by Mr. Dong Dong, 13.33% by Mr. Ye Hui, 13.33% by Mr. Guan Jiandong, 13.33% by Mr. Chang Rong and 3.34% by Mr. Wang Xuliang, respectively. Accordingly, Ms. Zeng, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Colour Life held by Splendid Fortune for the purpose of Part XV of the SFO.
- (4) These represent share options granted by Colour Life subject to vesting schedules.



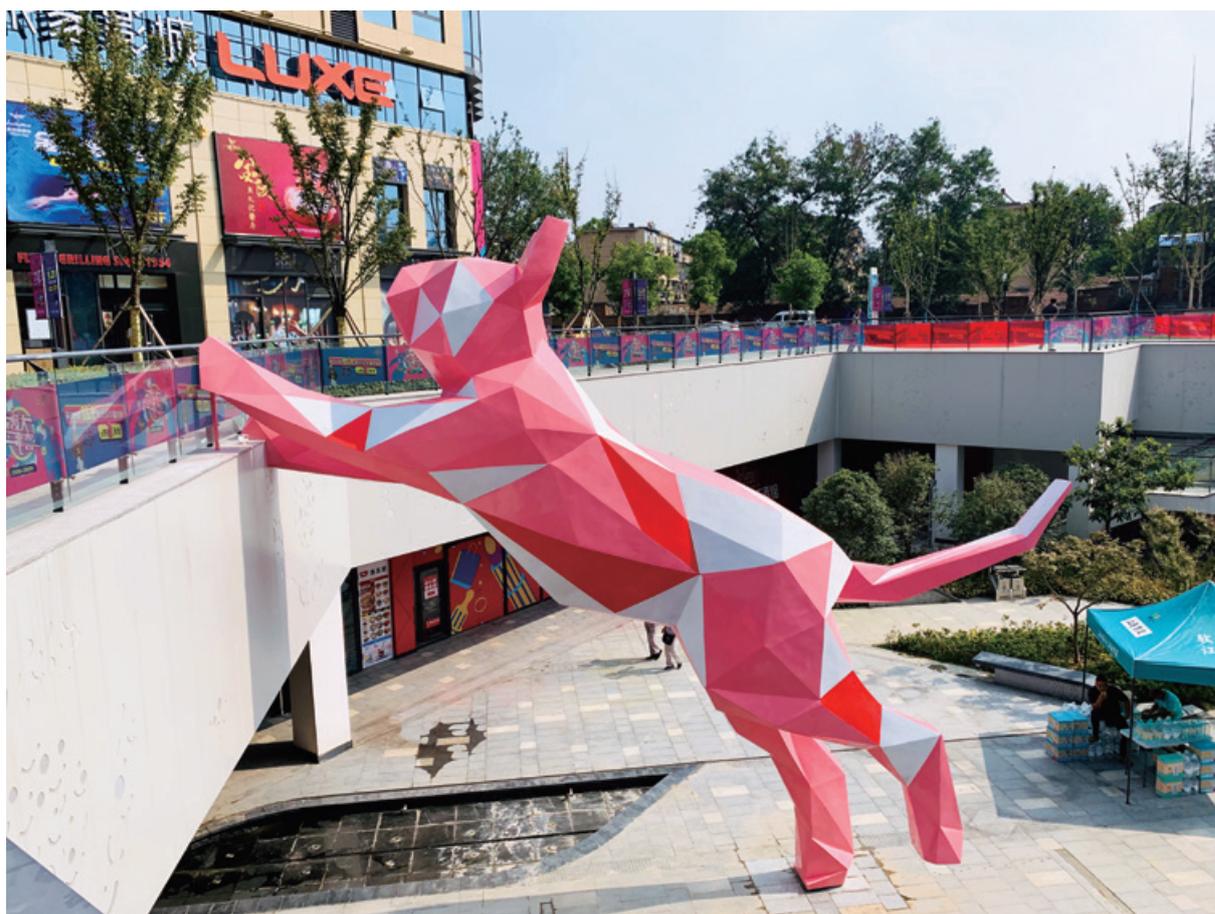
On-site photo of outdoor small garden of Fantasia Wonderland

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.



Colourful cat sculpture in Fantasia • Nanjing Hailrun OMG Mall

Save as disclosed above, as at 30 June 2020, 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 2020, 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 2020
Fantasy Pearl	Beneficial owner	3,314,090,500 ⁽¹⁾	57.45%
Ice Apex	Interest of controlled corporation	3,314,090,500 ⁽¹⁾	57.45%
Li Rong Development Limited	Beneficial owner	1,156,995,574	20.06%
TCL Technology Investment Limited	Beneficial owner	1,156,995,574 ⁽²⁾	20.06%
TCL Technology Group 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) Li Rong Development Limited is wholly owned by TCL Technology Investments Limited, which is wholly owned by TCL Technology Group Corporation, which 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 at 30 June 2020, 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 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.

During the Period, the Board is of the view that the Company has 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 2020 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

AUDIT COMMITTEE

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 together with the management of the Company have reviewed the accounting policies and practices adopted by the Group and discussed, among other things, the internal controls and financial reporting matters including a review of the unaudited interim results for the Period. The external auditors of the Company have also reviewed the unaudited interim results for the Period.

REMUNERATION COMMITTEE

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

The remuneration committee currently comprises 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 the chairman of the Remuneration Committee. The remuneration committee is responsible for making recommendations to the Board on the Company’s remuneration policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.



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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.



On-site photo of synthetic-rubber racetrack at Fantasia Hope Primary School

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 2020 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 2020	Granted during the year	Exercisable/ exercised during the year	Cancelled/lapsed during the year	Balance as at 30 June 2020		
		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. 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)
Other employees	29 August 2011	0.836	0.82	14,733,220	–	581,400	–	14,151,820	1.47	(1)
	29 August 2011	0.836	0.82	8,520,200	–	–	–	8,520,200	–	(2)
	16 October 2012	0.8	0.77	30,284,300	–	165,600	–	30,118,700	1.47	(3)
Total				75,097,720	–	747,000	–	74,350,720		

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.

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.

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 78,984,000, representing 5.6% 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.



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The summary below sets out the details of movement of share options granted as at 30 June 2020 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 2020	Number of share options			Balance as at 30 June 2020	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	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	- (5)	
	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)	
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	- (1)	
	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)	
Dr. Liao Jianwen	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	- (1)	
	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)	
Mr. Xu Xinmin	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	- (1)	
	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)	
Employees of the Group	29 September 2014	6.66	6.66	10,345,348	-	-	(1,585,531)	8,759,817	- (1)	
				14,837,600	-	-	-	14,837,600	- (2)&(5)	
	30 April 2015	11.00	10.88	16,647,686	-	-	(1,889,409)	14,758,277	- (3)	
	18 March 2016	5.764	5.76	17,907,038	-	-	(2,014,134)	15,892,904	- (4)	
	27 November 2018	4.11	4.11	16,664,720	-	-	-	16,664,720	- (5)	
Total				84,473,072	-	-	(5,489,074)	78,983,998		

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.

The Board of Directors of Colour Life has adopted the Share Award Scheme on 4 July 2016 for certain employees of the Colour Life Group and consultants to the Colour Life Group as incentives or rewards for their contribution or potential contribution to the Group by way of the Company’s shares acquired by and held through the Trustee appointed by the Company until fulfilment of special conditions before vesting.

At 30 June 2020 and 31 December 2019, a total of 1,802,000 Company’s shares were held for the Share Award Scheme and the aggregate consideration paid for these shares in an amount of RMB6,795,000 was deducted from shareholders’ equity.

During the six months ended 30 June 2020, no share of Colour Life was acquired by the Trustee for the Share Award Scheme and no share was awarded to employee or consultant of the Colour Life Group.

During the six months ended 30 June 2019, 1,833,000 shares of Colour Life were awarded to eligible employees or consultants of the Colour Life Group for their performance and contribution of the Colour Life 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 2020, no share was held under the Share Award Scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**Senior Notes**

On 9 January 2020, the Company issued senior notes in an aggregate principal amount of USD450,000,000 for the purpose of refinancing its indebtedness. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company and carry interest of 10.875% per annum and will mature in 2023, unless redeemed earlier.

On 1 June 2020, the Company issued senior notes in an aggregate principal amount of USD300,000,000 for the purpose of refinancing its indebtedness. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest at 11.875% per annum and will mature in 2023, unless redeemed earlier.

On 17 June 2020, the Company has repaid the USD100,000,000 12% senior notes due 2020 upon maturity.

During the six months ended 30 June 2020, the Group repurchased USD79,999,000 of the USD600 million 8.375% senior notes due 2021, USD250,000 of the USD250 million 7.95% senior notes due 2022 and USD450,000 of the USD450 million 10.875% senior notes due 2023 in the open market.

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



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 49 to 87, which comprise the condensed consolidated statement of financial position as of 30 June 2020 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

18 August 2020

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue			
Contracts with customers	3	9,044,252	8,373,206
Leases		197,243	203,650
Total revenue	4	9,241,495	8,576,856
Cost of sales and services		(6,132,801)	(6,040,180)
Gross profit		3,108,694	2,536,676
Other income		106,778	93,720
Other gains and losses		(245,804)	100,292
Impairment losses under expected credit loss model, net of reversal	15	(32,392)	(38,311)
Change in fair value of investment properties	11	103,413	161,525
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		–	64,266
Selling and distribution expenses		(155,501)	(154,934)
Administrative expenses		(696,795)	(644,194)
Finance costs		(927,120)	(810,694)
Share of results of associates		6,406	(13,893)
Share of results of joint ventures		(12,276)	(40,079)
Gain on disposal of subsidiaries	25	162,595	7,245
Profit before tax		1,417,998	1,261,619
Income tax expense	5	(1,141,398)	(1,017,629)
Profit for the period	6	276,600	243,990
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Fair value change on hedging instruments designated as cash flow hedges		(5,839)	–
		(5,839)	–
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”)		3,090	(1,892)
Deferred taxation effect		(773)	473
		2,317	(1,419)
Other comprehensive expense for the period, net of income tax		(3,522)	(1,419)
Total comprehensive income for the period		273,078	242,571
Profit for the period attributable to:			
Owners of the Company		96,238	102,093
Other non-controlling interests		180,362	141,897
		276,600	243,990
Total comprehensive income for the period attributable to:			
Owners of the Company		91,596	100,674
Other non-controlling interests		181,482	141,897
		273,078	242,571
Earnings per share (RMB cents) – Basic	8	1.67	1.77
Earnings per share (RMB cents) – Diluted	8	1.66	1.76

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,180,615	2,172,059
Right-of-use assets	10	1,021,636	1,049,134
Investment properties	11	11,170,063	11,924,404
Interests in associates		954,465	757,497
Interests in joint ventures		2,725,525	2,686,998
Equity instruments designated at FVTOCI		58,176	60,086
Goodwill		2,329,732	2,398,921
Intangible assets		1,022,348	1,129,725
Contract assets	12	18,208	22,229
Other receivables	13	666,566	610,511
Amounts due from related parties	14	3,579,795	958,190
Restricted/pledged bank deposits		560,000	547,500
Deposits paid for potential acquisitions of subsidiaries and investments in joint ventures and associates		506,221	852,027
Deferred tax assets		777,846	710,650
		27,571,196	25,879,931
CURRENT ASSETS			
Properties for sale		34,630,386	35,473,562
Inventories		76,379	117,177
Contract assets	12	940,026	736,724
Contract costs		534,236	410,502
Trade and other receivables	13	8,518,309	7,864,902
Tax recoverable		605,141	337,503
Amounts due from related parties	14	903,864	832,459
Financial assets at fair value through profit or loss ("FVTPL")	16	1,443,000	1,449,051
Derivative financial instruments	17	30,093	1,241
Restricted/pledged bank deposits		2,215,833	2,117,174
Bank balances and cash		22,414,794	20,379,733
		72,312,061	69,720,028

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	18	8,812,972	8,398,790
Contract liabilities		19,609,154	19,160,338
Derivative financial instruments	17	2,357	13,759
Amounts due to related parties	19	832,257	843,853
Tax liabilities		7,111,054	6,347,498
Borrowings due within one year	20	5,991,276	6,430,202
Lease liabilities		125,417	95,181
Senior notes and bonds	21	8,845,092	4,963,714
Asset-backed securities issued	22	29,431	87,483
Provisions		37,956	37,440
		51,396,966	46,378,258
NET CURRENT ASSETS			
		20,915,095	23,341,770
TOTAL ASSETS LESS CURRENT LIABILITIES			
		48,486,291	49,221,701
NON-CURRENT LIABILITIES			
Derivative financial instruments	17	497	18,945
Deferred tax liabilities		1,534,822	1,569,772
Borrowings due after one year	20	5,813,929	7,555,160
Lease liabilities		288,553	349,215
Senior notes and bonds	21	20,466,019	19,119,556
Asset-backed securities issued	22	5,125	17,065
		28,108,945	28,629,713
NET ASSETS			
		20,377,346	20,591,988
CAPITAL AND RESERVES			
Share capital	23	498,427	498,359
Reserves		13,047,330	13,237,883
Equity attributable to owners of the Company		13,545,757	13,736,242
Non-controlling interests		6,831,589	6,855,746
		20,377,346	20,591,988

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company										Attributable to non-controlling interests					
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Share options reserve RMB'000	Contribution reserve RMB'000	Statutory reserve RMB'000	Discretionary reserve RMB'000	Revaluation reserve RMB'000	Hedging reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Share options reserve of Colour Life RMB'000	Share options reserve of Morning Star RMB'000	Other non-controlling interests RMB'000	Subtotal RMB'000	Total RMB'000
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 (expense) 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 24)	-	-	-	-	-	-	-	-	-	-	-	-	-	30,282	30,282	30,282
Recognition of equity-settled share-based payments (note 27)	-	-	-	-	-	-	-	-	-	-	-	6,707	115	6,567	13,389	13,389
Shares repurchased under the share award scheme of Colour Life (note 27)	-	-	-	-	-	-	-	-	-	-	-	-	-	(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
At 1 January 2020 (audited)	498,359	1,174,950	1,090,196	16,264	40,600	234,327	1,477	8,471	439	10,671,159	13,736,242	233,676	5,744	6,616,326	6,855,746	20,591,988
Profit for the period	-	-	-	-	-	-	-	-	-	96,238	96,238	-	-	180,362	180,362	276,600
Fair value change on hedging instruments designated as cash flow hedges	-	-	-	-	-	-	-	-	(5,839)	-	(5,839)	-	-	-	-	(5,839)
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	1,597	-	-	1,597	-	-	1,493	1,493	3,090
Deferred taxation effect	-	-	-	-	-	-	-	(400)	-	-	(400)	-	-	(373)	(373)	(773)
Other comprehensive expense for the period	-	-	-	-	-	-	-	1,197	(5,839)	-	(4,642)	-	-	1,120	1,120	(3,522)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	-	1,197	(5,839)	96,238	91,596	-	-	181,482	181,482	273,078
Issue of shares upon exercise of share options of the Company	68	645	-	(154)	-	-	-	-	-	-	559	-	-	-	-	559
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	5,088	5,088	5,088
Dividend distributed to shareholders of the Company (note 7)	-	(288,384)	-	-	-	-	-	-	-	-	(288,384)	-	-	-	-	(288,384)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(65,752)	(65,752)	(65,752)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	5,744	5,744	-	(5,744)	(142,580)	(148,324)	(142,580)
Recognition of equity-settled share-based payments (note 27)	-	-	-	-	-	-	-	-	-	-	-	3,349	-	-	3,349	3,349
Transfer	-	-	-	-	-	57,039	-	-	-	(57,039)	-	-	-	-	-	-
At 30 June 2020 (unaudited)	498,427	887,211	1,090,196	16,110	40,600	291,366	1,477	9,668	(5,400)	10,716,102	13,545,757	237,025	-	6,594,564	6,831,589	20,377,346

For the six months ended 30 June 2020

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 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 reserves of Colour Life Service Group Co., Limited ("Colour Life") and Morning Star Group Limited ("Morning Star") represent the share-based payment under the share option schemes of Colour Life and Morning Star, both of which were subsidiaries of the Company. During the six months ended 30 June 2020, upon the completion of disposal of the Group's 100% equity interests in Morning Star, the related share option reserves were transferred to accumulated profits accordingly, details are set out in note 25.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Operating cash flows before movements in working capital		2,554,051	2,023,193
Increase in contract liabilities		423,588	5,390,914
Increase in properties for sales		47,313	(4,271,688)
Decrease in inventories		40,798	269,489
(Increase) decrease in trade and other receivables		(44,614)	559,954
Increase (decrease) in trade and other payables		1,509,734	(1,173,110)
Other operating cash flows		(333,434)	(127,475)
Cash generated from operations		4,197,436	2,671,277
Income tax paid		(652,127)	(1,006,753)
Interest paid		(1,322,504)	(1,515,386)
NET CASH FROM OPERATING ACTIVITIES		2,222,805	149,138
INVESTING ACTIVITIES			
Placement of restricted/pledged bank deposits		(7,532,560)	(10,222,880)
Withdrawal of restricted/pledged bank deposits		7,421,401	11,238,746
Settlement of consideration payables of acquisition of subsidiaries in prior years		(851,353)	–
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	25	(11,972)	(616,896)
Purchases of property, plant and equipment		(171,278)	(167,925)
Payments for right-of-use assets		–	(73,911)
Proceeds from disposal of property, plant and equipment		3,296	8,352
Purchases of financial assets at FVTPL		–	(71,503)
Redemption of financial assets at FVTPL		33,567	102,475
Purchases of equity instruments designated at FVTOCI		–	(5,494)
Proceeds from disposal of equity instruments designated at FVTOCI		5,000	–
Additions to investment properties		(452,427)	(613,640)
Proceeds from disposal of investment properties		119,908	–
Investments in associates		(123,779)	(89,033)
Investments in joint ventures		(57,286)	(3,457)
Proceed from disposal of associates and joint ventures		1,213	391,289
Acquisition of property operation businesses (net of cash and cash equivalents acquired)	24	–	19,995
Deposit refunded for acquisition of subsidiaries		595	768
Dividend received from joint ventures and associates		22,891	47,781
Deposits paid for potential acquisition of subsidiaries and investments in associates and joint ventures		(232,175)	–
Advance of loan receivables		(90,399)	(56,397)
Repayment of loan receivables		42,380	44,530
Advances to associates, joint ventures and non-controlling shareholders of the subsidiaries		(2,799,746)	(1,157,954)
Repayment from associates, joint ventures and non-controlling shareholders of the subsidiaries		1,092,907	82,557
Other investing cash flows		62,739	44,347
NET CASH USED IN INVESTING ACTIVITIES		(3,517,078)	(1,098,250)

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Net proceeds from the issuance of senior notes and bonds	5,904,977	2,950,154
Repayment of senior notes	(708,730)	(3,646,014)
Repurchase/early redemption of senior notes and asset-backed securities issued	(596,239)	(16,292)
Repayment of principal receipts under securitisation arrangements	(34,500)	(46,000)
Contributions from non-controlling shareholders of the subsidiaries	5,088	33,903
New borrowings raised	4,198,201	5,030,803
Repayment of borrowings	(5,368,974)	(5,250,074)
Repayment of lease liabilities	(50,978)	–
Dividend paid to shareholders of the Company	–	(195,940)
Dividend paid to non-controlling shareholders of the subsidiaries	–	(95,212)
Issue of shares upon exercise of share options	559	2,313
Advances from associates, joint ventures and non-controlling shareholders of the subsidiaries	696,653	201,265
Repayment to associates, joint ventures, non-controlling shareholders of the subsidiaries	(708,249)	(462,463)
Other financing cash flows	(8,876)	(48,021)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	3,328,932	(1,541,578)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,034,659	(2,490,690)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	20,379,733	26,222,584
Effect of foreign exchange rate changes	402	290
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	22,414,794	23,732,184

For the six months ended 30 June 2020

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 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 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition to the above amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, are effective for annual periods beginning on or after 1 January 2020.

Except as described below, the application of the above 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.

Impact and accounting policy on application of Amendments to HKFRS 3 “Definition of a Business”

Accounting policy

Business combinations

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

For the six months ended 30 June 2020

3. REVENUE FROM CONTRACTS WITH CUSTOMERS
Disaggregation of revenue from contracts with customers

Segment	For the period ended 30 June 2020						Total RMB'000 (Unaudited)
	Property development RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)		
Types of goods and services							
<i>Property development</i>							
Sales of completed properties	6,417,144	–	–	–	–	–	6,417,144
Construction of properties	213,647	–	–	–	–	–	213,647
<i>Property agency services</i>							
Provision of property agency services	–	7,423	–	–	–	–	7,423
<i>Property operation services</i>							
Provision of property management services	–	–	1,905,058	–	–	–	1,905,058
Provision of value-added services	–	–	142,683	–	–	–	142,683
Provision of engineering services	–	–	76,541	–	–	–	76,541
<i>Hotel operations</i>							
Provision of hotel accommodation services	–	–	–	23,507	–	–	23,507
<i>Others</i>							
Manufacturing and sales of fuel pumps	–	–	–	–	219,058	–	219,058
Provision of travel agency services	–	–	–	–	39,191	–	39,191
	6,630,791	7,423	2,124,282	23,507	258,249	–	9,044,252
Timing of revenue recognition							
A point in time	6,417,144	7,423	–	–	219,058	–	6,643,625
Over time	213,647	–	2,124,282	23,507	39,191	–	2,400,627
	6,630,791	7,423	2,124,282	23,507	258,249	–	9,044,252

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

Segment	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue disclosed in segment information							
External customers	6,630,791	197,243	7,423	2,124,282	23,507	258,249	9,241,495
Inter-segment	3,949	–	–	54,702	–	–	58,651
	6,634,740	197,243	7,423	2,178,984	23,507	258,249	9,300,146
Elimination	(3,949)	–	–	(54,702)	–	–	(58,651)
Leases	–	(197,243)	–	–	–	–	(197,243)
Revenue from contracts with customers	6,630,791	–	7,423	2,124,282	23,507	258,249	9,044,252

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)
Disaggregation of revenue from contracts with customers (continued)

Segment	For the period ended 30 June 2019						Total RMB'000 (Unaudited)
	Property development RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)		
Types of goods and services							
<i>Property development</i>							
Sales of completed properties	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							
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:

Segment	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue disclosed in segment information							
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)
Leases	–	(203,650)	–	–	–	–	(203,650)
Revenue from contracts with customers	5,731,008	–	15,173	2,142,292	67,408	417,325	8,373,206

For the six months ended 30 June 2020

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 2020

	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)	Total RMB'000
Segment revenue (unaudited)							
External sales	6,630,791	197,243	7,423	2,124,282	23,507	258,249	9,241,495
Inter-segment sales	3,949	–	–	54,702	–	–	58,651
Total	6,634,740	197,243	7,423	2,178,984	23,507	258,249	9,300,146
Segment profit (loss)	1,737,628	295,674	(7,667)	407,873	(15,013)	(15,083)	2,403,412

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 (note)	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
Inter-segment sales	2,590	–	–	19,587	–	–	22,177
Total	5,733,598	203,650	15,173	2,161,879	67,408	417,325	8,599,033
Segment profit (loss)	1,317,616	353,198	898	374,570	(6,402)	(1,848)	2,038,032

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, net gain on repurchase/early redemption of senior notes and asset-backed securities issued, certain other income, gains and losses, central administration costs, directors' salaries and share-based payment expenses. This is the measure reported to the directors of the Company, the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

4. SEGMENT INFORMATION (continued)

Reconciliation:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Total segment profit	2,403,412	2,038,032
Unallocated amounts:		
Net exchange loss	(281,161)	(38,351)
Interest income	85,003	46,847
Change in fair value of financial assets at FVTPL	27,516	7,160
Finance costs	(927,120)	(810,694)
Share results of associates	6,406	(13,893)
Share results of joint ventures	(12,276)	(40,079)
Gain on disposal of subsidiaries (note 26)	162,595	7,245
Gain on disposal of an associate	–	111,575
Net gain on repurchase/early redemption of senior notes and asset-backed securities issued	4,817	582
Other unallocated other income, gains and losses	2,079	4,938
Other unallocated expenses	(53,273)	(51,743)
Profit before tax	1,417,998	1,261,619

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

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property development	44,540,844	42,397,923
Property investment	11,003,427	11,014,172
Property agency services	20,444	26,898
Property operation services	7,783,762	7,693,802
Hotel operations	1,037,748	1,128,260
Others	2,559,870	3,014,457
Total segment assets	66,946,095	65,275,512
Total unallocated assets	32,937,162	30,324,447
Group's total assets	99,883,257	95,599,959

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 related parties, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

For the six months ended 30 June 2020

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax in the PRC		
PRC enterprise income tax ("EIT")	604,093	617,450
LAT	608,067	358,874
	1,212,160	976,324
Deferred tax		
(Credit) charge to profit and loss	(70,762)	41,305
	1,141,398	1,017,629

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Net exchange loss	281,161	38,351
Government grant	(20,692)	(28,650)
Interest income	(85,003)	(46,847)
Net gain on repurchase/early redemption of senior notes and asset-backed securities issued	(4,817)	(582)
Gain on disposal of an associate	–	(111,575)
Depreciation of property, plant and equipment	156,951	101,188
Depreciation of right-of-use assets	41,989	32,304
Amortisation of intangible assets	69,798	72,526
Staff costs	1,287,126	1,053,929

7. DIVIDENDS

During the six months ended 30 June 2020, a final dividend in respect of the year ended 31 December 2019 of HKD5.5 cents, equivalent to RMB5.0 cents (2019: final dividend in respect of the year ended 31 December 2018 of HK4.00 cents, equivalent to RMB3.4 cents) per share was declared. Subsequent to 30 June 2020, RMB288,384,000 (2019: RMB195,940,000) was paid to the owners of the Company.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

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	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	96,238	102,093
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,767,840	5,764,516
Effect of dilutive potential ordinary shares:		
Share options	33,173	28,342
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,801,013	5,792,858

The computation of diluted earnings per share for the six months ended 30 June 2020 and 2019 does not take into account the effect of the share options 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 shares.

The computation of diluted earnings per share for both the six months ended 30 June 2020 and 2019 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 2020 are summarised as follows:

	RMB'000
At 31 December 2019 (Audited)	2,172,059
Additions	172,569
Disposal of subsidiaries	(2,999)
Disposals	(4,063)
Depreciation for the period	(156,951)
At 30 June 2020 (Unaudited)	2,180,615

For the six months ended 30 June 2020

10. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2020 are summarised as follows:

	RMB'000
At 1 January 2020 (Audited)	1,049,134
Inception of lease	14,491
Depreciation for the period	(41,989)
At 30 June 2020 (Unaudited)	1,021,636

11. INVESTMENT PROPERTIES

The movements in investment properties during the six months ended 30 June 2020 are summarised as follows:

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 31 December 2019 (Audited)	10,072,304	1,852,100	11,924,404
Additions	–	492,254	492,254
Transfer upon completion of construction work	66,409	(66,409)	–
Disposal of subsidiaries	(702,000)	(528,100)	(1,230,100)
Net change in fair value recognised in profit or loss	(169,542)	272,955	103,413
Disposals	(119,908)	–	(119,908)
At 30 June 2020 (Unaudited)	9,147,263	2,022,800	11,170,063

As at 30 June 2020, the fair values of the Group's completed investment properties of RMB9,147,263,000 (31 December 2019: RMB10,072,304,000) and investment properties under construction of RMB2,022,800,000 (31 December 2019: RMB1,852,100,000) 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.

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. CONTRACT ASSETS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Unbilled revenue of		
– construction of properties	894,169	692,359
– engineering services	68,235	70,324
Retention receivables	–	198
	962,404	762,881
Less: allowance for impairment losses	(4,170)	(3,928)
	958,234	758,953
Classified as:		
Non-current assets	18,208	22,229
Current assets	940,026	736,724
	958,234	758,953

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 15.

For the six months ended 30 June 2020

13. TRADE AND OTHER RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables (note a)	2,659,242	2,503,553
Other receivables	1,179,910	1,032,279
Loan receivables	256,769	209,474
Prepayments and other deposits (note b)	1,714,935	2,022,843
Prepayments to suppliers	378,365	288,712
Prepayments for construction work	811,388	784,646
Consideration receivables on disposal of equity interests in subsidiaries and an associate	1,022,673	505,973
Amount due from Pixian Government	122,830	122,830
Other tax prepayments	1,038,763	1,005,103
	9,184,875	8,475,413
Less: Amount shown under non-current assets	(666,566)	(610,511)
Amounts shown under current assets	8,518,309	7,864,902

Notes:

- (a) 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. For sales of certain completed commercial apartments in 2019, the credit term granted to a customer is 50% to be settled at the date of signing sales and purchase agreement and the remaining 50% to be settled within one year from the date of the sales and purchase agreement.

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

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

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

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.

13. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(a) (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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 to 30 days	1,155,117	914,566
31 to 90 days	392,898	292,224
91 to 180 days	346,523	336,208
181 to 365 days	265,998	869,912
Over 1 year	498,706	90,643
	2,659,242	2,503,553

(b) The balance included refundable tender deposits, amounting to RMB979,354,000 (2019: RMB1,171,211,000), paid for public land auctions of property development projects in the PRC, which will be fully refunded if the public land auction is not successful.

At the date these condensed consolidated financial statements are authorised for issuance, in relation to the aforesaid tender deposits amounting as at 30 June 2020, the public auctions have been succeeded and the land use rights or property projects would be transferred to the Group upon the settlement of the remaining considerations.

Details of the impairment assessment are set out in note 15.

14. AMOUNTS DUE FROM RELATED PARTIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-controlling shareholders of the subsidiaries of the Company	501,407	306,669
Joint ventures	2,421,963	1,238,327
Associates	1,492,730	40,541
Related parties	67,559	205,112
	4,483,659	1,790,649
Less: Amounts expected to realise after one year and shown under non-current assets	(3,579,795)	(958,190)
Amounts expected to realise within one year and shown under current assets	903,864	832,459

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14. AMOUNTS DUE FROM RELATED PARTIES (continued)

Related parties	Relationship	Nature	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Shenzhen Colour Pay Network Technology Co., Ltd. (深圳市彩付寶科技有限公司) (“Shenzhen Colour Pay”)	A related company controlled by Mr. Pan Jun, a director and the chief executive officer of the Company	– Non-trade nature – Trade nature	58,702 1,193	110,856 54,597
Shenzhen Tiankuo Investment Development Co., Ltd. (深圳市天闊投資發展有限公司)	A related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company	– Non-trade nature	7,664	39,659
			67,559	205,112

For the trade balance due from Shenzhen Colour Pay regarding online promotion services income, credit term of one year is granted from issuance of invoices. The following is an aging analysis of trade balance due from a related party presented based on the invoice date at the end of the reporting period, which approximated to the respective revenue recognition date:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 to 30 days	172	15,665
31 to 90 days	500	22,278
91 to 180 days	521	16,654
	1,193	54,597

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

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

Details of the impairment assessment are set out in note 15.

15. 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 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognised on		
– trade and other receivables	28,138	38,105
– amount due from a joint venture	4,012	–
– contract assets	242	206
	32,392	38,311

The balances of other receivables (excluding payments on behalf of residents), amounts due from non-controlling shareholders of the subsidiaries of the Company, joint ventures, associates and related parties are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and thus the Group assessed that the ECL on these balances at 30 June 2020 are insignificant.

16. FINANCIAL ASSETS AT FVTPL

	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Money market fund investments	–	29,051
Debt Instrument	1,443,000	1,420,000
	1,443,000	1,449,051

Notes:

- (a) The fair value of the money market fund investments at 31 December 2019 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 31 December 2019, the principal of the money market fund investments are RMB29,051,000. In the opinion of directors, the fair value of investment at 31 December 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.

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16. FINANCIAL ASSETS AT FVTPL (continued)

Notes: (continued)

(b) (continued)

During the six months ended 30 June 2020, the judicial auction was completed and the pledged assets went unsold. The Debt Instrument is expected to be extinguished upon the transfer of pledged assets to the Group by the court in 2020. At the date of condensed consolidated financial statements are authorised for issuance, the court verdict has not been received by the Group.

According to the valuation report prepared by an independent professional valuer, the fair value of the Debt Instrument is RMB1,443,000,000 (31 December 2019: RMB1,420,000,000) as at 30 June 2020.

The fair value of the Debt Instrument at 30 June 2020 is determined by management, with reference to a valuation report prepared by professional valuer, to be RMB1,443,000,000. 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 31.

17. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2020		31 December 2019	
	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	18,190	497	–	4,289
– Foreign currency forward contracts	11,903	2,357	1,241	28,415
	30,093	2,854	1,241	32,704
Classified as:				
Current	30,093	2,357	1,241	13,759
Non-current	–	497	–	18,945
	30,093	2,854	1,241	32,704

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

17. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The terms of the foreign currency forward contracts and 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 forward contracts and foreign currency options contracts are highly effective hedging instruments. The major terms of these contracts are as follows:

Accumulated notional amount USD'000	Maturity	Strike rates (USD:RMB)	Cap rates (USD:RMB)	Floor rates (USD:RMB)
Foreign currency option contracts				
170,000	2021	6.90 – 7.10	7.18 – 7.40	N/A
70,000	2022	6.86 – 6.98	7.20 – 7.35	N/A
10,000	2023	6.92	7.37	N/A
Foreign currency forward contracts				
50,000	2020	7.10 – 7.13	7.35 – 7.4	6.0
300,000	2021	6.94 – 7.15	7.13 – 7.4	5.5 or 6.3

18. TRADE AND OTHER PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables	5,190,808	4,564,256
Deposit received	989,177	867,786
Other payables	489,351	522,791
Other tax payables	978,352	806,341
Accrued staff costs	595,180	633,705
Dividend payables	354,136	–
Consideration payables for acquisition of subsidiaries	20,198	871,551
Accruals	193,770	132,360
	8,812,972	8,398,790

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.

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18. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 to 60 days	3,093,713	2,181,693
61 to 180 days	891,275	1,119,353
181 to 365 days	730,771	637,509
1 to 2 years	420,931	544,625
2 to 3 years	42,027	64,535
Over 3 years	12,091	16,541
	5,190,808	4,564,256

19. AMOUNTS DUE TO RELATED PARTIES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-controlling shareholders of the subsidiaries of the Company	384,115	465,501
Joint ventures	349,132	354,587
Associates	39,990	23,765
Related parties	59,020	–
	832,257	843,853

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

20. BORROWINGS

During the six months ended 30 June 2020, the Group obtained new borrowings amounting to RMB4,198,201,000 (six months ended 30 June 2019: RMB5,030,803,000) and repaid borrowings amounting to RMB5,368,974,000 (six months ended 30 June 2019: RMB5,250,074,000).

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Secured	10,694,343	12,720,077
Unsecured	1,110,862	1,265,285
	11,805,205	13,985,362
Less: Amounts due within one year shown under current liabilities	(5,991,276)	(6,430,202)
Amounts due after one year shown under non-current liabilities	5,813,929	7,555,160

The new borrowings raised are denominated in Renminbi and United State Dollar and carry interest ranging from 4.35% to 12% per annum.

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21. SENIOR NOTES AND BONDS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Senior notes:		
Fantasia Notes		
2016 senior notes due 2021	3,588,747	3,532,229
2017 senior notes due 2022	2,136,540	2,152,845
2018 USD600 million senior notes due 2021	3,750,323	4,254,418
2018 USD100 million senior notes due 2020	–	704,673
2018 USD200 million senior notes due 2021	1,411,564	1,388,262
2019 USD100 million senior notes due 2021	706,648	695,321
2019 RMB senior notes due 2020	1,033,871	1,029,078
2019 USD300 million senior notes due 2022	2,111,120	2,068,841
2019 USD350 million senior notes due 2022	2,508,322	2,461,610
2020 USD450 million senior notes due 2023	3,210,637	–
2020 USD300 million senior notes due 2023	2,126,798	–
Colour Life Notes		
2020 USD100 million senior notes due 2021	712,150	–
	23,296,720	18,287,277
Corporate bonds:		
Fantasia Bonds		
2015 bonds due 2020	2,060,851	1,988,979
2016 bonds due 2020	1,131,904	1,091,198
2018 bonds due 2021	1,038,882	1,000,883
2019 RMB800 million bonds due 2022	863,827	830,796
2019 RMB730 million bonds due 2022	762,934	734,351
Colour Life Bonds		
2017 bonds due 2020	155,993	149,786
	6,014,391	5,795,993
	29,311,111	24,083,270
Less: Amounts due within one year shown under current liabilities	(8,845,092)	(4,963,714)
Amounts due after one year shown under non-current liabilities	20,466,019	19,119,556

21. SENIOR NOTES AND BONDS (continued)

During the six months ended 30 June 2020, the Group newly issued senior notes in an aggregate principal amount of USD850,000,000, repaid 2018 USD100 million senior notes due 2020 in full upon maturity.

On 9 January 2020, the Group issued senior notes in an aggregate principal amount of USD450,000,000 (“2020 USD450 million senior notes due 2023”). The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company and carry interest of 10.875% per annum and interest is payable semi-annually on 9 January and 9 July in arrears, unless redeemed earlier. The senior notes will mature on 9 January 2023.

On 21 February 2020, Colour Life, a subsidiary of the Company, issued senior notes in an aggregate principal amount of USD100,000,000 (“2020 USD100 million senior notes due 2021”). The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company, carry interest of 8% per annum and interest is payable semi-annually on 28 August 2020 and 25 February 2020, unless redeemed earlier. The senior notes will mature on 25 February 2021.

On 1 June 2020, the Group issued senior notes in an aggregate principal amount of USD300,000,000 (“2020 USD300 million senior notes due 2023”). 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 1 June and 1 December in arrears, unless redeemed earlier. The senior notes will mature on 1 June 2023.

During the six months ended 30 June 2020, 2018 USD100 million senior notes due 2020 with its principal amount of USD100,000,000 were repaid upon maturity. No gain or loss on redemption of senior notes is recognised in profit or loss.

During the six months ended 30 June 2020, the Group repurchased the 2018 USD600 million senior notes due 2021 with the principal amounts of USD79,999,000, the 2017 senior notes due 2022 with the principal amounts of USD250,000 and the 2020 USD450 million senior notes due 2023 with the principal amounts of USD450,000 at an aggregate consideration of USD81,640,000 (equivalent to RMB560,239,000). The gain on repurchase of senior notes of RMB4,979,000 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 2020 are set out below:

	RMB'000
At 1 January 2020 (Audited)	24,083,270
Net proceeds on the date of issuance of senior notes	5,904,977
Exchange loss	290,551
Effective interest expenses	1,208,208
Payment of interests	(901,947)
Repayment of senior notes	(708,730)
Repurchase of senior notes	(565,218)
At 30 June 2020 (Unaudited)	29,311,111

For the six months ended 30 June 2020

22. ASSET-BACKED SECURITIES ISSUED

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

	RMB'000
At 31 December 2019 (Audited)	104,548
Effective interest recognised	3,335
Repayment of principal	(34,500)
Repurchase of ABS	(36,000)
Interest paid	(2,827)
At 30 June 2020 (Unaudited)	34,556

Analysis for reporting purpose:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current	29,431	87,483
Non-current	5,125	17,065
	34,556	104,548

23. SHARE CAPITAL

	Number of shares	Amount HK\$	Equivalent to RMB'000
Authorised:			
At 1 January 2020 and 30 June 2020	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2020 (Audited)	5,767,670,304	576,767,030	498,359
Issue of shares upon exercise of share options	747,000	74,700	68
At 30 June 2020 (Unaudited)	5,768,417,304	576,841,730	498,427

24. ACQUISITION OF SUBSIDIARIES

For the period ended 30 June 2019

Name of subsidiary acquired	Place of establishment/ incorporation	Acquisition date	Equity interest acquired	Consideration RMB'000
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”)	PRC	31 March 2019	51%	97,920
深圳市閑閑科技有限公司 Shenzhen Xianxian Technology Co., Ltd. (“Shenzhen Xianxian”)	PRC	31 March 2019	72%	1,808

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

The principal activities of acquired subsidiaries are engaged in provision of property management services and value added services and the objectives of acquisition are expansion of property management services and value added services of the Group.

Consideration transferred

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

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense for the period 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 2020

24. ACQUISITION OF SUBSIDIARIES (continued)

For the period ended 30 June 2019 (continued)

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

	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 related parties	(3,315)	–	(3,315)
Deferred tax liabilities	(20,600)	–	(20,600)
	61,800	(321)	61,479

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

The fair value of intangible assets acquired in business combination 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

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/liabilities at the acquisition dates.

24. ACQUISITION OF SUBSIDIARIES (continued)

For the period ended 30 June 2019 (continued)

Goodwill arising on acquisition (continued)

Goodwill was arisen on the acquisitions of subsidiaries during 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.

Intangible assets of RMB82,400,000 in relation to the acquisition of subsidiaries under property management services have been recognised by the Group.

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

Net cash inflows arising on acquisition

	RMB'000
Cash consideration paid	(11,246)
Bank balances and cash acquired	31,241
	19,995

25. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the six months ended 30 June 2020

- (i) During the six months ended 30 June 2020, the Group disposed of its 100% equity interest in its subsidiary, Morning Star to an independent third party for a consideration of RMB50,416,000, which is engaged in travel agency.
- (ii) During the six months ended 30 June 2020, the Group and two independent investors (“Investors”) have agreed, in written, that the Investors will acquire 100% equity interests in Nanjing Zhongchu Property Development Co., Ltd. (南京中儲房地產開發有限公司) (“Nanjing Zhongchu”), in aggregate, on the condition that the Group has obtained 30% shareholding in Nanjing Zhongchu on behalf of the Investors. The total payment settled by the Investors is RMB700,000,000 which included (1) RMB226,677,000 returned to the Group for the acquisition of 30% shareholding in Nanjing Zhongchu from the non-controlling shareholder on behalf of the Investors in which the Group was not entitled to any interests in the aforesaid 30% Shareholding; (2) RMB473,323,000 paid to the Group for the acquisition of 70% equity interests in Nanjing Zhongchu. According to the agreement, the total payment by the Investors amounting to RMB700,000,000 is due in one year since the completion of the transactions.

Upon the completion of the aforesaid transactions in 2020, the Group did not hold any shareholding in Nanjing Zhongchu and ceased to recognise Nanjing Zhongchu as a subsidiary of the Group.

For the six months ended 30 June 2020

25. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)
For the six months ended 30 June 2020 (continued)

The above transactions are accounted for as disposal of subsidiaries. Details of the assets and liabilities derecognised in respect of these transactions are summarised below.

	Morning Star RMB'000	Nanjing Zhongchu RMB'000	Total RMB'000
Property, plant and equipment	329	1,645	1,974
Investment properties	–	702,000	702,000
Goodwill	69,189	–	69,189
Intangible asset	37,579	–	37,579
Deferred tax assets	–	17,905	17,905
Properties under development for sale	–	1,513,533	1,513,533
Trade and other receivables	46,541	29,370	75,911
Tax recoverable	–	21,884	21,884
Bank balances and cash	6,779	22,417	29,196
Trade and other payables	(36,252)	(558,577)	(594,829)
Contract liabilities	–	(20,876)	(20,876)
Tax liabilities	–	(64,115)	(64,115)
Amounts due to certain subsidiaries of the			
Company	(67,722)	(253,595)	(321,317)
Borrowings	–	(1,050,000)	(1,050,000)
Deferred tax liabilities	(4,937)	–	(4,937)
	51,506	361,591	413,097
(Loss) gain on disposal of subsidiaries:			
Cash consideration received	20,000	–	20,000
Consideration receivables	30,416	473,323	503,739
Total considerations	50,416	473,323	523,739
Add: Non-controlling interests	–	48,584	48,584
Less: Net assets disposed of	(51,506)	(361,591)	(413,097)
	(1,090)	160,316	159,226
			RMB'000
Net cash outflow arising on disposal:			
Cash consideration			20,000
Bank balances and cash disposed of			(29,196)
			(9,196)

25. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries (continued)

For the six months ended 30 June 2020 (continued)

The purpose of the disposal of Morning Star is to generate cash for the expansion of the Group's other businesses. The Group's travel agency operation is considered as discontinued operations. The disposal of Morning Star was completed on 25 March 2020, on which date control was passed to acquirer. The revenue and loss of Morning Star for the period from 1 January 2020 to 25 March 2020, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income were RMB39,191,000 (six months ended 30 June 2019: RMB188,123,000) and RMB4,891,000 (six months ended 30 June 2019: RMB8,654,000), respectively.

During the period from 1 January 2020 to 25 March 2020, Morning Star paid incurred net operating cash outflows of RMB24,002,000 (six months ended 30 June 2019: RMB21,199,000) to the Group's net operating cash flows and insignificant contribution to both investing cash flows and financing cash flows of the Group.

(b) Disposal of partial interests in a subsidiary resulting in loss of control

For the six months ended 30 June 2020

During the six months ended 30 June 2020, the Group disposed of its 5% equity interest in Hangzhou Qifei Huachuang Technology Co., Ltd. (杭州奇飛花創科技有限公司) ("Hangzhou Qifei") to an independent third party for a cash consideration of RMB12,961,000 and the Group's shareholding in Hangzhou Qifei decreased from 49% to 44% and the voting right in Hangzhou Qifei's shareholder's meeting decreased from 100% to 44%, resulting in loss of control upon completion of the transaction. Pursuant to the revised article of association of Hangzhou Qifei, the Group has the right to cast 44% of the votes of Hangzhou Qifei at the shareholder's meeting, the governing body which directs the relevant activities that significantly affect the returns of Hangzhou Qifei. The approval of relevant activities require simple majority of shareholders. As the Group holds no more than 50% of the voting power in the shareholders' meeting, therefore, the remaining 44% equity interest in Hangzhou Qifei is classified as interests in associates. Hangzhou Qifei is engaged in property investment in the PRC.

For the six months ended 30 June 2020

25. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of partial interests in a subsidiary resulting in loss of control (continued)

The above transactions are accounted for as disposal of partial interests in subsidiaries resulting in loss of control. Assets and liabilities derecognised at dates of loss of control of the disposed subsidiary were as follows:

	RMB'000
<hr/>	
Assets and liabilities disposed at the date of loss of control:	
Investment properties under development	528,100
Property, plant and equipment	1,025
Other receivables	95,255
Bank balances and cash	2,776
Trade and other payables	(3,506)
Amounts due from certain subsidiaries of the Company	(390,533)
Deferred tax liabilities	(45,125)
	<hr/>
	187,992
<hr/>	
Gain on disposal of subsidiaries:	
Consideration receivables	12,961
Add: Non-controlling interests	93,996
Add: Fair value of retained equity interest in Hangzhou Qifei classified as interests in associates	84,404
Less: Net assets disposed of	(187,992)
	<hr/>
	3,369
<hr/>	

At the date of disposal during the six months ended 30 June 2020, the fair value of retained equity interest in Hangzhou Qifei is estimated by an independent valuer by reference to the proportionate share of the fair value of net identifiable assets/liabilities of Hangtian Qifei amounting to RMB84,404,000.

	RMB'000
<hr/>	
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(2,776)
	<hr/>

26. CAPITAL AND OTHER COMMITMENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Construction commitments in respect of properties for sale contracted for but not provided in the condensed consolidated financial statements	11,521,173	12,506,925
Construction commitments in respect of investment properties contracted for but not provided in the condensed consolidated financial statements	535,444	1,284,716
Consideration commitments in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	33,517	34,302
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	44,793	26,672

27. 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 2020:

	Number of share options under share option schemes ('000)
Outstanding as at 1 January 2020	75,098
Exercised during the period	(747)
Outstanding as at 30 June 2020	74,351

The Group did not recognise any expense for the six months ended 30 June 2020 and 2019 in relation to share options granted by the Company.

For the six months ended 30 June 2020

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(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 2020:

	Number of share options under share option schemes (‘000)
Outstanding as at 1 January 2020	84,473
Lapsed during the period	(5,489)
Outstanding as at 30 June 2020	78,984

Colour Life recognised the total expense of RMB3,349,000 (six months ended 30 June 2019: RMB6,707,000) in share option reserve of Colour Life included in non-controlling interests for the six months ended 30 June 2020 in relation to share options granted by Colour Life.

(c) Share option scheme of Morning Star

During the six months ended 30 June 2019, Morning Star recognised the total expense of RMB115,000 in share option reserve of Morning Star included in non-controlling interests in relation to share options granted by Morning Star. Upon the expiry date of the share option scheme of Morning Star in 2019, none of Morning Star's shares is to be issued upon the exercise of the option granted under share option scheme of Morning Star.

During the six months ended 30 June 2020, upon the completion of disposal of the Group's 100% equity interests in Morning Star, the related share option reserves were transferred to accumulated profits accordingly.

(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 30 June 2020 and 31 December 2019, a total of 1,802,000 Colour Life's shares were held for the Share Award Scheme and the aggregate consideration paid for these shares in an amount of RMB6,795,000 was deducted from other non-controlling interests.

During the current interim period, no share of the Colour Life was acquired for the Share Award Scheme and no share was awarded to employees or consultants of Colour Life.

28. CONTINGENT LIABILITIES

- The Group provided guarantees amounting to RMB10,290,908,000 (31 December 2019: RMB12,166,620,000) given to banks for mortgage facilities granted to purchasers of the Group's properties for sales as at 30 June 2020.
- The Group provided guarantees on several basis covering its respective equity shares of outstanding obligations under the bank borrowings incurred by the joint ventures and associates for developing their projects. As at 30 June 2020, the Group's aggregate shares of such guarantees provided in respective of loans borrowed by these joint ventures amounted to RMB1,317,348,000 and associates amounted to RMB330,000,000.

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

29. 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 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Properties for sale	6,662,045	8,164,030
Investment properties	3,985,665	4,673,918
Pledged bank deposits	290,000	940,506
Property, plant and equipment	612,984	575,845
	11,550,694	14,354,299

30. 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	
			2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Shenzhen Colour Pay	A company controlled by Mr. Pan Jun, a director and the chief executive officer of the Company	Commission income	10,861	16,478
Shenzhen Yushi Property Development Co., Ltd.	A joint venture	Management fee income	22,264	–

For the six months ended 30 June 2020

30. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2020 and 2019 is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefit	37,940	51,036
Post-employment benefit	2,873	4,609
	40,813	55,645

(c) Others

During the six months ended 30 June 2020, 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 RMB36,510,000 (six months ended 30 June 2019: RMB11,987,000).

31. 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).

31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

	Fair value at		Fair value hierarchy	Valuation technique and key input
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)		
Financial assets at FVTPL				
– Money market fund investments	–	29,051	Level 3	Market approach – Expected performance of government debentures, treasury notes, corporate bonds and short-term fixed deposits.
– Debt Instrument	1,443,000	1,420,000	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	58,176	60,086	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.
Derivative financial instruments			Level 2	Discounted cash flow – Fair value is estimated based on, inter alia, the contracted exchange rate and the forward rate.
– Cash flow hedge				
Asset	30,093	1,241		
Liabilities	2,854	32,704		

For the six months ended 30 June 2020

31. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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.

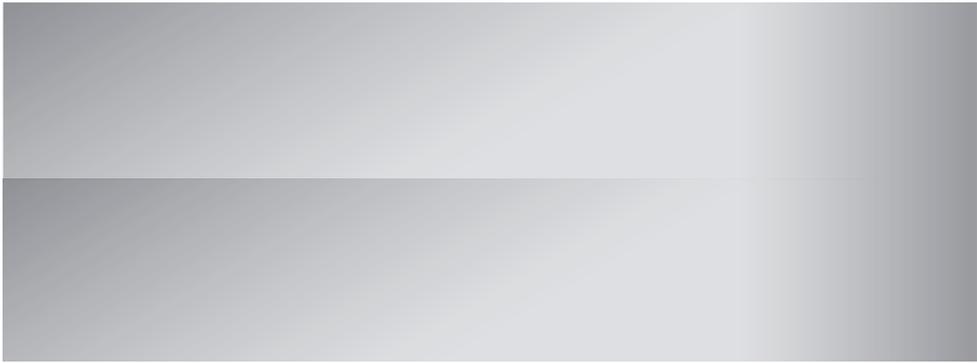
	Fair value hierarchy	30 June 2020		31 December 2019	
		Carrying amount RMB'000 (Unaudited)	Fair value RMB'000	Carrying amount RMB'000 (Audited)	Fair value RMB'000
Senior notes	Level 1	23,296,720	24,009,387	18,287,277	18,659,519
Listed corporate bonds	Level 1	5,858,398	5,749,350	5,646,207	5,640,375
Unlisted corporate bonds	Level 3	155,993	157,314	149,786	152,666
Asset-backed securities issued	Level 3	34,556	34,854	104,548	175,531

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.

32. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (a) On 23 July 2020, the Company issued guaranteed fixed rate senior notes with aggregate nominal value of USD350,000,000 which carry fixed interest of 9.5% per annum and mature in 2023. The proceeds are to be used for refinancing certain of the Group's existing indebtedness.
- (b) On 12 August 2020, the Company issued guaranteed fixed rate senior notes with aggregate nominal value of USD200,000,000 which carry fixed interest of 7.95% 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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