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Fantasia Holdings Group Co., Limited
花樣年控股集團有限公司
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 01777)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

– The Group's contracted sales for the Period increased by approximately 123.8% to approximately RMB11,307 million from approximately RMB5,053 million for the corresponding period in 2017.

– The Group's revenue for the Period was approximately RMB5,196 million, which increased by 42.8% from approximately RMB3,637 million for the corresponding period in 2017.

– The Group's gross profit margin for the Period maintained at a relatively normal level of 25.4%.

– The Group's profit for the Period was approximately RMB180 million (the corresponding period in 2017: RMB156 million).

– The Group's net gearing ratio (being aggregated borrowings and senior notes net of bank balances and cash and restricted cash over the total equity) as at 30 June 2018 was 82.9%, which increased by 6.9% from 76% as at 31 December 2017.

– Basic earnings per share was RMB1.78 cents (the corresponding period in 2017: RMB1.41 cents).

The board (the "**Board**") of directors (the "**Directors**") of Fantasia Holdings Group Co., Limited (hereinafter referred to as "**Fantasia**" or the "**Company**") announces the unaudited financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018 (the "**Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

	NOTE	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		**102,841**	81,270
Other non-controlling interests		**77,070**	75,134
		179,911	156,404
Total comprehensive income for the period attributable to:			
Owners of the Company		**111,541**	77,962
Other non-controlling interests		**76,998**	72,913
		188,539	150,875
Earnings per share *(RMB cents)*			
– Basic	7	**1.78**	1.41
– Diluted	7	**1.77**	1.40

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	NOTE	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,684,319**	2,611,084
Investment properties		**10,777,165**	10,194,164
Interests in associates		**1,309,435**	1,174,908
Interests in joint ventures		**673,621**	1,060,057
Available-for-sale investments		**–**	117,663
Equity instruments designated at FVTOCI		**150,635**	–
Goodwill		**2,303,370**	2,299,758
Intangible assets		**1,249,588**	1,319,901
Prepaid lease payments		**340,119**	754,720
Premium on prepaid lease payments		**1,259,376**	1,268,992
Other receivables		**157,040**	167,624
Deposits paid for potential acquisition of subsidiaries		**1,108,541**	799,606
Deposit paid for acquisition of a property project		**159,214**	159,214
Deposits paid for acquisition of land use rights		**342,887**	118,103
Deferred tax assets		**504,438**	461,990
		23,019,748	22,507,784
CURRENT ASSETS			
Properties for sale		**28,547,372**	23,777,966
Inventories		**330,542**	194,655
Prepaid lease payments		**12,455**	18,228
Premium on prepaid lease payments		**19,233**	19,233
Contract assets		**142,011**	–
Contract costs		**181,256**	–
Trade and other receivables	8	**4,976,379**	4,129,404
Amounts due from customers for contract works		**–**	104,079
Tax recoverable		**101,435**	85,990
Amounts due from non-controlling shareholders of the subsidiaries of the Company		**586,376**	1,052,812
Amounts due from joint ventures		**72,059**	362,935
Amounts due from associates		**18,284**	27,567
Financial assets at fair value through profit or loss ("FVTPL")		**113,644**	234,460
Restricted/pledged bank deposits		**1,826,400**	2,106,552
Bank balances and cash		**20,783,247**	14,335,075
		57,710,693	46,448,956

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below and changes in accounting policies which became first applicable during the interim period and resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Accounting Standard ("HKAS") and HKFRSs (hereinafter collectively referred to as the "new and amendments to HKFRSs") issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements.

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

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

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

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

Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" and the related amendments

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items (for example, contract assets and lease receivables) and 3) general hedge accounting. The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits, without restating comparative information. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Impacts and changes in accounting policies of application on Amendments to HKAS 40 "Transfers of Investment Property"

At the date of initial application, the Group assessed the classification of certain properties based on conditions existed at that date. There is no impact to the classification at 1 January 2018. Except as describe above, the application of other amendments to the HKFRSs in the current interim period had no material effect on the amounts reported as set out in these condensed consolidated financial statements.

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

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

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

	31 December 2017 (Audited) *RMB'000*	HKFRS 15 *RMB'000*	HKFRS 9 *RMB'000*	**1 January 2018 (Adjusted)** ***RMB'000***
Current Assets				
Properties for sale	23,777,966	9,919	–	**23,787,885**
Inventories	194,655	–	–	**194,655**
Prepaid lease payments	18,228	–	–	**18,228**
Premium on prepaid lease payments	19,233	–	–	**19,233**
Contract assets	–	125,627	(2,983)	**122,644**
Contract costs	–	111,000	–	**111,000**
Trade and other receivables	4,129,404	(21,548)	(11,537)	**4,096,319**
Amounts due from customers for contract works	104,079	(104,079)	–	**–**
Tax recoverable	85,990	–	–	**85,990**
Amounts due from non-controlling shareholders of the subsidiaries of the Company	1,052,812	–	–	**1,052,812**
Amounts due from joint ventures	362,935	–	–	**362,935**
Amounts due from associates	27,567	–	–	**27,567**
Financial assets at fair value through profit or loss ("FVTPL")	234,460	–	–	**234,460**
Restricted/pledged bank deposits	2,106,552	–	–	**2,106,552**
Bank balances and cash	14,335,075	–	–	**14,335,075**
	46,448,956	120,919	(14,520)	**46,555,355**
Current Liabilities				
Trade and other payables	9,282,468	(497,536)	–	**8,784,932**
Deposits received for sale of properties	5,503,060	(5,503,060)	–	**–**
Amounts due to customers for contract works	13,778	(13,778)	–	**–**
Contract liabilities	–	6,117,128	–	**6,117,128**
Amounts due to joint ventures	10,000	–	–	**10,000**
Amounts due to associates	13,513	–	–	**13,513**
Tax liabilities	4,431,080	–	–	**4,431,080**
Borrowings due within one year	3,022,026	–	–	**3,022,026**
Obligations under finance leases	51,693	–	–	**51,693**
Senior notes and bonds	4,484,610	–	–	**4,484,610**
Assets backed securities issued	42,533	–	–	**42,533**
Defined benefit obligations	220	–	–	**220**
Provisions	40,131	–	–	**40,131**
	26,895,112	102,754	–	**26,997,866**
Net Current Assets	19,553,844	18,165	(14,520)	**19,557,489**
Total Assets Less Current Liabilities	42,061,628	31,873	(10,890)	**42,082,611**

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

3. SEGMENT INFORMATION

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

Six months ended 30 June 2018

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

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

Six months ended 30 June 2017

	Property development *RMB'000*	Property investment *RMB'000*	Property agency services *RMB'000*	Properties operation services *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000* *(note)*	Reportable segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
SEGMENT REVENUE (UNAUDITED)									
External sales	2,068,777	116,945	27,122	978,459	63,801	382,155	3,637,259	–	3,637,259
Inter-segment sales	5,527	–	–	42,221	–	–	47,748	(47,748)	–
Total	2,074,304	116,945	27,122	1,020,680	63,801	382,155	3,685,007	(47,748)	3,637,259
Segment profit (loss)	375,498	461,636	1,307	228,743	(9,470)	(46,107)	1,011,607	(20,716)	990,891

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

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

Reconciliation:

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

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

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

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

4. INCOME TAX EXPENSE

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

5. PROFIT FOR THE PERIOD

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

6. DIVIDENDS

During the six months ended 30 June 2018, a final dividend of HK7.00 cents per share in respect of the year ended 31 December 2017 (2016: HK5.00 cents) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the Period amounted to RMB329,217,000 (2016: RMB250,049,000).

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

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the Period attributable to owners of the Company)	**102,841**	81,270
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	**(80)**	–
Earnings for the purpose of diluted earnings per share	**102,761**	81,270
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,762,546**	5,761,972
Effect of dilutive potential ordinary shares:		
Share options	**36,047**	23,348
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,798,593**	5,785,320

Those share options granted by Colour Life, a non-wholly-owned subsidiary of the Company, have no impact on the computation of diluted earnings per share for the Period, where the exercise price of the share options was higher than the average market price of Colour Life's shares.

Those share options granted by Morning Star Group Limited ("**Morning Star**"), a wholly owned subsidiary of the Company, have no impact on the computation of diluted earnings per share for both the periods ended 30 June 2018 and 2017, where Morning Star's share options is anti-dilutive.

8. TRADE AND OTHER RECEIVABLES

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

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

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

9. TRADE AND OTHER PAYABLES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

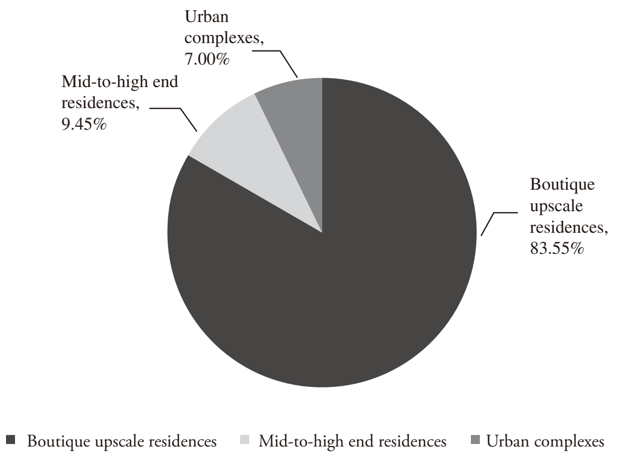
Contracted Sales and Project Development

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

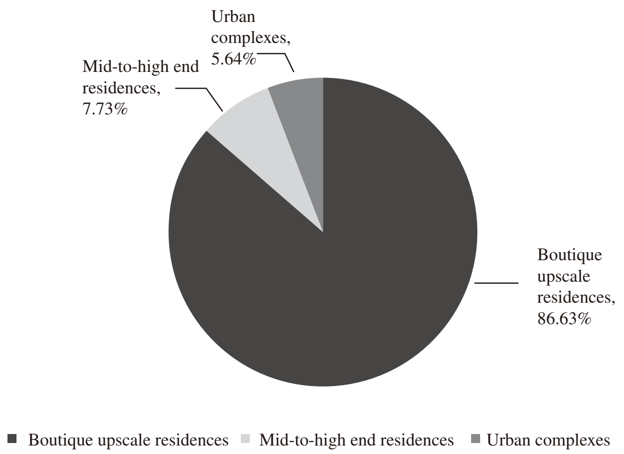
Amid changes in the overall market, the property business of the Group seized market opportunities and boost sales by promoting hot-sale products in the first half year, with a view to accelerating the return of cash to satisfy its capital needs for rapid growth while securing a price premium at the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

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

Proportion of contracted sales attributable to different contracted sales value



Proportion of contracted sales area attributable to different product categories

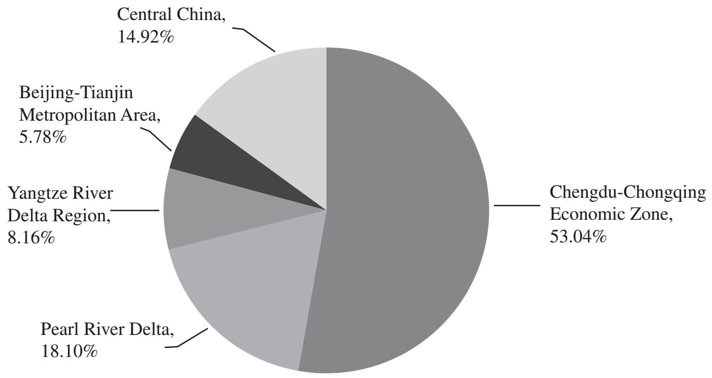


The proportion of contracted sales and contracted sales area attributable to different product categories for the first half of 2018

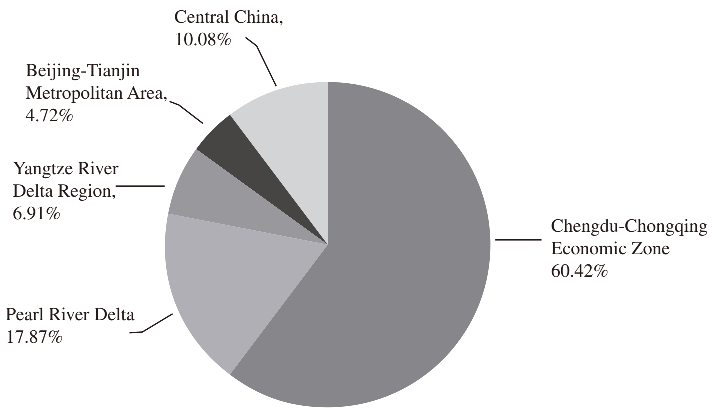
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	791.31	7.00	65,681	5.64
Mid-to-high End Residences	1,068.72	9.45	90,104	7.73
Boutique Upscale Residences	9,447.30	83.55	1,009,400	86.63
Total	11,307.33	100.00	1,165,185	100.00

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

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



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



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

	Amount		**Area**	
	(RMB million)	%	(sq.m.)	%
Pearl River Delta	2,046.25	18.10	208,193	17.87
Chengdu-Chongqing Economic Zone	5,997.19	53.04	704,003	60.42
Beijing-Tianjin Metropolitan Area	654.09	5.78	55,021	4.72
Yangtze River Delta Region	922.21	8.16	80,474	6.91
Central China	1,687.59	14.92	117,494	10.08
Total	11,307.33	100	1,165,185	100

Chengdu-Chongqing Economic Zone

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

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

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

Pearl River Delta Region

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

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

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

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

Beijing-Tianjin Metropolitan Area

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

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

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

Yangtze River Delta Region

The Yangtze River Delta Region is the resource deployment center with tremendous economic vibrancy, a technology innovation hub with global influence, and a vital international gateway in the Asian-Pacific region. The Group has long been paying great attention to its existing projects and the key cities with high growth potential within the region. In the first half of the year, the Group focused on customer needs, and gradually developed products with high recognition by the market, thus greatly boosting the sales of key projects and gaining considerable market attention and influence.

During the Period, the Group recorded contracted sales area of approximately 80,474 sq.m. and contracted sales of approximately RMB922.21 million in the Yangtze River Delta Region, representing approximately 6.91% and 8.16% of total contracted sales area and contracted sales respectively.

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

Central China

Central China, is the nation's geographical center, relatively developed in terms of transportation and economy, and its development is of strategic significance to the Group. In the first half of the year, the Group proactively promoted the development of its existing projects and seized market opportunities to expedite de-stocking, achieving rapid sales of projects in rigid demand with increasing price premiums and achieved its annual results exceeding expectation. Leveraging on its reputation and customer recognition in regional markets, the Group accelerate its business development and acquired a number of new projects in such key cities as Wuhan, Zhengzhou, Changsha and Xi'an in Central China, laying a solid foundation for its subsequent development in the region.

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

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

Newly Commenced Projects

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

Breakdown of newly commenced projects in the first half of 2018

Project serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA
						(sq.m.)
Pearl River Delta						
1	Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	2020	70%	81,188
2	Huahaoyuan	Huiyang District, Huizhou	Residential and commercial purposes	2020	100%	80,396

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

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

Completed Projects

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

Breakdown of completed projects in the first half of 2018

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

Projects under Construction

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

Breakdown of projects under construction as at 30 June 2018

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Huizhou								
1	Phase 5 of Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou	Residential and commercial purposes	100%	2018	171,108	139,261	Mid-to-high End Residences
2	Huahaoyuan	Huiyang District, Huizhou	Residential and commercial purposes	100%	2019	80,396	58,952	Mid-to-high End Residences
Guilin								
1	Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	2020	435,917	329,042	Boutique Upscale Residences
Chengdu								
1	Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	2019	134,962	101,287	Urban Complexes
2	Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	2020	126,756	60,689	Boutique Upscale Residences
3	Xiangmendi (香門第)	Pi County, Chengdu	Residential and commercial purposes	100%	2018	676,880	507,444	Boutique Upscale Residences
4	Jiatianxia (家天下)	Shuangliu District, Chengdu	Residential and commercial purposes	55%	2019	552,260	433,252	Boutique Upscale Residences
5	Belle Epoque	Xinjin District	Residential and commercial purposes	100%	2019	5,342	5,342	Boutique Upscale Residences
6	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	100%	2020	352,857	261,621	Boutique Upscale Residences
7	Love Forever	Hi-tech District, Ziyang	Residential land use	91%	2020	241,227	114,618	Boutique Upscale Residences
Tianjin								
1	Love Forever	Wuqing District, Tianjin	Residential land use	60%	2019	3,600	2,679	Mid-to-high End Residences
2	Huaxiang	Wuqing District, Tianjin	Residential land use	60%	2019	16,479	10,248	Boutique Upscale Residences
3	Jiatianxia (家天下)	Wuqing District, Tianjin	Residential land use	60%	2020	173,494	134,204	Boutique Upscale Residences

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Suzhou								
1	Lago Paradise (太湖天城)	Taihu National Tourism Vacation Zone, Suzhou	Residential land use	100%	2019	155,766	79,907	Boutique Upscale Residences
2	Taicang Taigucheng (太倉太古城)	Zhenghe East Road, Taicang	Commercial/ office purpose	100%	2019	82,734	61,010	Urban Complexes
Ningbo								
1	Ningbo Cixi Yuefu Project (寧波慈溪悦府項目)	North Third Ring East Road and Culture South Road Cross, Ningbo	Residential land use	100%	2019	239,750	150,865	Mid-to-high End Residences
Hefei								
1	Hefei Baolifeng	Baohe District, Hefei	Commercial land use	100%	2018	554,083	479,378	Urban Complexes
Wuhan								
1	Baishazhou Jinxiu Town	Hongshan District, Wuhan	Residential and commercial purposes	50%	2019	235,746	192,263	Boutique Upscale Residences
Shenzhen								
1	Jiatianxia (家天下)	Kuiyong, Shenzhen	Residential and commercial purposes	10%	2018	64,241	46,690	Urban Complexes
Nanjing								
1	Hailrun Plaza	Central North Road, Gulou District, Nanjing	Residential and commercial purposes	70%	2018	206,029	101,184	Urban Complexes
2	Love Forever	Gaochun, Nanjing	Residential and commercial purposes	100%	2018	165,801	119,732	Mid-to-high End Residences
3	Jiatianxia (家天下)	Lishui District, Nanjing	Residential and commercial purposes	100%	2020	316,507	164,014	Boutique Upscale Residences

Projects to be Developed

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

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

	sq.m.	%
Pearl River Delta	1,479,159	22.43%
Chengdu-Chongqing Economic Zone	2,407,710	36.52%
Yangtze River Delta Region	162,975	2.47%
Beijing-Tianjin Metropolitan Area	1,190,400	18.05%
Central China	1,353,772	20.53%
Total	6,594,015	100%

Breakdown of projects to be developed as at 30 June 2018

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Shenzhen					
1	Jiatianxia	Kuiyong, Shenzhen	Residential and commercial purposes	10%	266,016
Subtotal					266,016
Huizhou					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou	Residential and commercial purposes	100%	47,144
2	Qiuchang Project	Danshui Town, Huiyang District, Huizhou	Residential purpose	100%	188,680
Subtotal					235,824
Shanghai					
1	Guobang Huayuan (國邦花園)	Jing'an District, Shanghai	Office purpose	100%	6,561
Subtotal					6,561
Guilin					
1	Area E of Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	491,833
2	Area D of Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	100%	485,486
Subtotal					977,319

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu	Residential, commercial and ancillary purposes	100%	130,643
2	Remaining phases of Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	622,934
3	Jiatianxia	Shuangliu District, Chengdu	Commercial cum residential	55%	362,048
4	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	100%	409,814
5	Ziyang Project	Southern side of Chengnan Road, Hi-tech District, Ziyang	Residential and commercial purposes	91%	283,469
6	Jiangshan	Qing Baijiang, Chengdu	Residential purpose	100%	464,638
7	Kanjinzhao	Kanjinzhao Project, Chengdu	Residential and commercial purposes	100%	134,164
Subtotal					2,407,710
Hangzhou					
1	Hangzhou Project	Gongshu District, Hangzhou	Commercial purpose	49%	156,414
Subtotal					156,414
Beijing					
1	Yaxinke Project	Fengtai District, Beijing	Residential purpose	76%	268,174
Subtotal					268,174
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin	Residential purpose	60%	37,711
2	Remaining phases of Huaxiang	Wuqing District, Tianjin	Residential purpose	60%	155,433
3	Yingcheng Lake Project	Hangu District, Tianjin	Residential, commercial and tourism purposes	100%	168,339
Subtotal					361,483
Shijiazhuang					
1	Linghangguoji	Yuhua District, Shijiazhuang	Commercial purpose	51%	63,740
Subtotal					63,740
Tangshan					
1	Huayangyuwan	Leting County, Tangshan	Residential and commercial purposes	51%	497,003
Subtotal					497,003

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Wuhan					
1	Hankou Xingfuwanxiang	Next to Hankou City Plaza, Houhu, Jiang'an District, Wuhan	Commercial purpose	31%	51,410
2	Hanzheng Street The First	Wusheng Road and Yanjiang Road Cross, Qiaokou District, Wuhan	Commercial purpose	100%	338,700
3	Huahaoyuan Project	Next to Hankou City Plaza, Houhu, Wuhan	Commercial and residential purposes	100%	188,987
4	Jinshanghua	Next to metro entrance, Xingye Road, Houhu, Wuhan	Residential purpose	100%	55,600
5	Jin Xiu Town	Hongshan District, Wuhan	Residential and commercial purposes	50%	110,350
6	Jiangshan	Gedian Development Zone, Ezhou	Residential and commercial purposes	100%	357,567
7	Endless Blue	Dongxihu District, Wuhan	Residential and commercial purposes	90%	251,158
Subtotal					1,353,772
Total					6,594,015

Land Bank

During the Period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai, Shenzhen, Wuhan and Chengdu, which enjoy strong market potential and capable of delivering rich returns. As at 30 June 2018, the planned GFA of the Group's land bank amounted to approximately 17,749,575 sq.m. and the planned GFA of properties with framework agreements signed amounted to 6,163,624 sq.m..

Region	Projects under construction	Projects to be developed	Projects under Framework agreements	Aggregate planned GFA of land bank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Chengdu-Chongqing Economic Zone	**2,090,284**	**2,407,709**	**2,835,997**	**7,333,990**	**41.3%**
Chengdu	2,090,284	2,407,709	2,566,680	7,064,673	
Kunming	–	–	269,317	269,317	
Pearl River Delta	**751,662**	**1,479,159**	**2,908,464**	**5,139,287**	**29.0%**
Shenzhen	64,241	266,016	1,808,564	2,138,822	
Huizhou	251,504	235,824	1,099,900	1,587,228	
Guilin	435,917	977,319	–	1,413,237	

Region	Projects under construction	Projects to be developed	Projects under Framework agreements	Aggregate planned GFA of land bank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Beijing-Tianjin Metropolitan Area	**193,573**	**1,190,400**	**41,259**	**1,425,232**	**8.0%**
Beijing	–	268,174	41,259	309,433	
Tianjin	193,573	361,483	–	555,056	
Tangshan	–	497,003	–	497,003	
Shijiazhuang	–	63,740	–	63,740	
Yangtze River Delta Region	**1,166,587**	**162,975**	**238,180**	**1,567,742**	**8.8%**
Suzhou	238,500	–	56,254	294,754	
Shanghai	–	6,561	–	6,561	
Nanjing	688,337	–	–	688,337	
Hangzhou	–	156,414	–	156,414	
Ningbo	239,750	–	181,926	421,676	
Central China	**789,829**	**1,353,772**	**139,724**	**2,283,324**	**12.9%**
Wuhan	235,746	1,353,772	139,724	1,729,241	
Hefei	554,083	–	–	554,083	
Total	**4,991,935**	**6,594,015**	**6,163,624**	**17,749,575**	**100%**

Colour Life

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

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

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

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

Home E&E

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

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

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

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

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

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

Financial Group

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

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

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

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

Business Management Group

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

“FBM”), a wholly-owned subsidiary of the Group, managed to recruit many industry talents, and actively participated in business planning, merchant solicitation and investment invitation for certain large projects of the Group. Meanwhile, it has also engaged in providing business agent, commissioned management and other entrusted asset management services for business management projects outside the Group.

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

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

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

Cultural and Tourism Group

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

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

Futainian

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

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

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

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

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

Fund Company

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

Trading Company

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

Soushe Research Institute

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

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services and (vi) the provision of travel agency service. For the six months ended 30 June 2018, revenue of the Group amounted to approximately RMB5,196 million, representing an increase of 42.9% from approximately RMB3,637 million for the corresponding period in 2017. The profit attributable to owners of the Company for the year amounted to approximately RMB103 million, representing an increase of 27.2% from approximately RMB81 million for the corresponding period in 2017.

Property Development

The Company recognises revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, that is when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents the proceeds from sales of properties held for sales by the Group. Revenue derived from property development increased by 23.9% to approximately RMB2,563 million for the six months ended 30 June 2018 from approximately RMB2,069 million for the corresponding period in 2017, which was primarily due to the increase in recognised income as a result of the additional properties of the Group brought forward to this year as compared to the corresponding period last year .

Property Investment

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

Property Agency Services

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

Property Operation Services

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

Hotel Operation

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

Others

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

Gross Profit and Gross Profit Margin

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

Other Gain and Losses

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

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 39.0% to approximately RMB157 million for the six months ended 30 June 2018 from approximately RMB113 million for the corresponding period in 2017. The increase was due to the increase in promotional cost incurred for physical advertising, sales agency fee and other expenses.

Administrative Expenses

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

Finance Costs

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

Income Tax Expenses

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

Liquidity, Financial and Capital Resources

Cash Position

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

Net Gearing Ratio

The gearing ratio was 82.9% as at 30 June 2018 (31 December 2017: 76.0%). The gearing ratio was calculated based on net liability (the total of its borrowings, senior notes and ABS net of bank balances and cash and restricted cash) over total equity. The total debts (being the total of its borrowings, senior notes and ABS) over total assets ratio continued to be healthy, maintaining at 46.2% as at 30 June 2018 (31 December 2017: 43.4%). Through optimizing its equity structure and the stringent implementation measure for cash flow budget, the Group was able to maintain a reasonable proportion of long-term and short term debt and the net gearing ration only slightly increased as compared to that as at the end of last year.

Borrowings and Charges on the Group's Assets

As at 30 June 2018, the Group had aggregated borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB15,205 million (31 December 2017: approximately RMB9,864 million) in total, approximately RMB21,792 million (31 December 2017: approximately RMB19,805 million) in total and approximately RMB303 million (31 December 2017: approximately RMB228 million) in total, respectively. Amongst the borrowings, approximately RMB5,538 million (31 December 2017: approximately RMB3,022 million) will be repayable within one year and approximately RMB9,667 million (31 December 2017: approximately RMB6,842 million) will be repayable after one year. Amongst the senior notes, approximately RMB4,421 million (31 December 2017: approximately RMB4,484 million) will be repayable within one year and approximately RMB17,370 million (31 December 2017: approximately RMB15,320 million) will be repayable after one year.

As at 30 June 2018, a substantial part of the Group's borrowings was secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by the pledge of shares of certain subsidiaries of the Group.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. For the six months ended 30 June 2018, the exchange rates of RMB against U.S. dollars and the Hong Kong dollars decreased significantly, therefore, an exchange loss of RMB270 million was incurred.

Contingent Liabilities

As at 30 June 2018, the Group had provided guarantees amounting to approximately RMB8,465 million (31 December 2017: approximately RMB7,297 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the six months ended 30 June 2018 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2018, excluding the employees of communities managed on a commission basis, the Group had approximately 30,456 employees (31 December 2017: approximately 31,059 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice. Apart from salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme on 27 October 2009. As at 30 June 2018, a total of 142,660,000 share options were granted. As at 30 June 2018, none of the share option (31 December 2017: Nil) was lapsed and 922,000 share options (31 December 2017: 225,000) had been exercised. As at 30 June 2018, the number of outstanding share options was 84,179,000.

DIVIDEND DISTRIBUTION

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange. During the Period of six months ended 30 June 2018, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code except for the following deviation:

In respect of the code provision E.1.2 of the CG Code, the chairman of the Remuneration Committee and other committee members were not present at the annual general meeting ("AGM") of the Company held on 29 May 2018 due to other business commitment and no delegate was appointed to attend the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all the Directors on whether the Directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2018 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Senior Notes

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

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

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

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

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

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

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

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnfantasia.com). The interim report of the Company for the Period containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

In times of vigorous ups and downs of the real estate market, it is the staff, shareholders, investors and partners of the Group that have been working side by side with the Group to help the Company grow healthily and strong. The Group hereby wishes to express its sincere gratitude to all its shareholders, Directors and partners for their confidence placed on us and their support to the development direction of the Group. Last but not least, the Group would also like to extend our gratitude to all the staff for their persistent efforts and support to the Group.

By order of the Board
Fantasia Holdings Group Co., Limited
Pan Jun
Chairman

Hong Kong, 22 August 2018

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby and Mr. Deng Bo; the non-executive Directors are Mr. Li Dong Sheng, Mr. Liao Qian and Mr. Lam Kam Tong; and the independent non-executive Directors are Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu.