



*Creating Value with Aspirations.*

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**DIRECTORS****Executive Directors**

Mr. Pan Jun (Chairman and  
Chief Executive Officer)

Ms. Zeng Jie, Baby  
Mr. Lam Kam Tong  
Mr. Zhou Jinquan

**Non-Executive Directors**

Mr. Li Dong Sheng  
Mr. Yuan Hao Dong

**Independent Non-Executive Directors**

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

**COMPANY SECRETARY**

Mr. Lam Kam Tong

**AUTHORIZED REPRESENTATIVES**

Mr. Pan Jun  
Mr. Lam Kam Tong

**AUDIT COMMITTEE**

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

**REMUNERATION COMMITTEE**

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

**NOMINATION COMMITTEE**

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

**AUDITORS**

Deloitte Touche Tohmatsu  
Certified Public Accountants

**PRINCIPAL BANKERS**

Agricultural Bank of China  
China Construction Bank Corporation  
China Everbright Bank Co., Ltd.  
Industrial and Commercial Bank of China  
Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

**LEGAL ADVISORS**

As to Hong Kong Law  
Sidley Austin

As to PRC Law  
Commerce & Finance Law Offices

As to Cayman Islands Law  
Conyers Dill & Pearman

**REGISTERED OFFICE**

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

**CORPORATE HEAD OFFICE IN HONG KONG**

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

**CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA**

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

**CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road  
George Town, 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 Listed Shares  
Ordinary shares  
The Stock Exchange of Hong Kong Limited  
Stock Code: 01777

**The Company's Listed Senior Notes**

USD250 million 13.75%,  
5 years senior notes due 2017  
USD200 million 11.50%,  
3 years senior notes due 2018  
USD300 million 10.625%,  
5 years senior notes due 2019  
RMB600 million 9.5%,  
3 years senior notes due 2019  
USD250 million 10.75%,  
7 years senior notes due 2020  
The Singapore Exchange  
Securities Trading Limited

**WEBSITE**

<http://www.cnfantasia.com>

## Honours and Awards

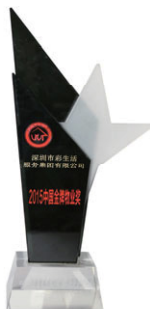
◎ In January 2016, Colour Life Services Group Co., Limited (“Colour Life”, together with its subsidiaries, “Colour Life Group”), a subsidiary of Fantasia Holdings Group Co., Limited (the “Company” or “Fantasia”, together with its subsidiaries, the “Group” or “Fantasia Group”), was awarded the honour of the “Excellent Member with Special Contributions” (特殊貢獻優秀會員) in 2015 by Shenzhen Property Management Association.

◎ In January 2016, Fantasia’s project in relation to conducting education activities in villages, themed “A Group of Seven Dream Chasers Revisits the Road to Knowledge” (夢想七人組 重走知行路) under the “Voyage to Happiness” (發現幸福之旅), was awarded the “Nomination Award of the Public Welfare Project for the Year” (年度長江公益專案提名獎).

◎ In January 2016, Shenzhen Fantasia International Property Services Co., Ltd., Chengdu Branch (深圳市花樣年國際物業服務有限公司成都分公司), an indirectly-owned subsidiary of Fantasia, was awarded the honour of “Outstanding Property Management Service Agency in Chengdu Real Estate Industry for the Year” (成都地產年度傑出物業管理服務機構) by Sichuan Daily and won a prize at “The 13th Gold Hibiscus” (第十三屆金芙蓉杯).

◎ In January 2016, Chengdu Futainian Enterprise Management (Retirement Life Services) Co., Ltd. (成都市福泰年企業管理(養老服務)有限公司), a wholly-owned subsidiary of Fantasia was recognized as the “Excellent Retirement Life Service Brand in Chengdu” in the Adjudication and Selection of “Xiaoxingtong: Excellent Retirement Life Service Brand in Chengdu” (孝行通·成都市優秀養老品牌) jointly organized by Chengdu Daily, Xiaoxingtianxia Magazine under China Ageing Development Foundation, Chengdu Industry Association of Social Welfare and Chengdu Ageing Development Foundation.

◎ In February 2016, a hotel management company under Fantasia’s cultural tourism group was awarded the honour of “the Golden Lion award of the Best Hotel Management Company in China” (中國最佳酒店管理公司金獅獎) issued by Golden Leaders’ Federation of International Hotels.



© In March 2016, Fantasia Group (China) Co., Limited (花樣年集團(中國)有限公司) was awarded the honour of the “Top 100 China Real Estate Enterprises” (中國房地產百強企業) for eight consecutive years.

© In March 2016, Shenzhen Fantasia International Property Services Co., Ltd., Chengdu Branch (深圳花樣年國際物業服務有限公司成都分公司), an indirect subsidiary of Fantasia, was awarded the honour of “the Vice President Unit” (副會長單位) issued by Real Estate Association of Sichuan Province (四川省房地產協會).

© In April 2016, Colour Life Services Group Co., Limited (彩生活服務集團有限公司), a subsidiary of Fantasia Group, was awarded the honour of the “Golden Medal Property Prize of China 2015” (2015中國金牌物業獎) issued by China Property Corporation Association (中國物業企業協會) and China Real Estate Association (中國房地產協會).

© In June 2016, in the 2016 China Top 100 Property Service Companies Report (2016中國物業服務百強企業研究報告) jointly published by China Property Management Association (中國物業管理協會) and China Index Academy (中國指數研究院), Colour Life, again shortlisted in the “2016 China Top 10 Property Service Companies in Overall Strength” (2016中國物業服務百強企業綜合實力 Top 10) (ranked No.7) and ranked No.1 in “TOP 10 Property Service Companies in terms of Business Scale” (企業服務規模 TOP10) and “Top 10 Growth Enterprises” (企業成長性TOP10).



Adhering the concept of “One Good Deed a Day to Enjoy the Charity” (日行一善·樂享公益), during the first half of 2016, Fantasia Group took the initiative in contributing to the society and supporting the development of social charitable events while maintaining its rapid corporate development. Taking Fantasia Charity Foundation as platform and integrating resources, the Group launched 3 brand projects, namely Art Charity, Pension Charity and Education Charity, with an aim to innovate the modes of charity while striving to build the Foundation into an interactive platform for charity and making it a part of corporate culture.

The eighth “Fantasia: Voyage to Happiness” cum the public welfare project of “Design for Left-behind Children” (第八屆「花樣年·發現幸福之旅」暨「為留守兒童設計」) was concluded perfectly, with 102 projects collected and over 90 charity institutions participated. Among them, 15 projects had been implemented while 14 projects sponsored were in pipeline in the first half of the year. Projects sponsored by the Foundation had drawn funds of approximately an million Renminbi. Approximately 100,000 left-behind children were benefited with more and more charitable organizations and institutions joining the projects sponsored. This fully demonstrates the platform effect of Fantasia



Charity Foundation and has helped building up the ecosystem of Fantasia Public Welfare in Education. The project of “Design for Left-behind Children” (為留守兒童設計) innovated public welfare modes by gathering proposals through internet. Among the proposals gathered, the education activities in villages, namely “A Group of Seven Dream Chasers Revisits the Road to Knowledge” (夢想七人組 重走行知路), was nominated for “Annual Yangtze River Charity Innovation Project”.

Fantasia continuously pays attention to education in remained areas. Zhou Junyi, the 50th teacher of the 16th batch for teaching support of Fantasia, set out for Ji'an Fantasia Hope Primary School to conduct “Rainbow Class”(七彩課堂), which aims at improving the quality of education for grass-root children. “City Tour of Experience”(城市體驗之旅) was organized for students in villages to learn about the world. In addition, Fantasia Charity Foundation integrated the singer resources of Alliance Art Group (合縱文化), a public charity partner, to carry out the activity of “Sing for Love Together with Alliance – Actions for Caring the Left-behind Children” (音為有愛 合縱有你 — 關愛留守兒童大行動) and held Rainbow Music Classroom (七彩音樂課堂) for students in villages.

In the first half of 2016, Ankangnian retirement life services center actively made proper operation arrangement for four homocare service centres and three daycare centres. In addition to the provision of professional health management and retirement life services such as full-time, daycare services, catering services and rehabilitation services, Ankangnian retirement life services center also provided home-based homocare services and arranged public welfare entertainment and caring activities for senior citizens. Meanwhile, Ankangnian retirement life services center was also active in bidding for elderly service-related government-arranged projects and elderly service-related community-arranged projects.

Fantasia Volunteers continuously practised the charitable concept of “One Good Deed a Day to Enjoy the Charity” (日行一善 樂享公益) with “Ten Ways to Do a Good Deed a Day” (日行一善十條) as its guidelines, donated funds and goods, dedicated professional knowledge and time for Fantasia charitable projects. Zhang Mengyuan (張夢園), a volunteer from Fantasia Charitable Foundation borned in 90s, was awarded “the Most Beautiful Volunteer” (最美志願者) in “Four 100s” (四個100), organized by the Propaganda Department of the Central Committee of the CPC (中宣部) and the Mission Central (團中央) for her outstanding performance in education for left-behind children and community public welfare in elderly services and was elected as the model for Fantasia volunteers as well as the model for the public welfare groups with members borned in the new age of 90s.



Dear Shareholders,

The Gross Domestic Product (GDP) of China increased by 6.7% in the first half of 2016, representing a continuous stable growth in the first half of 2016. The efficiency of industrial enterprises improved steadily while the services industry underwent a faster growth with its market sales increasing stably. Consumer Price Index (CPI) was basically stable and the degree of decline of Producer Price Index (PPI) narrowed. The edges of services industry turning into a major industry kept emerging, and this provides momentum to the consumption growth and promotes consumption upgrade.

Amid the complex and volatile macro-economic environment in China and the sluggish growth of global economy, the growth rate of the Chinese economy was similar to the global economy as expected and the Chinese economy was entering the phase of new normal. Improvement had been observed to the continuous downward trend in economic development, and forward-looking indicators shows economic rebound. Fantasia (the "Company" or "Fantasia", together with its subsidiaries, the "Group"), adhering to its strategic transformation plan formulated since 2012, focused on its positioning as a community service operator. While reinforcing the competitive edges in the traditional real estate business, the Company continued to accelerate its layout development which focused on the community service platform. The promotion of community-related services has become the new driving force of the development of the Group, enabling the manifestation of the enormous potential of the 'community +' commercial ecosystem.

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I hereby present the interim results of the Group for the six months ended 30 June 2016 (the "Reporting Period" or the "Period"). For the Period, the Group recorded revenue of approximately RMB5,362 million, profit of approximately RMB331 million and profit attributable to the owners of the Company of approximately RMB266 million, representing an increase of 47.7%, 18.4% and 28.1%, respectively, as compared to the same period of the previous year.

### CONTINUING EXPANSION OF THE SCALE OF BUSINESS AND GRADUAL CONSOLIDATION WITH ITS POSITION AS A LEADING COMMUNITY SERVICE PROVIDER

During the Period, the Group and the scale of its business continued to expand, the scale of communities managed by the holding subsidiaries of the Group exceeded 370 million square meters ("sq.m."). The influence of Colour Life and Shenzhen Home E&E Commercial Services Group Co., Ltd. ("Home E&E"), the Group's two major property service brands, to the industry continued to amplify, while Jiefang District achieved positive progress in exploring the business model of properties alliances.

The Group continued to expand the scale of its community management through various method of financing, while the limited partnership that the Group invested in successfully acquired Wanda Property Management Co., Ltd.\* (萬達物業管理有限公司) ("Wanda Property") and created a new record in the acquisition scale in the properties sector of China, which at the same time boosted the management area of Colour Life, Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司) and Home E&E and their opportunities to provide services to more owners and residents. This also proved that the concept and capability in community operating services of Fantasia Group has acquired further recognition, consolidating the Group's position as a leading community service provider.

### STRATEGIC TRANSFORMATION DEEPENING TOGETHER WITH THE REGULAR EXPANSION ON THE OVERALL PROPERTY BUSINESS

Benefitting from the improvement in the macroeconomic environment, the property market of China experienced continuous growth, leading to generally high property price, substantial growth rate, high land value, high level of stock and increase in investment. The property price in some cities grew rapidly and significantly, and extremely high-priced areas popped out frequently in some districts. In general, the antinomy of excessive structural supply in the domestic real estate market in the first half of 2016 remained prominent, except that transactions in first-tier cities and a few second-tier cities recovered at a faster pace. However, since third and fourth-tier cities were faced with relatively high level of stock, downward pressure on the overall market performance still prevailed and the regional differentiation was apparent.



As always, Fantasia accurately forecasted the trend of the real estate market for the Period with its forward-looking vision and grasped strategic opportunities in the ever-changing market. Through adjustment and transformation undertaken in previous years, the Group's real estate business focused on first and second-tier cities and their vicinity with a favorable demand basis. Although the general market risks were aggravating, with its nationwide strategic layout, precise product positioning, detailed control of project operation and optimized and innovative marketing concepts, the Company achieved outstanding performance in its real estate business in various regions of the country under such market condition and accomplished rapid growth as compared with corresponding period last year.

During the Period, the Group adhered to its strategic approach of "technology and beauty", and actively promoted innovation and subsequently launched smart community projects. Shenzhen Jiatianxia (深圳家天下), Light Assets Operation Output (輕資產管理輸出) and Xiaogu Caopan (小股操盤) achieved significant growth and real estate companies newly added 8 asset-light projects, with a gross floor area ("GFA") of 660,481 sq.m.. With respect to land acquisition, the Group maintained its cautious and focused strategies and projects located in Beijing and Tianjin were acquired through merger and acquisition.

### **SPEEDING UP THE ESTABLISHMENT OF COLOUR LIFE'S INTELLIGENT COMMUNITY AND MAINTAINING ITS LEADING POSITION IN THE SCALE OF SERVICES**

Since its successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2014, Colour Life's assets and scale operation had grown steadily, maintaining its leading position in the industry. As at 30 June 2016, managing over 2,236 communities with a coverage of exceeded 10 million of population, Colour Life managed a residential area of 360.1 million sq.m. and was the largest community services provider in the world. It ranked first in both Top 10 Scale of Services (服務規模Top 10) and Top 10 Growth (成長性Top 10) of Top 100 Property Services Companies in China (中國物業服務百強企業) during the Period.

During the Reporting Period, Colour Life introduced the 3.3 version of the Caizhiyun Application (APP), and electronic upgraded the products, presented Colour Life residential projects, constructed microbusiness circle, and comprehensively upgraded "Colourful and Wealthy Life" of the original service platform. Meanwhile, Colour Life substantially expanded the community ecosystem platform, and optimized services in terms of customization, personalization and the integration of online and offline operation. With the assistance of the internet and modern technology, Colour Life comprehensively launched ecosystem projects and fully integrated online and offline resources in order to enhance the quality of community services on the basis of providing better basic property services. Colour Life constantly enriched and improved online to offline (O2O) community services ecosystem which improves community culture and vibrance, and to create a new benchmark for the construction of China's intelligent community.

### **HOME E&E STARTS BOOMING WITH THE SUPPORT OF CAPITAL FUNDING**

Home E&E continuously focused on the management of office commercial properties and high-end apartments. As at the end of the Reporting Period, Home E&E managed projects that in 35 cities and established 45 subsidiaries, structuring a strategic distribution covering the core areas throughout the whole country. Following the permission of listing its shares in National Equities Exchange and Quotations System granted at the end of 2015, Home E&E, leveraging on its high quality property services on the basis of corporate profitability and business model innovative capacity, successfully achieved a new milestone of listing in NEEQ in June 2016. Home E&E also undertook some of the commercial properties and high-end apartment projects originally managed by Wanda Properties and expects the potential contribution to the growth of Home E&E.

### GRADUAL FORMATION OF THE CLOSED LOOP OF COMMUNITY FINANCE AND COMPLETION OF LAYING SOLID FOUNDATION IN THE FINANCE INDUSTRY

During the Reporting Period, various business segments of the community finance group under Fantasia further expanded, forming an all rounded community-based supply of financial products that included off-line micro-credit, community P2P internet finance, insurance brokerage business, finance leases and third-party payment. Community P2P internet financial products have improved significantly in product concepts, processes and experiences. Leveraging on community resources and a unique model, the Group has numerous positive market results through developing financial products on the basis of its community services background and through adopting innovative risk control measures for risk management. While loan balances rapidly increased, the bad debt ratios significantly decreased.

During the Period, although faced with the problems of internet finance industry and the restructuring of the industry, community finance business of Fantasia endured the impacts from the market and the regulatory environment and achieved significant growth in its operating results amid the increased regulatory scrutiny in the industry. Qian Sheng Hua (錢生花), the online financial platform under the Group has financed over RMB900 million. With the improved earning capacity, it is expected that overall profitability could be achieved during the year.

In the second half of 2016, with the licensing system of community finance group expected to become optimized and the effective integration of insurance brokerage and third party payment, Fantasia will gradually form the closed loop of community finance.

### OPTIMISING THE STRUCTURE OF FANTASIA'S CULTURAL AND TOURISM GROUP AND ACCESSED TO THE CULTURAL AND TOURISM INDUSTRY

Through the acquisition of the entire equity interest of Morning Star Group Limited, Fantasia's Cultural and Tourism Company expanded the customized tourism market focused on community services, especially the outbound tourism market, with the assistance from the platform and edges of Morning Star. In terms of the community travel, the Company has preliminarily constructed a complete industrial chain of "customers – platform – services".

### MOVED ONTO A FAST TRACK FOR THE DEVELOPMENT OF BUSINESS PROPERTIES MANAGEMENT

Business properties management sector moved onto a fast track of development after many years of experience accumulation and preparation. During the Period, the light assets management export results of the business properties management sector was prominent, in which 4 contracts with respect to projects were successfully entered into and various other projects have entered the final concluding stages. The business properties management sector has established comprehensive standards and guidelines in project screening, project positioning and initial stage feasibility assessment, in order to set up a basic service model in managing the whole process of export and aiming to provide business operation management service for all industries. The business properties management sector has been expanding and replicating with a profound velocity. With potential projects covering the key cities in major provinces in China, including Shenzhen, Chengdu, Chongqing, Nanjing, Xian, Lhasa, Suzhou and Foshan, the business properties management sector has moved onto a fast track for the export of management services across the country.

### BREAKTHROUGH IN THE BOTTLENECK IN THE DEVELOPMENT OF TRADITIONAL EARLY EDUCATION; THE BOOMING NEW MODEL OF NURSERY EDUCATION IN THE COMMUNITY

The Company considered that community education offers promising prospects. In the first half of the year, education business under the Group has successfully set up exemplary schools for community-based young child early education projects, which were well received by the residents in the community. With community early education launching in full swing, it is expected that it will become a new bright spot of growth among the Group's businesses.

With the view to establish the largest education-art complex in the southwest district, the Group entered into a cooperation agreement with Virscend Education Company Limited (成實外教育有限公司) on 13 May 2016, and successfully added Chengdu Foreign Languages Primary School (成都外國語學校附屬小學) into the Chengdu Meinian Plaza project. The strategic path for the Group's community education services became more clearly defined.

### EXPLORATION ON THE POTENTIAL ESTABLISHMENT OF COMMUNITY RETIREMENT LIFE SERVICE MODEL

While intensifying the operation of the existing homecare and day-care centers and retirement homes in Chengdu and Nanjing, the Group consolidated its operational experience and completed the standardization of finance and operation model, which provided a strong basis of its business expansion in the future. Meanwhile, it has invited a team of professionals to join the Group to explore new business sectors and achieved rapid succession and scale expansion. We are dedicated to become a community-based specialized retirement life operating platform with membership management as its basis.

### ESTABLISHING A DIVERSIFIED FINANCING CHANNELS IN ORDER TO BOOST STABLE FUTURE DEVELOPMENT

On 4 May 2016, the Company issued RMB600 million senior notes due 2019 and the proceeds will be used to re-finance certain existing debts of the Company. As the regulations on capital in mainland China have become more stringent, the inflow and outflow of significant amount of capital has become more difficult. Given the gradual increase in the total finance costs of mainland enterprises, it is still more favorable to issue RMB senior notes in Hong Kong. Having considered factors such as domestic and foreign debt structure, RMB exchange rate fluctuation, domestic capital regulations and total finance costs, the Board considers that it was the best option for the Company to issue RMB senior notes at the time. Previously, the Company has completed the public offer of domestic corporate bonds amounted to RMB1.1 billion on 4 January 2016.

During the Period, the Group collected sales proceeds smoothly and the cash flow was sufficient to satisfy the requirements of real estate development and the transformation of light assets operation. Looking forward, the Group will continue to explore and establish diversified financing channels, optimize the domestic and foreign debt structure, lower the enterprise capital costs and enhance the financial stability and capital efficiency in order to enable the enterprise's stable and sustainable development.

### PROSPECT AND DEVELOPMENT

Year 2016 is a new era for the development and expansion of Fantasia. The Company will unswervingly focus on the provision of community services and will continue to maintain its presence in the community, and further realize light assets operation through improving and optimizing the structure of its business. The Company will establish an organic ecosystem that is based on community integrated services and finance through consolidating its internal and external resources. The Company will endeavor to complete the in-depth development of its business systems, from hard to soft and from heavy to light. We will also enhance our effort in the exploration of innovative business models and value of services. Looking forward, leveraging on the synergy achieved through overall planning and comprehensive coordination of edges and resources of each major business segments, the Company will become an industrial finance group focusing on living space and experience.

### APPRECIATION

The Company's development and success was founded on our assiduous staff and the trust and support from all shareholders, investors, partners and customers. On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt gratitude to everyone. With finance and service as its center, the Group will establish a sophisticated community+ ecosystem and persistently enhance its influence with its leading position in the community operating service sector. The Group will gradually realize light-assets operation in each existing business segment and explore a broader prospect in community services sector related industries for achieving further success. The Group will strive to become a great enterprise with innovative ability and consciousness!

Pan Jun  
Chairman  
10 August 2016



## 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 and (v) hotel operation and related services. For the six months ended 30 June 2016, turnover of the Group amounted to approximately RMB5,362 million, representing an increase of 47.7% from approximately RMB3,630 million for the corresponding period in 2015. The increase in turnover was primarily attributable to the increase in GFA managed under the Group's property management sector in the first half of the year, resulting in an increase in the revenue arising from property management of approximately RMB356 million as compared to the corresponding period in last year. Meanwhile, the GFA of projects with higher average selling price of developed properties delivered increased, attributing an increase in the revenue arising from sales of properties of RMB1,219 million.

The table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in the first half of 2016 and 2015.

	For the six months ended 30 June 2016			For the six months ended 30 June 2015		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	Square meters	RMB	RMB'000	Square meters	RMB
Huizhou Fantasia Special Town (惠州別樣城)	35,017	4,046	8,656	14,194	2,788	5,091
Huizhou Love Forever (惠州花郡)	8,038	1,681	4,781	–	–	–
Dongguan Wonderland (東莞江山)	19,000	1,368	13,892	–	–	–
Guilin Fantasia Town (桂林花樣城)	266,098	63,209	4,210	31,154	7,437	4,189
Chengdu Fantasia Town (成都花樣城)	31,720	5,339	5,941	1,064,895	256,628	4,150
Guilin Lakeside Eden (桂林龍湖)	287,694	57,637	4,991	34,335	4,718	7,277
Tianjin Love Forever (天津花郡)	221,781	43,179	5,136	57,185	10,760	5,315
Chengdu Grande Valley (成都大溪谷)	38,252	5,323	7,186	132,377	15,267	8,671
Chengdu Future Plaza (成都香年廣場)	606	67	9,000	–	–	–
Suzhou Lago Paradise (蘇州太湖天城)	224,567	24,701	9,091	2,790	374	7,459
Wuxi Hailrun Complex (無錫喜年中心)	80,267	13,494	5,948	32,945	4,745	6,943
Nanjing Yuhuatai (南京花生唐)	3,524	120	29,356	–	–	–
Chengdu Meinian International Plaza (成都美年國際廣場)	650	57	11,493	271,878	65,139	4,174
Ningbo Love Forever (寧波花郡)	669,902	73,420	9,124	535,493	59,790	8,956
Wuhan Love Forever (武漢花郡)	666,842	71,243	9,360	583,650	63,975	9,123
Huizhou Love Forever (惠州花郡)	–	–	–	1,706	432	3,949
Chengdu Longnian Building (成都龍年中心)	84,618	13,242	6,390	259,996	49,811	5,220
Chengdu Mont Conquerant (成都君山)	–	–	–	19,186	4,148	4,625
Wuxi Love Forever (無錫花郡)	–	–	–	53,510	7,707	6,943
Chengdu Hailrun (成都喜年)	1,308	94	13,951	–	–	–
Suzhou Hailrun Plaza (蘇州喜年廣場)	1,106,793	64,851	17,067	–	–	–
Shenzhen Lung Kei Sea (深圳龍岐灣)	90,625	1,433	63,239	–	–	–
Shenzhen Longnian Building (深圳龍年大廈)	30,123	1,125	26,779	–	–	–
Huizhou TCL Project (惠州TCL項目)	429,500	78,913	5,443	–	–	–
Sub-total	4,296,924	524,543	8,192	3,095,294	553,719	5,590
Others	37,976	–	–	21,101	–	–
Total	4,334,900			3,116,395		



### Property Development

The Group 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 proceeds from sales of properties held for sales. Revenue derived from property development increased by 39.1% to approximately RMB4,335 million for the six months ended 30 June 2016 from approximately RMB3,116 million for the corresponding period in 2015. It was primarily due to the increase in projects with higher average selling price of the GFA of properties delivered.

### Property Investment

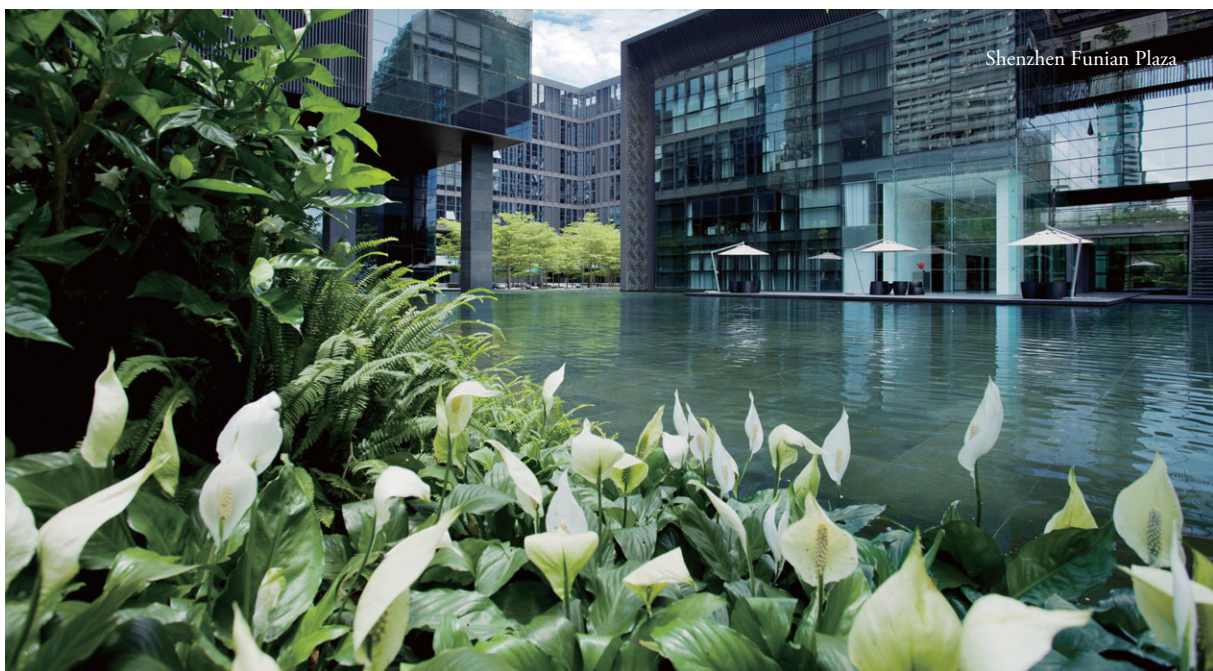
Revenue generated from property investment decreased by 3.2% to approximately RMB94 million for the six months ended 30 June 2016 from approximately RMB97 million for the corresponding period in 2015. The decrease was primarily due to a decrease in rental area.

### Property Agency Services

Revenue derived from property agency services decreased by 30.0% to approximately RMB6 million for the six months ended 30 June 2016 from approximately RMB9 million for the corresponding period in 2015. The decrease was primarily due to the slowdown in the second hand market.

### Property Operation Services

Revenue derived from property operation services increased by 106.7% to approximately RMB689 million for the six months ended 30 June 2016 from approximately RMB333 million for the corresponding period in 2015. This increase was primarily due to a substantial increase in the GFA of properties that the Group managed during the Period.



### Hotel Operation and Related Services

Revenue derived from hotel operation and related services decreased by 46.1% to approximately RMB40 million for the six months ended 30 June 2016 from approximately RMB75 million for the corresponding period in 2015. This decrease was primarily due to the disposal of Shenzhen U-hotel by the Group in December 2015.

### Gross Profit and Margin

Gross profit of the Group increased by 27.5% to approximately RMB1,480 million for the six months ended 30 June 2016 from approximately RMB1,160 million for the corresponding period in 2015, while the Group's gross profit margin was 27.6% for the six months ended 30 June 2016 as compared to a gross profit margin of 32.0% for the corresponding period in 2015. The decrease in gross profit margin was primarily due to the growth in proportion of property management service under lump sum basis, which had a far lower margin rate compared to the property management service under commission basis. Notwithstanding the above, the gross profit margin maintained at a reasonable level.

### Other Income, Gain and Losses

Other income, gain and losses decreased to a net loss of approximately RMB173 million for the six months ended 30 June 2016 from a net gain of approximately RMB4 million for the corresponding period in 2015, which was due to an exchange loss of RMB197 million (the corresponding period in 2015: an exchange gain of RMB27 million) resulting from the decrease in the exchange rate of RMB against U.S. dollars during the Period.

### Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 1.0% to approximately RMB122 million for the six months ended 30 June 2016 from approximately RMB123 million for the corresponding period in 2015, with no notable change.

### Administrative Expenses

The Group's administrative expenses increased by 26.6% to approximately RMB470 million for the six months ended 30 June 2016 from approximately RMB371 million for the corresponding period in 2015. This increase was primarily due to the increase of the share-based payments and the administrative expenses resulting from the merger with Morning Star Travel in December 2015, while there was no such expense in the corresponding period last year.

### Finance Costs

The Group's finance costs increased by 106.8% to approximately RMB331 million for the six months ended 30 June 2016 from approximately RMB160 million for the corresponding period in 2015. The increase in finance costs was mainly due to the increase in the average annual balance of interest-bearing liabilities.

### Income Tax Expenses

The Group's income tax expenses increased by 39.7% to approximately RMB564 million for the six months ended 30 June 2016 from approximately RMB404 million for the corresponding period in 2015. This increase was mainly due to the increase in profit before tax.

### Liquidity, Financial and Capital Resources

#### Cash Position

As at 30 June 2016, the Group's total cash (including restricted bank deposits) was approximately RMB5,460 million (31 December 2015: approximately RMB4,218 million), representing an increase of 29.4% as compared to that as at 31 December 2015.

#### Gearing Ratio

The gearing ratio was 78.1% as at 30 June 2016 (31 December 2015: 75.6%). The gearing ratio was measured by net debt (aggregated borrowings and senior notes net of bank balances and cash and restricted cash) over the total equity. The total debt (being aggregated borrowings and senior notes) over total assets ratio continued to be healthy, maintaining at 32.3% as at 30 June 2016 (31 December 2015: 30.3%). Due to the fact that the Group optimized its equity structure and maintained a reasonable proportion of long-term and short-term debts as well as strictly implemented the budget for cash flows, the Group had a slightly increase in its gearing ratio offer the payment of its perpetual capital instrument for the Period as compared to that as at the end of last year.

### Borrowings and Charges on the Group's Assets

As at 30 June 2016, the Group had an aggregate borrowings and senior notes of approximately RMB3,993 million (31 December 2015: approximately RMB3,964 million) and approximately RMB10,980 million (31 December 2015: approximately RMB9,513 million), respectively. Amongst the borrowings, approximately RMB1,130 million (31 December 2015: approximately RMB1,408 million) will be repayable within one year and approximately RMB2,863 million (31 December 2015: approximately RMB2,557 million) will be repayable after one year. Amongst the senior notes, approximately RMB0 million (31 December 2015: approximately RMB1,004 million) will be repayable within one year and approximately RMB10,980 million (31 December 2015: approximately RMB8,508 million) will be repayable after one year.

As at 30 June 2016, a substantial part of the bank borrowings were 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, bank borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. For the six months ended 30 June 2016, though the exchange rates of RMB against U.S. dollars and the Hong Kong dollars decreased, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

**Contingent Liabilities**

As at 30 June 2016, the Group had provided guarantees amounting to approximately RMB6,234 million (31 December 2015: approximately RMB6,442 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 2016 as the default risk is low.

**Employees and Remuneration Policies**

As at 30 June 2016, excluding the employees of communities managed on a commission basis, the Group had approximately 12,823 employees (31 December 2015: approximately 12,141 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 of 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. Up to 30 June 2016, a total of 142,660,000 share options were granted. Up to 30 June 2016, a total of 14,108,000 share options were lapsed and 2,163,000 share options had been exercised. As at 30 June 2016, the outstanding share options were 85,365,000.

### INTERIM DIVIDEND

The Board had resolved that no interim dividend be paid for the Period (six months ended 30 June 2015: nil).





**BUSINESS REVIEW**

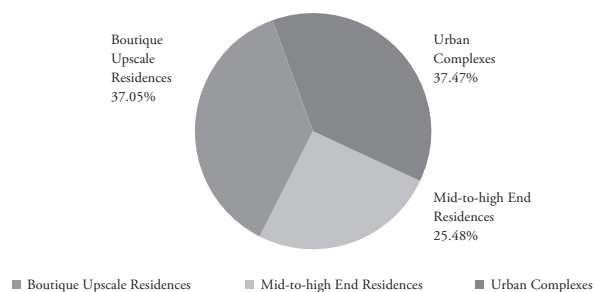
**Property Development:**

In the first half of 2016, the property development market picked up the market recovery started in 2015. The pace of recovery in first-tier cities and core second-tier cities was more prominent where properties being sold at extremely high price were frequently observed while the property prices and turnover rose rapidly. On the other hand, the property market in most third and fourth-tier cities had a sluggish performance. In relation to policies, regulations were tightened on restricting the number of purchases and the availability of credit in first-tier and some second-tier cities with overheated market, while policies on inventory reduction were still maintained in the remaining second-tier, third-tier and fourth-tier cities. Further, policies were promulgated to target at properties with high inventory level such as commercial offices and apartments in order to bring down the inventory level.

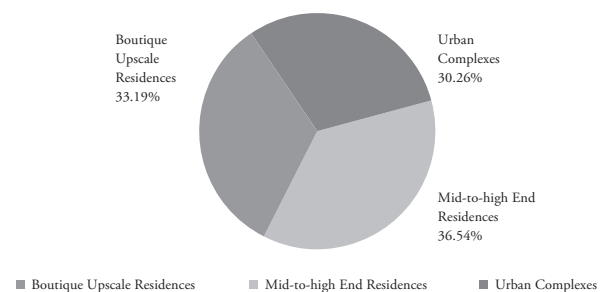
During the Period, the Group firmly grasped the opportunities and adopted positive and decisive sales policies to reduce the inventories under the Group’s current inventory structure amid the challenges it faced. Quality projects in first-tier and core second tier-cities were fully launched taking advantage of the favourable market environment and the sales price for the projects was gradually raised. For districts with slower market response and slow selling projects, the Group used extra efforts to reduce the inventory level to achieve a breakthrough in terms of sales. With the Group’s proactive efforts, the Group has achieved higher year-on-year contracted sales such that stable and sufficient cash flow was ensured.

During the Period, the Group recorded contracted sales of RMB4,810.75 million and contracted sales area of 448,271 square meters (“sq.m.”). RMB1,782.26 million of the total contracted sales was derived from boutique upscale residences, representing 37.05% of the Group’s total contracted sales, and RMB1,225.92 million was derived from mid-to-high end residences, representing 25.48% of the Group’s total contracted sales.

**The proportion of revenue from contracted sales attributable to different categories of products**



**The proportion of contracted sales area attributable to different categories of products**



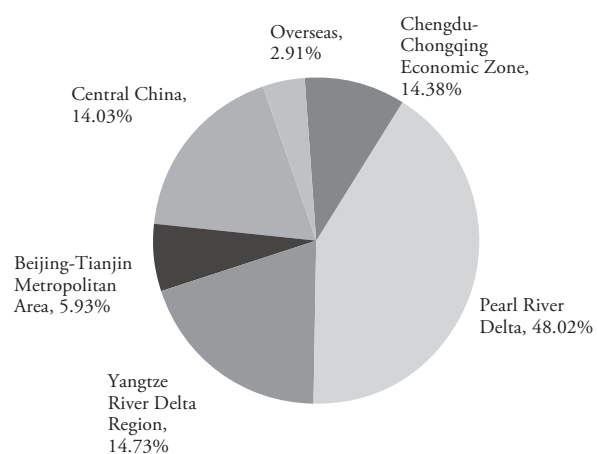


The proportion of contracted sales amount and contracted sales area attributable to different categories of products for the first half of 2016

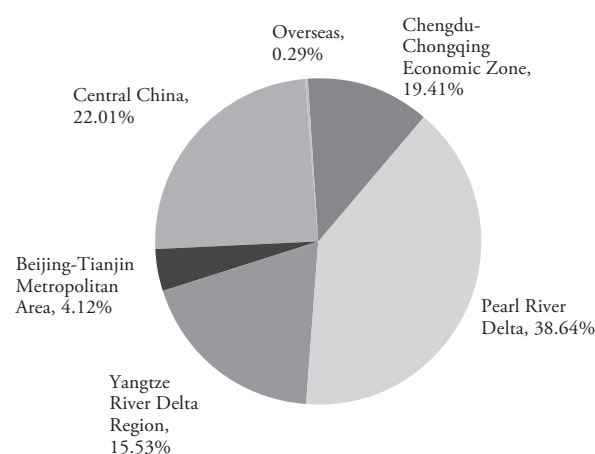
	Contracted sales amount		Sale area	
	(RMB million)	%	(sq.m.)	%
Urban complexes	1,802.57	37.47	135,668	30.27
Mid-to-high end residences	1,225.92	25.48	163,811	36.54
Boutique upscale residences	1,782.26	37.05	148,792	33.19
Total	4,810.75	100	448,271	100

During the Reporting Period, the contracted sales contribution of the Group's real estate business were mainly derived from 13 cities, including Wuhan, Huizhou, Suzhou, Shenzhen and Chengdu, and 34 projects, including Huizhou Kangchensiji, Wuhan Fantasia Town, Suzhou Hailrun, Guilin Lakeside Eden and Tianjin Meinian. Compared to the year of 2015, the Group has made Shenzhen, Shanghai, Wuhan and Chengdu its strategic centers to actively expand its market presence in Southern China, Eastern China, Central China and Southwestern districts respectively to boost its sales. Currently, the growth in the first-tier and core second-tier cities are more prominent, in particular, significant growth in projects in Shenzhen was observed. We have rapidly expanded into light assets operation business in Wuhan leveraging on our own brand reputation and market recognition, while significant growth in contracted sales in projects in Shanghai and Chengdu was also achieved. Due to the Group's business distribution and development, the business growth in first-tier cities and core second-tier cities was stable and diversified.

The geographical distribution of revenue under contracted sales in six major regions in the first half of 2016



The geographical distribution of sold area under contracted sales in six major regions in the first half of 2016



The breakdown of the Group's contracted sales in the six major regions in the first half of 2016

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Chengdu-Chongqing Economic Zone	691.64	14.38	87,030	19.41
Pearl River Delta	2,310.23	48.02	173,206	38.64
Yangtze River Delta Region	708.57	14.73	69,609	15.53
Beijing-Tianjin Metropolitan Area	285.35	5.93	18,487	4.12
Central China	674.96	14.03	98,655	22.01
Overseas	140.00	2.91	1,284	0.29
<b>Total</b>	<b>4,810.75</b>	<b>100</b>	<b>448,271</b>	<b>100</b>

### Chengdu-Chongqing Economic Zone

The Chengdu-Chongqing Economic Zone is one of the most important drivers for economic growth in China. Driven by its rapid industrial development and strong market demand, Chengdu-Chongqing has been a key strategic city of the Group with higher value of products and extensive product range. Our efforts during the Period mainly focused on reducing inventories, enhancing the integration and innovation of the Group's existing commercial, offices and apartment projects in order to achieve comprehensive growth. Meanwhile, in order to promote business growth in the Chengdu-Chongqing Economic Zone, the Group will strive to undertake more projects to achieve better results and to lay a strong foundation for a sustainable development.

During the Period, the Group recorded contracted sales area of approximately 87,030 sq.m. in the Chengdu – Chongqing Economic Zone and contracted sales of approximately RMB691.64 million, representing approximately 19.41% and 14.38% of the total contracted sales area and total contracted sales of properties of the Group during the Period, respectively.

As at 30 June 2016, the Group had six projects or phases of projects under construction in the Chengdu-Chongqing Economic Zone, with a total planned gross floor area of approximately 916,410 sq.m. and a saleable area of approximately 694,731 sq.m.. Excluding projects under construction, the Group also had three projects or phases of projects to be developed in the Chengdu – Chongqing Economic Zone, with a total planned gross floor area of approximately 1,164,282 sq.m..

### Pearl River Delta Region

The Pearl River Delta Region has always been the area which forms part of the Group's strategic transformation. In seeking further business opportunities and land bank, the Group has put Shenzhen as its center in the Pearl River Delta Region and actively expanded into Guangzhou and other key economic cities in the vicinity. During the Period, business in Shenzhen and its surrounding areas achieved significant breakthrough, the development of key projects, such as Lung Kei Sea, Huizhou Kangchensiji and Guilin Lakeside Eden, was smooth and the momentum of growth was strong. Progress in projects development and land bank acquisition in each city was achieved, while the development of light assets projects was smooth.

During the Period, the Group recorded contracted sales area in the Pearl River Delta Region of approximately 173,206 sq.m. and contracted sales amount of approximately RMB2,310.23 million, representing approximately 38.64% and 48.02% of the total contracted sales area and total contracted sales amount of properties of the Group during the Period, respectively.

As at 30 June 2016, the Group had 8 projects or phases of projects under construction in the Pearl River Delta Region, with a total planned GFA of approximately 886,935 sq.m. and an estimated saleable area of approximately 645,090 sq.m.. The Group also had four projects or phases of projects to be developed in the Pearl River Delta Region, with a total planned gross floor area of approximately 640,109 sq.m..

### Beijing-Tianjin Metropolitan Area

The Beijing-Tianjin Metropolitan Area, which is the core of the Capital Economic Circle, enjoys a prominent strategic position. During the Period, as the real estate market in Beijing and Tianjin picked up, the Group grasped the opportunity to comprehensively promote Tianjin Meinian project and achieved positive results. The Group established good reputation through demonstrating project image and enhanced its recognition in the regional market. Moreover, the development of other projects in the region achieved certain progress and laid a strong foundation for the Group's further development in the region in the future.

During the Period, the Group recorded contracted sales area of approximately 18,487 sq.m. and contracted sales amount of approximately RMB285.35 million in the Beijing-Tianjin Metropolitan Area, representing approximately 4.12% and 5.93% of the total contracted sales area and total contracted sales amount of properties of the Group during the Period, respectively.

As at 30 June 2016, the Group had four projects or phases of projects under construction in the Beijing-Tianjin Metropolitan Area, with a total planned gross floor area of approximately 164,297 sq.m. and an estimated saleable area of approximately 124,816 sq.m.. The Group also had four projects or phases of projects to be developed in the Beijing-Tianjin Metropolitan Area, with a total planned gross floor area of approximately 749,968 sq.m..

### Yangtze River Delta Region

Yangtze River Delta Region is a region which enjoys the strongest integrative strength and the most-balanced development in China. Thus, cities in the region have become important focuses of growth of China's real estate industry. During the Period, the real estate market in Yangtze River Delta Region escalated, and extremely high-priced areas emerged. The Group actively promoted the reduction of real estate inventories in Shanghai, Suzhou, Nanjing and Wuxi, and took active steps to enhance sales price and sales volume through grasping the opportunities and market momentum during the Period in order to generate more profit.

During the Period, the Group recorded contracted sales area of 69,609 sq.m. and contracted sales amount of approximately RMB708.57 million in the Yangtze River Delta Region, representing approximately 15.53% and 14.73% of the total contracted sales area and total contracted sales amount of properties of the Group during the Period, respectively.

As at 30 June 2016, the Group had four projects or phases of projects under construction in the Yangtze River Delta Region, with a total planned gross floor area of approximately 590,645 sq.m. and an estimated saleable area of approximately 339,848 sq.m.. The Group also had two projects or phases of projects to be developed in the Yangtze River Delta Region, with a total planned gross floor area of approximately 112,904 sq.m..





### Central China

The economic development of Central China, one of the regions in China that has high economic growth potential, was promising and its growth was stable during the Period. Developing Central China is of strategic significance to the Group. During the Period, the property market in Wuhan gradually recovered while inventories reduction speeded up with progressive increase in property price. The Group grasped market opportunities to boost sales for its projects, and generated quick sales for demanded categories and apartments and thus achieved well beyond its targeted half-year results. Leveraging on the Group's presence and reputation in Wuhan, our companies in Wuhan progressively promoted entrusted construction and light assets business in order to rapidly enhance our market presence, expand our market share and upgrade our teamwork and thus in turn boosted the significant growth of the Group's business in Central China.

During the Period, the Group recorded contracted sales area of 98,655 sq.m. and contracted sales amount of approximately RMB674.96 million in Central China, representing approximately 22.01% and 14.03% of the total contracted sales area and total contracted sales of properties of the Group during the Period, respectively.

As at 30 June 2016, the Group had two projects or phases of projects under construction in Wuhan, with a total planned gross floor area of approximately 255,318 sq.m. and an estimated saleable area of approximately 220,805 sq.m..

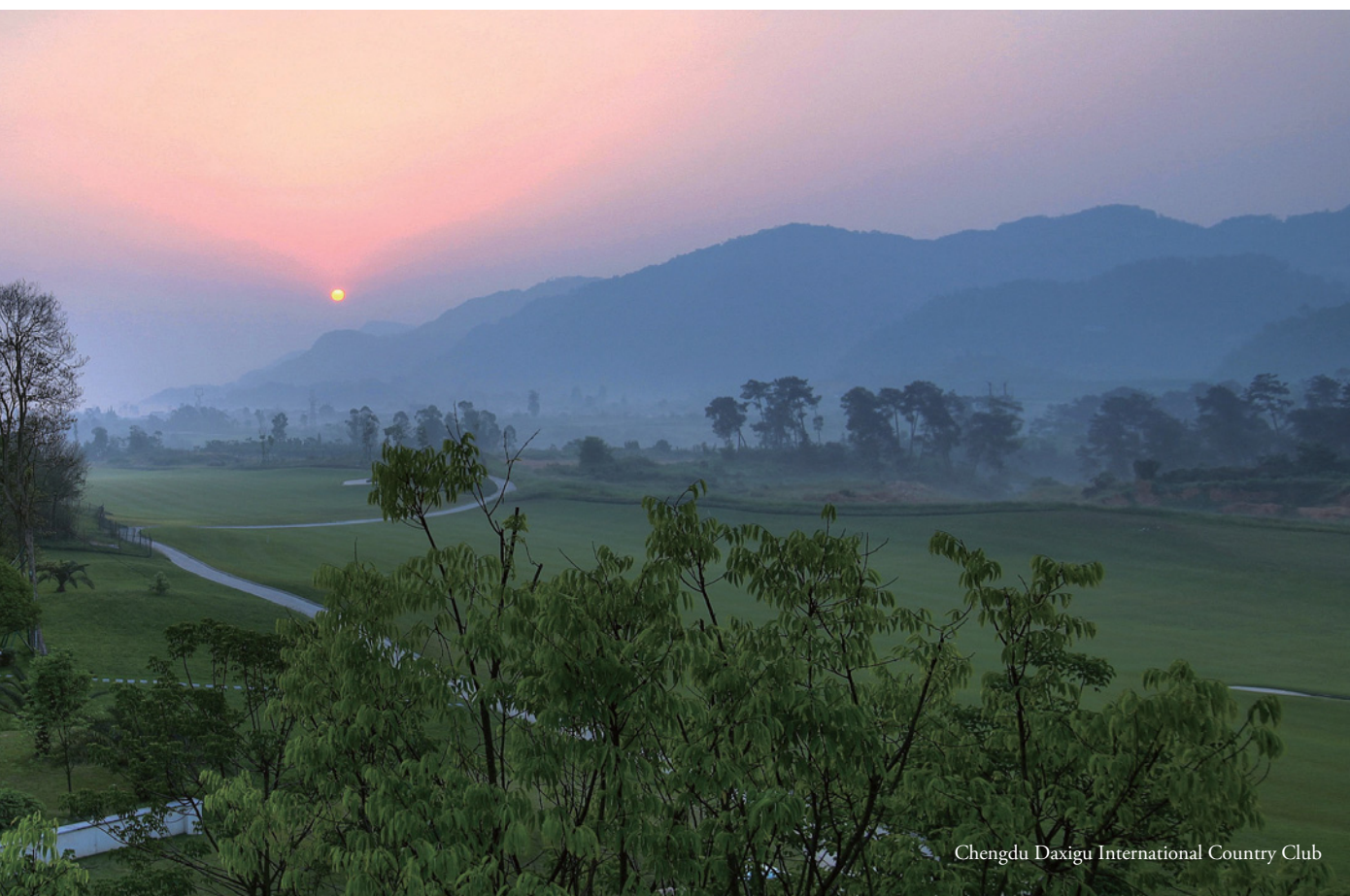


## Overseas

Singapore is one of the foreign exchange centres and one of the most important financial, service and shipping centres in Asia. As the first stop for the Group to enter into the overseas real estate market, Singapore has strategic importance to the international development of the Group. During the Period, Singapore Love forever project obtained good market reputation, gained public recognition and achieved comprehensive growth in its results due to its capability to innovate and upgrade its products.

During the Period, the Group recorded contracted sales area of 1,284 sq.m. and contracted sales amount of approximately RMB140.00 million in the overseas market, representing approximately 0.29% and 2.91% of the total contracted sales area and total contracted sales of properties of the Group during the Period, respectively.

As at 30 June 2016, the Group had one overseas project under development, with a total planned gross floor area of approximately 22,904 sq.m. and an estimated saleable area of approximately 11,551 sq.m..



Chengdu Daxigu International Country Club



### Newly Commenced Projects

During the Reporting Period, the Group had four projects or phases of projects which were newly commenced, with a total planned GFA of approximately 196,779 sq.m..

The breakdown of newly commenced projects in 2016

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
<b>Pearl River Delta</b>						
1	Phase 4 of Huizhou Kangchensiji	Hui Nan Road, Huizhou City	Residential and commercial purposes	2018	100%	146,318
<b>Chengdu-Chongqing Economic Zone</b>						
1	Phase 3 of Grand Valley	Pujiang County, Chengdu City	Residential land use	2018	100%	42,640
<b>Yangtze River Delta Region</b>						
1	Phase 2 of Nanjing Hailrun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	2018	60%	3,429
2	Shanghai Aidu Apartment	Hongqiao Road, Changning District, Shanghai	Residential land use	2016	100%	4,391
<b>Total</b>						<b>196,779</b>

## Completed Projects

During the Reporting Period, the Group completed 11 projects or phases of projects, with a total GFA of approximately 483,904 sq.m..

The breakdown of completed projects in the first half of 2016

Project-serial number	Project name	GFA	Gross saleable area	Area held for sale		
				Area for sale	Contracted sales area	Area held by the Company
		sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
<b>Yangtze River Delta Region</b>						
1	Buildings in Western Zone of Suzhou Hailun Complex	74,721	74,246	5,779	68,466	–
2	Suzhou Lago Paradise Land Plot No. 4	19,693	13,008	2,813	10,195	–
<b>Pearl River Delta</b>						
1	Building 8# of Phase 1 of Huizhou Kangchengsiji	38,882	32,565	–	32,565	–
2	Building 1#, 2# of Phase 1 of Huizhou Kangchengsiji	31,842	31,047	–	31,047	–
3	Building 16# of Phase 2 of Huizhou Kangchengsiji	17,173	17,072	–	17,072	–
4	Phase 2 of Shenzhen Anbo	85,428	65,109	65,109	–	–
5	Building 1# of E1 District, North Coast of Guilin Lakeside Eden	26,700	26,539	23,315	3,224	–
6	Dongguan Jiang Shan Shu Kindergarten	4,270	–	–	–	–
7	Building 1#, 8# of B District, North Coast of Guilin Lakeside Eden	52,240	50,244	4,624	45,620	–
8	Building 3# of C District, North Coast of Guilin Lakeside	60,610	37,316	23,649	13,667	–
9	Building 21-24# of Phase 3 of Guilin Fantasia Town	72,345	68,693	4,086	64,607	–
<b>Total</b>		<b>483,904</b>	<b>415,839</b>	<b>129,375</b>	<b>286,463</b>	<b>–</b>

## Projects under Construction

As at 30 June 2016, the Group had 25 projects or phases of projects under construction, with a total planned GFA of 2,836,510 sq.m. and a total planned gross saleable area of 1,971,679 sq.m..

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.	
<b>Shenzhen</b>								
1	Lenian Plaza	Longgang District, Shenzhen City	Industrial plants and carpark	31%	2016	127,123	86,344	Industrial plants
<b>Huizhou</b>								
1	Phase 4 of Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2017	146,318	110,462	Mid-to-high End Residences
2	Building 15# of Phase 2 of Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2018	22,966	17,597	Mid-to-high End Residences
3	Phase 3 of Huizhou Kangchengsiji	Huinan Road, Huizhou City	Residential and commercial purposes	100%	2017	200,163	137,207	Mid-to-high End Residences
<b>Guilin</b>								
1	B District, North Coast of Guilin Lakeside Eden (excluding Building 1, 8#)	Lingui New District, Guilin City	Residential and commercial purposes	100%	2、3# : 2017 Others : 2018	190,970	156,327	Boutique Upscale Residences
2	Block C2 of Guilin Lakeside Eden Community (excluding Building 3#)	Lingui New District, Guilin City	Residential and commercial purposes	100%	5、6# : 2017	89,060	56,566	Boutique Upscale Residences
3	Remaining ancillaries of Block D of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and commercial purposes	100%	2016	17,326	17,326	Boutique Upscale Residences
4	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and commercial purposes	100%	2# : 2016 3# : 2018	93,009	63,261	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.	
<b>Chengdu</b>								
1	Phase 2 of Meinian International Plaza	Chengdu Hightechnology Zone, Chengdu City	Residential, commercial and educational purposes	100%	Phase 2.2 Block B: 2016 Phase 2.2 remaining blocks: TBC Phase 2.3: TBC	482,759	361,704	Urban Complexes
2	Phase 1.2 and 1.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	TBC	74,776	56,592	Urban Complexes
3	Phase 2.2 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	2016	171,234	114,619	Urban Complexes
4	Phase 3 of Grande Valley	Pujiang County, Chengdu City	Residential land use	100%	2017	42,640	34,868	Boutique Upscale Residences
5	Longnian Building Pi County Land Plot No. 3	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	141,504	123,451	Urban Complexes
6	Grande Valley 12-1	Pujiang County, Chengdu City	Residential and commercial purposes	100%	2016	3,497	3,497	Boutique Upscale Residences
<b>Tianjin</b>								
1	Ancillaries of Phase 1.3 of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	2016	2,679	2,679	Mid-to-high End Residences
2	Phase 1 of Huaxiang	Wuqing District, Tianjin City	Residential land use	100%	2016	16,479	10,248	Boutique Upscale Residences
3	Phase 5 of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	2016	45,336	43,445	Mid-to-high End Residences
4	Meinian International Plaza	Hexi District, Tianjin City	Offices	100%	2016	99,803	68,444	Urban Complexes
<b>Suzhou</b>								
1	Suzhou Lago Paradise Land Plot No. 3	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	100%	10,700	10,124	Boutique Upscale Residences
2	Hailrun Plaza	Binhe Road West, Shangxin District, Suzhou City	Residential and commercial purposes	100%	2016	255,868	124,497	Urban Complexes

## Management Discussion and Analysis

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA sq.m.	Gross saleable area sq.m.	Product Category
<b>Nanjing</b>								
1	Hailrun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	60%	2017	319,686	200,836	Urban Complexes
<b>Wuhan</b>								
1	Phase 3 of Love Forever	Hongshan District, Wuhan City	Residential and commercial purposes	100%	2017	68,458	54,217	Boutique Upscale Residences
2	Phase 2 of Wuhan Fantasia Town	Jinyin Lake Ecological Commercial Town, Dongxihu District, Wuhan City	Residential purpose	100%	2017	186,860	166,588	Mid-to-high End Residences
<b>Shanghai</b>								
1	Shanghai Aidu Apartment	Hongqiao Road, Changning District, Shanghai	Residential purpose	100%	2016	4,391	4,391	Boutique Upscale Residences
<b>Singapore</b>								
1	6 Derbyshire	Novena, Singapore	Residential and commercial purposes	90%	2016	22,904	11,551	Boutique Upscale Residences
<b>Total</b>						<b>2,836,510</b>	<b>2,036,841</b>	

## Projects Held for Development

As at 30 June 2016, the Group had 13 projects or phases of projects held for development, with a total planned GFA of approximately 3,717,765 sq.m..

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					Sq.m.
<b>Shenzhen</b>					
1	Xinghua Industrial Project	Shekou District, Shenzhen City	Commercial and financial purposes	61%	40,000
2	Jiatianxia Project	Kuichong, Shenzhen City	Residential and commercial purposes	10%	251,018
Subtotal					291,018
<b>Huizhou</b>					
1	Remaining phases of Kangchensiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	164,095
2	Qiuchang Project	Danshui Town, Huiyang District, Huizhou City	Residential purposes	100%	184,996
Subtotal					349,091
<b>Suzhou</b>					
1	Haoge Land Plot	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial purposes	100%	108,500
Subtotal					108,500
<b>Wuxi</b>					
1	Remaining phases of Wuxi Love Forever	New District, Wuxi City	Residential and commercial purposes	100%	4,404
Subtotal					4,404
<b>Guilin</b>					
1	Remaining phases of Guilin Lakeside Eden Community	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,318,676
Subtotal					1,318,676



Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					Sq.m.
<b>Chengdu</b>					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary purposes	100%	397,204
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	684,448
3	Phase 2.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	82,630
Subtotal					1,164,282
<b>Beijing</b>					
1	Yaxinke Project	Chengzhuang Road No.3 Fengtai District	Residential land use	60%	268,174
Subtotal					268,174
<b>Tianjin</b>					
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	52,755
2	Remaining phases of Huaxiang	Wuqing District, Tianjin City	Residential land use	100%	260,700
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism purposes	100%	168,339
Subtotal					481,794
<b>Total</b>					<b>3,985,939</b>

## The Group's Land Bank

During the Reporting 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 and Shenzhen, which enjoy strong market potential and are capable of delivering prosperous return. As at 30 June 2016, the planned GFA of the Group's land bank amounted to approximately 16.50 million sq.m. and the planned GFA of properties with framework agreements signed amounted to 9.95 million sq.m..

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of landbank	Proportion
	sq.m.	sq.m.	sq.m.	sq.m.	
<b>Chengdu-Chongqing Economic Zone</b>					<b>33.8%</b>
Chengdu	916,410	1,164,282	3,406,682	5,487,373	–
Kunming	–	–	90,000	90,000	–
<b>Pearl River Delta</b>					<b>51.7%</b>
Shenzhen	127,123	291,018	3,028,418	3,446,559	–
Huizhou	369,447	349,091	2,790,000	3,508,538	–
Guilin	390,365	1,318,676	–	1,709,041	–
<b>Beijing-Tianjin Metropolitan Area</b>					<b>5.5%</b>
Beijing	–	268,174	–	268,174	–
Tianjin	164,297	481,794	–	646,091	–
<b>Yangtze River Delta</b>					<b>4.5%</b>
Suzhou	266,568	108,500	56,254	431,322	–
Wuxi	–	4,404	–	4,404	–
Nanjing	319,686	–	–	319,686	–
<b>Central China</b>					<b>5.0%</b>
Wuhan	255,318	–	576,000	831,318	–
Shanghai	4,391	–	–	4,391	–
<b>Overseas</b>					<b>0.1%</b>
Singapore	22,904	–	–	22,904	–
<b>Total</b>	<b>2,836,510</b>	<b>3,985,939</b>	<b>9,947,353</b>	<b>16,769,802</b>	<b>100%</b>

### Colour Life:

During the Period, the community services business of the Group maintained rapid growth. Colour Life Services Group Co., Limited (“Colour Life”), a subsidiary of the Group, continued to expand its management areas through discretionary trust managements and acquisitions. As at 30 June 2016, Colour Life had contracted management area of 360.1 million sq.m. and contracted to manage 2,236 projects. Currently, projects managed by Colour Life cover a total of 181 cities, including provincial capitals, such as Beijing, Tianjin, Shenyang, Harbin, Changchun, Shanghai, Hangzhou, Nanjing, Xi’an, Yinchuan, Taiyuan, Guiyang, Changsha, Wuhan, Zhengzhou, Guangzhou, Nanchang, Chengdu, Nanning, Haikou and Chongqing, and cities in the Yangtze River Delta, such as Suzhou, Wuxi and Yangzhou, as well as cities in the Pearl River Delta, such as Foshan, Zhuhai, Zhongshan, Huizhou and Zhanjiang, initially forming a regional layout covering regions such as Eastern China, Southern China, Northwest China, Southwest China, Northeast China, Northern China, Central China as well as in Singapore and Hong Kong. Currently, Colour Life is a large-scale property service group, comprising 18 corporations awarded the certificate of National Class 1 Aptitude on Property Management and 38 corporations awarded the certificate of National Class 2 Aptitude on Property Management.

While the business scale was expanding rapidly, the brand influence of the community services of Colour Life has further strengthened as well. In June 2016, the China Index Academy awarded Colour Life the name of “The World’s Largest Residential Properties Community Services Area 2015” (2015 居住物業社區服務面積全球最大). Meanwhile, according to the 2016 China Top 100 Property Service Companies report published by the China Index Academy, among the ten leaders in the category of top 100 property service enterprises with highest satisfaction, Colour Life ranked the sixth. This is clear evidence that, while maintaining the rapid growth in operations, Colour Life also succeeded in improving customer satisfaction, thereby laying a solid foundation for the future roll-out of value-added services.



In order to further enhance the efficiency of property management services and provide better experience for residents, Colour Life regularly implemented Internet technology based modifications and operation to the projects that it managed. In 2015, Colour Life has further completed the upgrade of its management programme to 3.0 version, and has primarily achieved professionalization and commercialization in organization, and created a highly efficient and professional community service system with the ICE system supported by the synergy of operating center. Meanwhile, the design and study of the entry points and the setting was comprehensively improved by the 3.0 version, allowing better access to the Caizhiyun application (“APP”) by clients and this in turn has successfully increased the reliance by clients, and developed a community online ecosystem through various aspects such as user demand and efficient support. During the Period, the Group has completed hardware upgrade and transformation for 223 communities.

During the Period, the online platform of Colour Life also achieved significant development. Through basic functions that are frequently used, such as property management fees payment and complaints handling and “Scan to Access the Community Gate” (掃一掃開社區大門), interaction and communication between residents in the community and Colour Life was strengthened. Thus, the reliance of residents on the Caizhiyun APP increased, and this boosted Colour Life’s capability in exploring and constructing entry points in communities, thereby facilitating the seamless integration between its online and offline businesses. As of 30 June 2016, registered users of Caizhiyun APP increased to 2,150 thousand, of which 1,133 thousand were active users, the activity level represented 52.7% of the total activity by all users. Moreover, the business operation activities of the third-party vertical application platform, which Colour Life operated jointly with, also increased rapidly. As of 30 June 2016, the order per day of E-Repair exceeded 8,000, in which over 95% were attributed to property owner families, while the accumulated investment amount of E-Wealth Management amounted to RMB656.6 million, and the accumulated investment amount of “Colour Wealth Life Value-added Plan”, which offsets the property management fee, amounted to RMB603.1 million. Such outstanding operating statistics showed that the construction of Colour Life ecosphere was gradually taking shape.

On the other hand, Colour Life has officially launched the Colour Life Property sales mode on 30 June 2015, and promoted Colour Life Property nationally as the strategic product for future development. Colour Life Property can assist property developers to speed up sales and also lower the entry price for flat purchasers. As the core designer for Colour Life Property, Colour Life could speed up the growth of the service area through such mode of operation and efficiently organize various demands of future community residents, and such an initiative could significantly increase the online activity and reliance by residents.

### Home E&E:

Shenzhen Home E&E Commercial Services Group Co., Ltd. (深圳市美易家商務服務集團股份有限公司) (“Home E&E Group”), as one of the two integral parts under the Group, was established in October 2010 with a registered capital of RMB30.15 million. The company is an integrated property solution service provider, which mainly provides property management and property operating services for urban complexes, office spaces and resort properties. It also provides assets custodian services and other value-added services for all property owners and property users in its course of continuously expanding its assets operating services business.

In respect of operation, during the Period, the area newly put under management by Home E&E Group amounted to 4.7 million sq.m., increased by 261% as compared to the corresponding period, while the new projects under its management covered 26 cities in China. Obtaining quality property management projects and promoting the rapid growth in income and profit of property management business has been the cornerstone of the company’s assets operating business. On 18 June 2016, Home E&E Group successfully achieved a new milestone of listing in the National Equities Exchange and Quotations in the PRC (“NEEQ”), and this distinguished itself from almost 20 real estate enterprises listed in NEEQ.

In respect of property management, Home E&E Group established Meizhinian Asset Management Company (美之年資產運營管理公司). Through creating the “Quality renting property” platform and leveraging on its Internet Plus Finance, Home E&E Group provided one-stop asset management services for developers, investors and tenants. In terms of operation and management mechanism, the Company offered different incentive mechanisms to different levels of employees to nurture their entrepreneurship and exploit the value of basic-rank employees so as to further enhance the Company’s value.

In the second half of 2016, with its high-end quality service and the strategy of financial leveraging, Home E&E Group will continue to deploy its capital to acquire small and medium property enterprises, and implement the new business model to further improve the project layout throughout China, so as to promote greater growth in management scale and efficiency. Through property management and new business, the Company has applied in practice internet technology into property management activities, and promoted the development of property management in a more professional, smart and automatic direction, this makes the management costs lower and client’s experience optimize, while higher standard of services would be available to clients. All of such initiatives make Home E&E Group develop into China’s leading commercial community services provider.

### Financial Group:

Community finance is an important driving force and core business sector in the Group's "Community Plus" strategy. Qian Sheng Hua (錢生花), the online financial platform of the Group that was launched in 2013, supported Colour Life, the largest community service provider, to continuously expand new business channels and product model. During the Period, Qian Sheng Hua financed over RMB900 million with 0.37 million newly registered users. The Group continuously improved the channel of Colourful and Wealthy Life and promoted the unlimited succession of product launching for Colourful and Wealthy Life. In June 2016, the platform launched "zero dollars purchase" (零元購), a wealth management model, which will focus on developing new zero dollars purchase mode in the second half of the year. Qian Sheng Hua will continue to thrive to provide "sophisticated community finance service". Hehua Yidai (合花易貸) was established in 2015, provided simple and speedy personal credit loans services for users through the internet and mobile internet, and currently covered major marketing channels. With a goal to become the largest community finance borrowing service platform in China, Hehua Yidai (合花易貸) will conduct credit assessment and credit granting through analyzing and compiling the data of owners based on the information of community owners, and launch an independent brand, Huayijie (花易借) exclusive for owners.

Zhong An Xin (中安信), an insurance broker, is currently in strategic cooperation with major insurance companies in China. The Group will, centered on the "community insurance" model, develop "Community Plus Insurance" Product, which combine the requirements of community users to mainly promote products and services such as motor insurance, overseas wealth management product, property insurance through online and offline basis. The Group continuously improved its "Community operating services ecosystem" of Fantasia through innovative products, services and pattern, and continuously optimized and enhanced users experience and devoted itself to become a client's first choice of integrated community insurance service provider.

Hehenian Microcredit (合和年小貸), placed stable operation as its development approach. In 2016, as the development trend of micro-credit was relatively favourable, micro-credit company has become one of the companies with the best internal control mechanism for overdue balance in the industry which enjoyed stable growth during the Period under its stringent control over credit risk. In the course of development, Hehenian Micro-credit kept optimizing its product structure and actively promoted innovation, and, in line with the Group's community strategy, launched a low interest loan product known as "community loan" targeted at residents in the community to enhance its competitiveness in the community and gradually integrate with the Group's resources in community business to achieve better business development.

Fantasia Financial Leasing (花樣年融資租賃), mainly targets at customers in community-related industries such as new energy vehicles (such as electric vehicle/environmental sanitation special vehicles, charging piles), parking garage, intelligent gateway system in car park, medical equipment, fresh food e-commerce (including cold chain logistics, cold storage equipment, fresh food automatic distributing machine) and cinema line. Financial services have received stable leasing return through its penetration into the community, and have successfully entered into the capital market through various partnership. The Group has maintained excellent assets quality amid the generally increased market risks while also had brand reputation further raised. Leveraging on Colour Life Group's competitive edge in the community business circle services, Financial Leasing business will continue to adhere to its direction in developing community leasing, comprehensively exploring for community resources and continuously innovating its financial products. The Group will thrive to become a residential, commercial and community leasing service provider which provides professional and optimal financial services to community users.

Looking forward, the Group's community finance sector will continue to focus on the integration of online and offline ("O2O") service platforms of innovative community finance, and provide innovative, convenient, comprehensive and valuable financial services, and endeavours to become the one-stop service provider for the community's family wealth management.



### Business Management:

Nanjing OMG Mall, a project developed and operated by Fantasia business management team (“**Fantasia Business Management**”), has entered the maturity stage with an accumulated income of over RMB10 million during the Period and an occupancy rate of over 90% while the profile of brands that have set up business have continued to improve. Nanjing OMG Mall has become a renowned community business complex, providing entertainment, leisure, culture and lifestyle experience. Guilin OMG Mall, a project developed and operated by Fantasia Business Management, has achieved an accumulated income of over RMB10 million during the Period. Guilin OMG Mall has attracted many famous brands from China and overseas, most of which are entering Guilin market for the first time. With plenty of shops offering a variety of services and products, Guilin OMG Mall has become the flagship shopping centre in Lingui New District, or even Guilin City. Chengdu Hongtang, Suzhou Hongtang and “Fantasia World Outlet” Project in Pi County, Chengdu have fully secured intents of setting in with first and second tier brands. Preparation for the openings are well underway. The “Fantasia World Outlet” in Pi County, Chengdu will commence operation on 1 October 2016.

During the Period, Fantasia Business Management has actively expanded and promoted its commercial light assets projects in the Chinese market, placing the five regions of East China, South China, Central China, North China and Southwest China as its strategic centre, and the number of management business projects launched reached 20, covering Tibet and provinces such as Jiangxi, Jilin, Jiangsu,

Sichuan, Zhejiang and Guangdong. “Yulongwan Commercial Square, Yangzhou, Jiangsu province” (江蘇揚州御龍灣商業廣場), a light assets operation project of Fantasia Business Management, commenced operations on 28 April 2016 with 95% of the shops commenced operations on the opening day and has received consistent compliment from the industry. Also, Lhasa Fantasia World Outlet (拉薩花樣世界奧特萊斯) project will commence operations on 20 August 2016. Meanwhile, the brand recognition of “OMG Mall”, “Hongtang” and “Fantasia World Outlet” was further strengthened, commercial brands business and the granting of naming right have resulted in win-win situation for property owners and the management side. Following the development of light assets management business, Fantasia Business Management can provide better quality service to property owners throughout China, which will generate more fruitful returns. The brand image and recognition of business projects operated by Fantasia have improved significantly and the Group has gained unique brand influence in the industry. The Group believes that Fantasia Business Management will generate a stable and growing return in the future.



### Cultural and Tourism Group:

Based on Fantasia's existing real estate business, Fantasia Cultural and Tourism Group has accumulated resources for the development in cultural and tourism, and has focused on providing fascinating, amusing, and impressive living spaces and cultural tourism experience to clients. In 2016, with a focus on consolidation and integration, the Cultural and Tourism Group put "hotel and travel" as its core development components and paid more effort in cultivating major business such as hotel development management and customized tourism in order to implement a new reform with a 'lighter' corporate structure.

In respect to the development and management of hotel investment, Cultural and Tourism Group strengthened the brand-building of "U Hotel" (有園) for boutique hotels, and "HYDE Hotel" (個園) for vacation hotels, and is currently operating 7 hotels in cities such as Shenzhen, Chengdu, Tianjin, Ningbo, Yixing, Taipei and New York. Meanwhile, Cultural and Tourism Group commenced compact business cooperation with international hotel management corporates, and invested to establish international hotels with star-ratings under the brand name of Fantasia in Chengdu and Guilin. In the first half of 2016, based on the characteristics of the hotels under the Cultural and Tourism Group, the Group effectively positioned to focus on home and abroad, and jointly collaborated with Morning Star Travel to design tourism product lines which cover all the features of each independent hotel in order to enrich the accommodation experience. In June 2016, U Hotel and Morning Star Travel jointly participated in the Hong Kong International Travel Expo (ITE) and this is the first time for hotel brands under the Cultural and Tourism Group to participate in international exhibitions, and this helped the penetration of U Hotel brand names into the international market.

Leveraging on its sharp market sense, Morning Star Travel Service Limited ("Morning Star Travel"), a company which mainly engages in custom-made travel business, introduced new tourism products such as various featured tours and customized packages in the first half of 2016 and this provided new momentum to the tourism market. Morning Star Travel established branches with the theme of travelling to Korea and Japan in Mongkok and Causeway Bay, generating new excitement and providing professional services to the clients, and reformed the website of the company in order to enhance personalized customer services. In the first half of the year, Morning Star Travel formed partnership with "PARKnSHOP Supermarket" (百佳超級市場) and jointly launched a series of promotional events. Morning Star Travel is the first travel agency in Hong Kong to launch the "MoneyBack" (易賞錢) reward points programme for redeeming travel coupons, and such an initiative receives enthusiastic responses from the market.

In 2016, Morning Star Travel China provided outbound travel services to community clients, and established a new e-commerce platform in partnership with Colour Life Services Group Co., Limited and participated in local promotion campaigns on the online platform of Colour Life and in community roadshows, achieving effective sales for tourism products through brand penetration. The number of landlords or residents purchasing tourism products on Caizhiyun APP platform has increased. Based on the extensive experience and scale of business of Morning Star Travel Team, Morning Star Travel introduced Hong Kong-style quality tourism services to nearly a thousand residential communities in China. Cultural and Tourism Group gradually opened up the pathway of community cultural tourism, and is dedicated to become the first community outbound tourism enterprise in China.

### Futainian:

In the first half of 2016, Shenzhen Futainian Investment Management Co., Ltd. (深圳福泰年投資管理有限公司) ("Futainian") continued to explore senior catering services and was dedicated to offer low-priced, high-quality nutritious meals to senior citizens and establish service reliance with senior citizens. Futainian also considered the health management as a value-added service to link up various quality medical resources and used smart senior care facilities to build an extensive smart database for senior citizens, and strive to fully cover the senior population. Based on the senior database previously accumulated, Futainian created healthcare files for senior citizens, enhanced service reliance to cover every aspect of senior citizens and provided services that match the elderly's needs so as to perfect the product service system and set a prime example for health management. For institution operation, Futainian actively participated in the government's procurement projects on homecare services, explored the method and standard of home-based homecare service in order to improve service quality and strengthen service skills, and successfully won the tender for projects such as Chengdu High-Technology Zone home services. In respect of product line and service, Futainian, benefitting from its commitment to the market, focused on the consumption demands of targeted groups, market segmentation, marketing planning and exploration of senior travelling, homebased homecare, health management and health recovery and senior university-level classes. It has progressively entered the market and turned itself into a recognisable retirement life service brand which serves the public and pursues perfection.



In the second half of 2016, Futainian will continue to respond to the promotion for the development of retirement life business stipulated in the “13th Five-Year Plan” by the Ministry of Civil Affairs, and adhering to the major trend of the industry, focus on retirement services including institutional services and homecare services while extending service coverage through immense expansion of the retirement life service product line. For product line, Futainian will continue to focus on four major services, which are health management, life care, spiritual and cultural care and senior finance and to explore the needs of senior citizens thoroughly. In respect of institution operation, Futainian optimized the management capability of Fulin Retirement Home and enhanced the quality of its services and nursing care, so as to establish the brand name recognition of Fulin Retirement Home. With an aim to develop Fulin Retirement Home into the best mid-to-high-end retirement home in southwestern China, Futainian has enhanced the integration of medical, health and nursing services by improving professional training. For homecare services, Futainian will continue to deepen and widen government procurement projects and create its image as a community model so as to enhance the satisfactory level of the residents and the government. For health management, Futainian will actively integrate its quality medical nursing resources and community medical resources in order to bring about comprehensive health care for senior citizens.

### Education:

Since the establishment of Fantasia’s education company in 2014, a unique community integrated education model gradually took shape after two years of exploration, fulfillment and innovation.

In the first half of 2016, the education group continued its efforts and obtained satisfactory results in various areas in education. In terms of civil education, Fantasia closely collaborated with the primary schools Attached to the Chengdu Foreign Languages School and established the Meinian Campus of the Primary School Attached to Chengdu Foreign Languages School. Meanwhile, the Group consolidated the management of various kindergartens and secondary schools in the community and implemented a full upgrading of the education facilities in the community.



For community education, the education group launched the innovative “community education” model and established the Child development experience centers in the communities, which provide unique and valuable education services for families and children in the communities through a diversified combination of quality education products and experience programme designed in accordance with community settings. Currently, with the first child development experience centre successfully established in Shenzhen, it is expected that these centers will develop profitably and sustainably while rapidly penetrating throughout the whole nation.

In the second half of 2016, Fantasia education company will further speed up the integration of resources and expand its business leveraging on the community resources of Fantasia. Under Fantasia’s unified strategy, Fantasia’s education group will provide the most excellent and convenient education resources and services to clients through the strategy of a combination of technology, aesthetics and services.

In terms of occupational training, the education group focused on researching “community services” in terms of modern services, with the aim of enhancing service concepts, service awareness and service skills of the community service staff. At present, with housekeeping training as the starting point, education group has established a comprehensive curriculum and is determined to nurture and export top-notch professional family services personnel for families in the community.



Xuezhinian Children Experiencing Center



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION

As at 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") of the Company, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities 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 2016
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,313,090,500 <sup>(1)</sup>	–	57.50%
	Beneficial owner	–	9,980,000 <sup>(2)</sup>	0.17%
Mr. Pan Jun	Beneficial owner	–	9,980,000 <sup>(2)</sup>	0.17%
Mr. Lam Kam Tong	Beneficial owner	–	2,770,000 <sup>(2)</sup>	0.05%
Mr. Ho Man	Beneficial owner	–	1,600,000 <sup>(2)</sup>	0.03%
Mr. Huang Ming	Beneficial owner	–	1,600,000 <sup>(2)</sup>	0.03%



Notes:

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

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

- **USD300,000,000 aggregate principal amount of its 10.625% senior notes due 2019 (“2019 USD Notes”)**

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2019 USD Notes <sup>(1)</sup>
Ms. Zeng Jie, Baby	Interest in a controlled corporation	USD5,500,000 <sup>(2)</sup>	1.83%

Notes:

- (1) The percentage of the interest in the 2019 USD Notes is based on the aggregate principal amount of USD300,000,000.
  - (2) Fantasy Pearl is owned as to 80% by Ice Apex, a company wholly owned by Ms. Zeng Jie, Baby. Ms. Zeng Jie, Baby is deemed to be interested in the debentures held by Fantasy Pearl for the purpose of Part XV of the SFO.
- **USD250,000,000 aggregate principal amount of its 10.75% senior notes due 2020 (“2020 USD Notes”)**

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes <sup>(1)</sup>
Mr. Guo Shaomu	Beneficial owner	USD400,000	0.16%

Note:

- (1) The percentage of the interest in the 2020 USD Notes is based on the aggregate principal amount of USD250,000,000.

(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 2016
Ms. Zeng Jie, Baby	Interest of controlled corporation	80 <sup>(1)</sup>	Ordinary	80%
Mr. Pan Jun	Interest of controlled corporation	20 <sup>(2)</sup>	Ordinary	20%

Notes:

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

B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 30 June 2016
Ms. Zeng Jie, Baby	Interest of controlled corporation	721,981,259 <sup>(1)</sup>	Ordinary	72.19%
Mr. Pan Jun	Beneficial owner	1,255,440 <sup>(2)</sup>	Ordinary	0.13%
Mr. Lam Kam Tong	Beneficial owner	510,000 <sup>(2)</sup>	Ordinary	0.05%
Dr. Liao Jianwen	Beneficial owner	510,000 <sup>(2)</sup>	Ordinary	0.05%

Notes:

- (1) These include (i) 503,956,782 shares in Colour Life held by the Company which is owned as to 57.51% by Fantasy Pearl which is in turn owned as to 80% by Ice Apex and 20% by Graceful Star and as Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie Baby is deemed to be interested in the shares of Colour Life held by the Company for the purpose of Part XV of the SFO; and (ii) pursuant to a concert party agreement dated 29 June 2015 entered into between the Company and Splendid Fortune Enterprise Limited (“Splendid Fortune”), each of the Company and Splendid Fortune is taken to be interested in the shares of Colour Life in which each other is interested for the purpose of Part XV of the SFO. As such, the Company, Fantasy Pearl, Ice Apex and Ms. Zeng Jie, Baby are also deemed to be interested in 216,681,477 shares of Colour Life held by Splendid Fortune for the purpose of Part XV of the SFO.
- (2) These represent share options granted by Colour Life subject to vesting schedules.





Shezhen Funian Plaza



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 2016
Mr. Pan Jun	Beneficial owner	7,000,000 <sup>(1)</sup>	70%

Note:

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

Save as disclosed above, as at 30 June 2016, 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 2016, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

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

Name of shareholder	Nature of interest	Number of shares of the Company	Approximate percentage of interest in the Company as at 30 June 2016
Fantasy Pearl	Beneficial owner	3,313,090,500 <sup>(1)</sup>	57.50%
Ice Apex	Interest of controlled corporation	3,313,090,500 <sup>(2)</sup>	57.50%
T. C. L. Industries Holdings (H.K.) Limited	Beneficial owner	1,034,703,574 <sup>(3)</sup>	17.96%
TCL Corporation	Interest of controlled corporation	1,034,703,574 <sup>(2)</sup>	17.96%

Notes:

- (1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) As at 30 June 2016, T.C.L. Industries Holdings (H.K.) Limited held 1,034,703,574 shares of the Company representing 17.96% interest in the Company. T.C.L. Industries Holdings (H.K.) Limited is wholly owned by TCL Corporation. TCL Corporation is deemed to be interested in the shares held by T.C.L. Industries Holdings (H.K.) Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as of 30 June 2016, 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.

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

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange. During the Period of six months ended 30 June 2016, 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:

Code A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

## 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 2016 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 six months ended 30 June 2016. The external auditors of the Company has also reviewed the unaudited interim results for the six months ended 30 June 2016.



### REMUNERATION COMMITTEE

The Company has established a remuneration committee in compliance with Rules 3.25 and 3.26 of the Listing Rules with specific written terms of reference in compliance with the Corporate Governance Code. The remuneration committee currently comprises an executive Director, Mr. Pan Jun, and five independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Huang Ming is the chairman of the remuneration committee. The remuneration committee is responsible for making recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

### NOMINATION COMMITTEE

The Company has established a nomination committee with specific written terms of reference in compliance with the Corporate Governance Code. The nomination committee currently comprises two executive Directors, Mr. Pan Jun and Ms. Zeng Jie, Baby, and five independent non-executive Directors, Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Pan Jun is the chairman of the committee. The nomination committee is responsible for reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment and re-appointment of Directors.



Shenzhen Lung Kei Sea

## SHARE OPTION SCHEME

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



The summary below sets out the details of movement of the share options during the six months ended 30 June 2016 pursuant to the Share Option Scheme:

Name	Date of grant	Exercise price	Closing price of the shares on the date of grant	Balance as at 1 January 2016	Granted during the period	Number of share option		Balance as at 30 June 2016	Weighted average closing price immediately before exercise	Note
						Exercisable/ exercised during the period	Cancelled/ lapsed during the period			
		HK\$	HK\$						HK\$	
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	-	(2)
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	-	(3)
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	-	(2)
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	-	(3)
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	-	-	-	2,770,000	-	(3)
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	-	(2)
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	-	(3)
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	-	(2)
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	-	(3)
Other employees	29 August 2011	0.836	0.82	19,701,640	-	(429,780)	-	19,271,860	0.91	(1)
	29 August 2011	0.836	0.82	9,380,000	-	-	-	9,380,000	-	(2)
	16 October 2012	0.8	0.77	30,932,000	-	(149,100)	-	30,782,900	0.94	(3)
Total				85,943,640	-	(578,880)	-	85,364,760		

Notes:

- (1) The share options are exercisable during the following periods:
  - (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;
  - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board; and
  - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board.
- (2) The share options are exercisable during the following periods:
  - (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;
  - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and
  - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.
- (3) The share options are exercisable during the following periods:
  - (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board;
  - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board; and
  - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board.

Colour Life adopted a share option scheme ("Colour Life Share Option Scheme") by the written resolutions of the shareholders of Colour Life 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 summary below sets out the details of movement of the share options during the six months ended 30 June 2016 pursuant to the Colour Life Share Option Scheme:

Name	Date of grant	Exercise price	Closing price of the shares on the date of grant	Balance as at 1 January 2016	Granted during the period	Number of share option		Balance as at 30 June 2016	Weighted average closing price immediately before exercise	Note
						Exercised during the period	Cancelled/lapsed during the period			
		HK\$	HK\$						HK\$	
Mr. Tang Xuebin	29 September 2014	6.66	6.66	547,790 347,650	–	–	–	547,790 347,650	–	(1) (2)
	30 April 2015	11.00	10.88	103,500	–	–	–	103,500	–	(3)
	18 March 2016	5.764	5.76	–	100,000	–	–	100,000	–	(5)
Mr. Dong Dong	29 September 2014	6.66	6.66	455,150 347,650	–	–	–	455,150 347,650	–	(1) (2)
	30 April 2015	11.00	10.88	123,500	–	–	–	123,500	–	(3)
	18 March 2016	5.764	5.76	–	100,000	–	–	100,000	–	(5)
Mr. Zhou Qinwei	29 September 2014	6.66	6.66	128,800 338,500	–	–	–	128,800 338,500	–	(1) (2)
	30 April 2015	11.00	10.88	123,500	–	–	–	123,500	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(5)
Mr. Pan Jun	29 September 2014	6.66	6.66	547,790 347,650	–	–	–	547,790 347,650	–	(1) (2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(5)
Mr. Lam Kam Tong	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(5)
Mr. Zhou Hongyi	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(5)
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(5)
Dr. Liao Jianwen	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(5)
Mr. Xu Xinmin	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(5)
Employees of the Colour Life Group, a resigned non-executive director of Colour Life and certain minority shareholders of the Colour Life's subsidiaries	29 September 2014	6.66	6.66	17,428,010 20,511,350	–	–	(1,871,959) (284,041)	15,556,051 20,227,309	–	(1) (2)&(4)
	30 April 2015	11.00	10.88	23,452,300	–	–	1,597,009	21,855,291	–	(3)
	18 March 2016	5.764	5.76	–	32,787,488	–	954,706	31,832,782	–	(5)
Total				66,483,140	34,247,488	–	(4,707,715)	96,022,913		



### Notes:

- (1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date on which the share options were granted; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) 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) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive director of Colour Life on 21 April 2015, has been extended at the discretion of the board of Colour Life.
- (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. 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.

## SHARE AWARD SCHEME

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

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

The RMB10,000,000 is the initial amount to be provided for the Share Award Scheme. The board of Colour Life may by resolution determine such other amount that may be provided for the Share Award Scheme, which shall have a limit of up to 20,000,000 Shares, representing approximately 2% of the issued share capital of Colour Life as at 4 July 2016.

### (iii) Term

The Share Award Scheme will have an effective term of five years from the date of its adoption.

## (iv) Trustee

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

## (v) Eligible Persons

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

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

## (vi) Transfer of the Incentive Shares to the Grantees

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

As at the date of this report, no Incentive Shares had been awarded or agreed to be awarded under the Share Award Scheme.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2016.

## UPDATE ON DIRECTOR'S INFORMATION

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

Mr. Huang Ming had resigned as an independent director of Qihoo 360 Technology Co. Ltd. (奇虎360科技有限公司), a company listed on the New York Stock Exchange, on 20 July 2016 and a non-executive director of Tebon Securities Co. Ltd. in July 2016.

## SUPPLEMENTAL INFORMATION TO ANNOUNCEMENTS

## Discloseable Transaction – Proposed Disposal

Reference is made to the announcement (the “Announcement”) of the Company dated 29 June 2016. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

The Company wishes to provide more information with respect to the shareholding of each of joint venture partners' shareholding interests and their respective profits sharing ratios in the Partnerships; and the basis for calculating the gain on disposal of RMB261 million.



The shareholding of each joint venture partners in the Partnership, which is equivalent to their respective contribution to the capital of the Partnership, has already been disclosed in the Announcement under the paragraph “Capital Contribution”. Set out below is the respective percentage holding of each of the joint venture partners in the Partnership:

Name	Capital to be contributed to the Partnership	Percentage holding
	(RMB)	(%)
Cinda Capital	500,000	0.03
Cinda Asset Management	900,000,000	53.83
Shenzhen Fantasia	771,000,000	46.11
Qianhai Jianian	500,000	0.03

Under the terms of the Partnership Agreement, it was agreed that the exact proportion of distribution between the partners in any specific project will be determined by the partners through further consultation, and the partners will bear the loss of the Partnership in proportion to their respective capital contribution to the Partnership.

The gain on disposal was determined by the difference between the amount of capital contribution by Shenzhen Fantasia to the Partnership and the 99% net assets value of Huawanli Investment.

### Voluntary Announcement

Reference is made to the voluntary announcement (the “**Voluntary Announcement**”) of the Company dated 1 August 2016. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

The Company wishes to add that the Acquisition is a transaction by the Partnership which the Company has no majority control and Colour Life has no involvement in the Acquisition but it is expected that the Company and Colour Life will likely benefit from its future involvement in providing property management services to Wanda Property Management, as its principal business is the provision of property management services.

The two Partnerships which the Group invested in on 29 June 2016 are not accounted as subsidiaries of the Company.

# Deloitte.

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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 56 to 84, which comprise the condensed consolidated statement of financial position as of 30 June 2016 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 Main Board Listing 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  
10 August 2016

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Revenue		5,362,145	3,629,667
Cost of sales and services		(3,882,193)	(2,469,368)
Gross profit		1,479,952	1,160,299
Other income, gains and losses		(172,771)	3,901
Change in fair value of investment properties	9	(10,767)	175,115
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		343,024	–
Selling and distribution expenses		(121,776)	(122,962)
Administrative expenses		(470,120)	(371,457)
Finance costs		(331,046)	(160,094)
Share of results of associates		(58)	165
Share of results of joint ventures		580	(3,491)
Gain on disposal of subsidiaries	19	177,785	1,590
Profit before tax		894,803	683,066
Income tax expense	4	(564,210)	(403,957)
Profit and total comprehensive income for the period	5	330,593	279,109
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		265,984	207,640
An owner of perpetual capital instrument		37,550	31,850
Other non-controlling interests		27,059	39,619
		330,593	279,109
Earnings per share (RMB cents)			
– Basic	7	4.62	3.61
– Diluted	7	4.62	3.59

## Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	2,032,269	1,766,869
Investment properties	9	7,166,153	6,884,931
Interests in associates		676,436	6,789
Interests in joint ventures		410,624	410,044
Goodwill		806,361	733,549
Intangible assets		236,864	204,474
Prepaid lease payments		528,158	868,698
Premium on prepaid lease payments		1,373,480	172,169
Other receivables		352,834	376,841
Deposits paid for acquisition of subsidiaries		266,628	231,329
Deposit paid for acquisition of a property project		158,933	140,946
Deposit paid for acquisition of land use rights		1,086,077	1,050,077
Deferred tax assets	10	598,769	462,161
		<b>15,693,586</b>	<b>13,308,877</b>
<b>CURRENT ASSETS</b>			
Inventories		64,984	–
Properties for sale		20,648,383	21,801,648
Prepaid lease payments		14,585	34,274
Premium on prepaid lease payments		20,011	3,678
Trade and other receivables	11	3,603,974	4,604,047
Amounts due from customers for contract works		34,769	88,937
Tax recoverable		127,894	107,594
Amount due from a joint venture		304,142	180,258
Amounts due from non-controlling shareholders of the subsidiaries of the Company		75,407	–
Amount due from related parties		201,740	184,782
Financial assets designated at fair value through profit or loss (“FVTPL”)	12	101,162	19,200
Restricted/pledged bank deposits		1,382,075	1,336,482
Bank balances and cash		4,077,869	2,881,511
		<b>30,656,995</b>	<b>31,242,411</b>

## Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	7,145,163	6,626,928
Deposits received for sale of properties		3,922,367	5,555,880
Amounts due to customers for contract works		21,639	17,141
Amount due to a non-controlling shareholder of a subsidiary of the Company		343,324	390,199
Amounts due to joint ventures and associates		1,887,310	1,033,916
Tax liabilities		3,970,801	3,626,109
Borrowings – due within one year	14	1,129,886	1,407,598
Obligations under finance leases		31,739	22,101
Senior notes and bonds	15	–	1,004,105
Defined benefit obligation		5,412	–
Provision		14,873	–
		18,472,514	19,683,977
<b>NET CURRENT ASSETS</b>			
		12,184,481	11,558,434
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		27,878,067	24,867,311
<b>NON-CURRENT LIABILITIES</b>			
Amount due to a non-controlling shareholder		–	329,721
Deferred tax liabilities	10	1,332,683	1,071,358
Borrowings – due after one year	14	2,862,889	2,556,814
Obligations under finance leases		287,298	104,979
Derivative financial instruments		91,946	22,673
Senior notes and bonds	15	10,980,228	8,508,474
Defined benefit obligation		97,401	–
Provision		39,247	33,255
		15,691,692	12,627,274
		12,186,375	12,240,037
<b>CAPITAL AND RESERVES</b>			
Share capital	16	497,845	497,797
Reserves		9,937,787	9,910,694
Equity attributable to owners of the Company		10,435,632	10,408,491
Perpetual capital instrument	17	–	710,500
Other non-controlling interests		1,750,743	1,121,046
Total non-controlling interest		1,750,743	1,831,546
		12,186,375	12,240,037



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company										Attributable to non-controlling interests					
	Share capital	Share premium	Special reserve	Share options reserve	Contribution reserve	Statutory reserves	Discretionary reserves	Property revaluation reserve	Accumulated profits	Sub-total	Perpetual capital instrument	Share options reserve of Colour Life (note a)	Share options reserve of Morning Star (note a)	Other non-controlling interests	Sub-total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015 (audited)	497,485	2,441,983	266,709	19,499	40,600	44,843	1,477	38,357	6,102,106	9,453,059	710,500	29,780	-	1,219,035	1,959,315	11,412,374
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	207,640	207,640	31,850	-	-	39,619	71,469	279,109
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	7,796	7,796	7,796
Issue of shares upon exercise of share options	125	1,297	-	(386)	-	-	-	-	-	1,036	-	(93)	-	681	588	1,624
Contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500	4,500	4,500
Dividend recognised as distribution	-	(245,012)	-	-	-	-	-	-	-	(245,012)	-	-	-	-	-	(245,012)
Recognition of equity-settled share-based payments	-	-	-	1,007	-	-	-	-	-	1,007	-	31,287	-	-	31,287	32,294
Share option lapsed	-	-	-	(2,723)	-	-	-	-	2,723	-	-	-	-	-	-	-
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	(41,709)	-	-	-	-	-	-	(41,709)	-	-	-	(369,411)	(369,411)	(411,120)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of partial interest in a subsidiary without loss of control	-	-	29,811	-	-	-	-	-	-	29,811	-	-	-	270,189	270,189	300,000
Distribution to an owner of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	(31,850)	-	-	-	(31,850)	(31,850)
At 30 June 2015 (unaudited)	497,610	2,198,268	254,811	17,397	40,600	44,843	1,477	38,357	6,312,469	9,405,832	710,500	60,974	-	1,172,409	1,943,883	11,349,715
At 1 January 2016 (audited)	497,797	2,200,190	246,141	17,933	40,600	59,183	1,477	20,368	7,324,802	10,408,491	710,500	118,114	28	1,002,904	1,831,546	12,240,037
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	265,984	265,984	37,550	-	-	27,059	64,609	330,593
Issue of shares upon exercise of share options	48	661	-	(320)	-	-	-	-	-	389	-	-	-	-	-	389
Dividend recognised as distribution (note 6)	-	(246,220)	-	-	-	-	-	-	-	(246,220)	-	-	-	-	-	(246,220)
Deemed partial disposal of interests in a subsidiary without loss of control (note b)	-	-	6,988	-	-	-	-	-	-	6,988	-	-	-	64,770	64,770	71,758
Contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	-	-	-	2,115	2,115	2,115
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-	-	-	-	51,164	1,467	-	52,631	52,631
Acquisition of subsidiaries (note 18)	-	-	-	-	-	-	-	-	-	-	-	-	-	483,122	483,122	483,122
Redemption of perpetual capital instrument (note 17)	-	-	-	-	-	-	-	-	-	-	(710,500)	-	-	-	(710,500)	(710,500)
Distribution to an owner of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	(37,550)	-	-	-	(37,550)	(37,550)
At 30 June 2016 (unaudited)	497,845	1,954,631	253,129	17,613	40,600	59,183	1,477	20,368	7,590,786	10,435,632	-	169,278	1,495	1,579,970	1,750,743	12,186,375

Note:

- (a) The share option reserves represent the share-based payment under the share option schemes of Colour Life Service Group Co., Limited (“Colour Life”) and Morning Star Group Limited (“Morning Star”), which are subsidiaries of the Company.
- (b) During the period ended 30 June 2016, 深圳市美易家商務服務集團股份有限公司 Shenzhen Home E&E Commercial Services Group Co. Ltd. (“Home E&E”), a non-wholly owned subsidiary of the Company, issued shares to several third parties at a total cash consideration of RMB71,758,000. Upon completion of the share subscription, the shareholding of the Company was diluted from 70.00% to 69.29% and it constituted a deemed disposal of partial interests in a subsidiary without loss of control. The difference between the consideration received and the 0.71% equity interest in Home E&E at the date of partial disposal of interests in Home E&E amounted to RMB6,988,000 was recognised in special reserve.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>OPERATING ACTIVITIES</b>			
Cash from operations		1,992,876	1,719,741
Income tax paid		(261,195)	(195,898)
Interest paid		(534,366)	(459,095)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>1,197,315</b>	<b>1,064,748</b>
<b>INVESTING ACTIVITIES</b>			
Deposit paid for acquisition of a property project		(17,987)	(2,590)
Increase in restricted bank deposits		(45,593)	(1,502,503)
Settlement of consideration payables for acquisition of assets and liabilities through acquisition of subsidiaries		(390,199)	(616,702)
Disposal of subsidiaries (net of cash and cash equivalent disposed)	19(a)	549,097	307,366
Disposal of partial interests in subsidiaries resulting in loss of control	19(b)	(563)	–
Purchases of property, plant and equipment		(95,049)	(122,866)
Additions to investment properties		(175,698)	(139,484)
Acquisition of business (net of cash and cash equivalents acquired)	18	(438,704)	(246,673)
Purchase of financial assets designated as at FVTPL		(88,462)	–
Redemption of financial assets designated as at FVTPL		7,184	–
Refund of deposits paid for acquisition of a subsidiary		38,000	5,436
Payment of deposits paid for acquisition of subsidiaries		(82,199)	–
Advances to joint ventures		(165,082)	(6,461)
Advances to non-controlling shareholders		(75,407)	–
Repayment from joint ventures		41,198	–
Repayment from related parties		6,808	–
Other investing cash flows		63,791	71,025
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(868,865)</b>	<b>(2,253,452)</b>
<b>FINANCING ACTIVITIES</b>			
Net proceeds from the issuance of senior notes		2,136,679	1,206,795
Repayment of senior notes		(1,000,000)	(733,956)
Contributions from non-controlling shareholders		2,115	4,500
Deemed disposal of partial interests in a subsidiary without loss of control		71,758	–
New borrowings raised		838,550	1,502,800
Repayment of borrowings		(894,019)	(3,456,119)
Cash received from finance leaseback		210,000	–
Dividend paid to an owner of perpetual capital instrument		(37,550)	(31,850)
Redemption of perpetual capital instrument		(710,500)	–
Dividend paid to shareholders of the Company		(246,220)	(245,012)
Issue of shares upon exercise of share options		389	1,036
Issue of shares upon exercise of share options – Colour Life		–	588
Advances from joint ventures and associates		1,108,016	991,555
Repayment to joint ventures		(590,895)	–
Other financing cash flows		(22,054)	277,716
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>		<b>866,269</b>	<b>(481,947)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,194,719</b>	<b>(1,670,651)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>2,881,511</b>	<b>3,738,040</b>
Effect of foreign exchange rate changes		1,639	(117)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>4,077,869</b>	<b>2,067,272</b>
represented by bank balances and cash			

For the six months ended 30 June 2016

## ◎ 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, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied for the first time, the following new and revised interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The directors of the Company considered the application of the above new standards and revised amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

For the six months ended 30 June 2016

## ◎ 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>4</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

Except as described below, the directors of the Company anticipate that the application of the new standards and revised amendments to HKFRSs will have no material impact on the results and financial position of the Group.

### HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

For the six months ended 30 June 2016

## ◎ 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### HKFRS 15 “Revenue from Contracts with Customers” (continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures in the Group's condensed consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

### HKFRS 16 “Leases”

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-to-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-to-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will be effective for annual periods on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 “Revenue from Contracts with the Customers” at or before the date of initial application of HKFRS 16. The directors of the Company anticipate that the application of HKFRS 16 in the future may affect the amounts reported and related disclosures in the Group's condensed consolidated financial statements. However, it is not practicable to provide a reasonable estimate of effect of HKFRS 16 until the Group performs a detailed review.

Other than the above, the directors of the Company anticipate that the application of the other new standards and revised amendments also will have no material impact on the results and the financial position of the Group.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

### ◎ 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 2016

	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	Reportable segment total RMB'000	Eliminations RMB'000	Total RMB'000
(note)									
SEGMENT REVENUE (UNAUDITED)									
External sales	4,334,900	93,711	6,035	688,996	40,250	198,253	5,362,145	-	5,362,145
Inter-segment sales	56,313	-	-	51,898	-	-	108,211	(108,211)	-
Total	4,391,213	93,711	6,035	740,894	40,250	198,253	5,470,356	(108,211)	5,362,145
Segment profit (loss)	1,139,112	30,698	5,504	203,532	(5,258)	(6,066)	1,367,522	-	1,367,522

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

#### Six months ended 30 June 2015

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Properties operation services RMB'000	Hotel operations RMB'000	Reportable segment total RMB'000	Eliminations RMB'000	Total RMB'000
SEGMENT REVENUE (UNAUDITED)								
External sales	3,116,395	96,784	8,623	333,251	74,614	3,629,667	-	3,629,667
Inter-segment sales	53,289	-	-	23,113	-	76,402	(76,402)	-
Total	3,169,684	96,784	8,623	356,364	74,614	3,706,069	(76,402)	3,629,667
Segment profit (loss)	645,843	155,033	8,472	143,073	(7,480)	944,941	-	944,941

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of central administration costs and directors' salaries, interest income, exchange gain (loss), share of results of associates and joint ventures, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the six months ended 30 June 2016

◎ 3. SEGMENT INFORMATION (CONTINUED)

Reconciliation:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Segment profit	1,367,522	944,941
Finance costs	(331,046)	(160,094)
Share of results of joint ventures	580	(3,491)
Share of results of associates	(58)	165
Gain on disposal of subsidiaries (note 19)	177,785	1,590
Unallocated income, gains and losses	(172,771)	24,498
Unallocated corporate expenses	(147,209)	(124,543)
Profit before tax	894,803	683,066

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

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(unaudited)	(audited)
Property development	27,015,312	28,569,770
Property investment	7,237,048	6,985,732
Property agency services	19,932	14,890
Property operation services	2,288,677	1,827,971
Hotel operations	1,084,687	1,252,412
Other	669,109	285,500
Total segment assets	38,314,765	38,936,275
Total unallocated assets	8,035,816	5,615,013
Group's total assets	46,350,581	44,551,288

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, goodwill, financial assets designated as at FVTPL, amount due from related parties, non-controlling shareholders and a joint venture, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

For the six months ended 30 June 2016

◎ 4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax in the People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	286,313	217,843
Land Appreciation Tax ("LAT")	297,455	73,223
	583,768	291,066
Deferred tax:		
Current period (note 10)	(19,558)	112,891
	564,210	403,957

◎ 5. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):		
Net exchange loss (gain)	196,788	(27,024)
Interest income	(14,879)	(18,739)
Release of prepaid lease payments	7,132	13,633
Release of premium on prepaid lease payments	1,840	1,839
Depreciation of property, plant and equipment	95,799	78,092
Amortisation of intangible assets	9,854	3,598
Allowance for doubtful debts, net	16,001	44,188
Staff costs	531,895	237,763

◎ 6. DIVIDENDS

During the current interim period, a final dividend of HK5.00 cents per share in respect of the year ended 31 December 2015 (2015: HK5.39 cents) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current period amounted to RMB246,220,000 (2015: RMB245,012,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2016.

For the six months ended 30 June 2016

## ◎ 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	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Earnings:</b>		
Earnings for the purpose of basic earnings per share		
(Profit for the period attributable to owners of the Company)	265,984	207,640
<b>Effect of dilutive potential ordinary shares:</b>		
Share options — Colour Life	–	(98)
Earnings for the purpose of diluted earnings per share	265,984	207,542
<b>Number of shares:</b>		
Number of ordinary shares for the purpose of basic earnings per share	5,761,519,682	5,757,887,526
<b>Effect of dilutive potential ordinary shares:</b>		
Share options	–	24,585,063
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,761,519,682	5,782,472,589

The computation of diluted earnings per share does not assume the exercise of the share options granted by the Company and Colour Life during the period ended 30 June 2016 as the exercise prices of the share options of the Company and Colour Life are higher than the average market price of the share of Company and Colour Life during the period ended 30 June 2016.

## ◎ 8. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the current interim period are summarised as follows:

	RMB'000
At 1 January 2016 (audited)	1,766,869
Additions	95,049
Acquisition of subsidiaries (note 18)	267,539
Disposal of a subsidiary (note 19(b))	(565)
Depreciation for the period	(95,799)
Disposals	(824)
At 30 June 2016 (unaudited)	2,032,269

For the six months ended 30 June 2016

## ◎ 9. INVESTMENT PROPERTIES

The movements in investment properties during the current interim period are summarised as follows:

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
<b>FAIR VALUE</b>			
At 1 January 2016 (audited)	4,723,049	2,161,882	6,884,931
Additions	4,833	183,681	188,514
Transfer from completed properties for sale	753,887	–	753,887
Net change in fair value recognised in profit or loss	(105,540)	94,773	(10,767)
Disposals	(50,938)	–	(50,938)
Disposal of a subsidiary (note 19(a))	(599,474)	–	(599,474)
At 30 June 2016 (unaudited)	4,725,817	2,440,336	7,166,153

As at 30 June 2016, the fair values of the Group's completed investment properties of RMB4,725,817,000 (31 December 2015: RMB4,723,049,000) and investment properties under development of RMB2,440,336,000 (31 December 2015: RMB2,161,882,000) 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 not connected with the Group, which has appropriate qualifications and recent experiences in valuation of similar properties in the relevant locations.

The valuation of completed investment properties are determined by both income capitalisation approach and comparison approach which 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, 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 approach is arrived at by reference to comparable market transactions and presuppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors.



For the six months ended 30 June 2016

## ◎ 10. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current interim period:

	Fair value change of investment properties RMB'000	Revaluation of investment properties and other properties RMB'000	Temporary difference on accruals RMB'000	Tax losses RMB'000	Intangible assets RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2016 (audited)	1,149,931	29,974	(48,897)	(168,510)	46,660	(399,961)	609,197
Charge (credit) to profit or loss	41,925	-	11,090	(6,860)	(2,464)	(63,249)	(19,558)
Acquisition of subsidiaries (note 18(a))	-	299,609	(31,805)	(34,925)	10,562	-	243,441
Disposal of a subsidiary (note 19(a))	(99,166)	-	-	-	-	-	(99,166)
At 30 June 2016 (unaudited)	1,092,690	329,583	(69,612)	(210,295)	54,758	(463,210)	733,914

Note: Others mainly represent the deductible temporary difference arising from LAT provision.

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Deferred tax assets	(598,769)	(462,161)
Deferred tax liabilities	1,332,683	1,071,358
	733,914	609,197

For the six months ended 30 June 2016

## © 11. TRADE AND OTHER RECEIVABLES

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals and travel planning, service and management income in respect of property management and sales of fuel pumps.

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Trade receivables	1,741,680	1,317,151
Other receivables	291,093	362,730
Prepayments and other deposits	270,302	186,946
Prepayments for suppliers	190,207	165,829
Prepayments for construction works	617,860	1,029,565
Consideration receivable on disposal subsidiaries	–	761,000
Amount due from Pixian Government (note a)	–	135,989
Amount due from Chengdu Government (note b)	184,359	419,274
Other tax prepayments	308,473	225,563
	3,603,974	4,604,047

Notes:

- (a) As 31 December 2015, the balance represented the investment income from a joint development of Wangcong Ancient Sichuan Culture Park located in Pixian Country, Chengdu, Sichuan Province with Pixian Government, which was fully settled by 30 June 2016.
- (b) As at 30 June 2016, the balance represents the amount due from the People's Government of Chengdu ("Chengdu Government") in relation to the land development project of the Wu Gui Qiao Town located in Jin Jiang Area, Chengdu, Sichuan Province, which is required to be settled on or before 31 December 2016.

The following is an aging analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
0 to 30 days	663,469	865,758
31 to 90 days	322,840	126,749
91 days to 180 days	437,862	118,624
181 to 365 days	194,646	105,263
Over 1 year	122,863	100,757
	1,741,680	1,317,151

For the six months ended 30 June 2016

## © 12. FINANCIAL ASSETS DESIGNATED AT FVTPL

During the current interim period, the Group invested in money market funds and bond market funds.

The money market funds are issued by a reputable securities corporation. The return and principal are not guaranteed by the securities corporation and the value of the funds varies by reference to the performance of the underlying investments comprising mainly debt investments in PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits.

The bond market funds are invested in debts in PRC through an online platform owned by Shenzhen Colour Pay Network Technology Co., Ltd. (“Colour Pay”), a related company controlled by a director of the Company.

The aforesaid investments have been designated at FVTPL at initial recognition as the investments are managed and the performance is evaluated on fair value basis. As at 30 June 2016, the principal of the aforesaid investments are approximately RMB101,162,000 (31 December 2015: RMB19,200,000). In the opinion of directors, the fair value of investment at 30 June 2016 approximated to their principal amounts.

## © 13. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group’s trade payables and retention payable presented based on the invoice date at the end of the reporting period:

	30 June 2016 RMB’000 (unaudited)	31 December 2015 RMB’000 (audited)
0 to 60 days	2,415,072	2,012,493
61 to 180 days	1,274,126	771,978
181 days to 365 days	993,607	1,088,540
1 to 2 years	402,069	575,877
2 to 3 years	44,595	85,096
Over 3 years	18,633	4,005
	<u>5,148,102</u>	<u>4,537,989</u>

## © 14. BORROWINGS

	30 June 2016 RMB’000 (unaudited)	31 December 2015 RMB’000 (audited)
Bank borrowings	2,893,275	3,164,412
Other borrowings	1,099,500	800,000
	<u>3,992,775</u>	<u>3,964,412</u>

For the six months ended 30 June 2016

© 14. BORROWINGS (CONTINUED)

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Secured	3,934,404	3,914,412
Unsecured	58,371	50,000
	3,992,775	3,964,412

During the current interim period, the Group obtained new borrowings amounting to RMB838,550,000 (six months ended 30 June 2015: RMB1,502,800,000) and repaid borrowings amounting to RMB894,019,000 (six months ended 30 June 2015: RMB3,456,119,000).

Carrying amount repayable:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	1,129,886	1,407,598
More than one year	2,862,889	2,556,814
	3,992,775	3,964,412

The new borrowings raised are denominated in Renminbi and carry interest ranging from 3.45% to 10.5% per annum.

© 15. SENIOR NOTES AND BONDS

In addition to the 2012 senior notes due 2017, 2013 – January senior notes due 2020, 2013 – May senior notes due 2016, 2014 senior notes due 2019, 2015 – May senior notes due 2018 and 2015 – domestic corporate bonds due 2021, the Group newly issued senior notes and domestic corporate bonds during the six months ended 30 June 2016, details are as follow:

- (a) On 4 January 2016, Fantasia Group (China) Co., Limited (花樣年集團(中國)有限公司) (“**Fantasia Group China**”), a wholly-owned subsidiary of the Company, issued public domestic corporate bonds of RMB1,100,000,000 (“**2016 First Domestic Corporate Bonds**”), which listed on the Shenzhen Stock Exchange (“SZSE”). The 2016 First Domestic Corporate Bonds carry fixed interest of 7.29% per annum and interest is payable annually. The effective interest rate is 7.46% per annum. The 2016 First Domestic Corporate Bonds will mature on 31 December 2020 unless the holders sell back the bonds to Fantasia Group China earlier. As at initial recognition and 30 June 2016, the fair value of the put options of RMB60,459,000 and RMB72,395,000 in the condensed consolidated statement of financial position, of which, fair value loss of RMB11,936,000 was recognised for the period ended 30 June 2016.
- (b) On 29 January 2016, Shenzhen Colour Life Services Group Co., Limited (深圳市彩生活服務集團有限公司), a non-wholly-owned subsidiary of the Company, issued non-public domestic corporate bonds of RMB100,000,000 (“**2016 Second Domestic Corporate Bonds**”) at a price of 98.8% of the principal, which listed on the SZSE. The 2016 Second Domestic Corporate Bonds carry fixed interest rate of 6.95% per annum and interest is payable annually. The effective interest rate is 7.91% per annum. The 2016 Second Domestic Corporate Bonds will mature on 28 January 2019.

For the six months ended 30 June 2016

© 15. SENIOR NOTES AND BONDS (CONTINUED)

- (c) On 20 May 2016, Fantasia Group China issued non-public domestic corporate bonds of RMB500,000,000 (“**2016 Third Domestic Corporate Bonds**”), which listed on the SZSE. A wholly-owned subsidiary of the Company subscribed for 2016 Third Domestic Corporate Bonds of RMB130,000,000. The 2016 Third Domestic Corporate Bonds carry fixed interest of 7.5% per annum and interest is payable annually. The effective interest rate is 8.42% per annum. The 2016 Third Domestic Corporate Bonds will mature on 20 May 2019 unless the holders sell back the bonds to Fantasia Group China earlier. The directors of the Company consider that the fair value of the put options is insignificant on initial recognition and 30 June 2016.
- (d) On 4 May 2016, the Company issued senior notes in an aggregate principal amount of RMB600,000,000 which are guaranteed by certain equity interests of the subsidiaries of the Company. The senior notes were issued at par value and are listed on the Singapore Exchange Securities Trading Limited. The senior notes carry interest of 9.5% per annum and interest is payable semi-annually on 4 May and 4 November in arrears. The effective interest rate is 10.41% per annum. The senior notes will mature on 4 May 2019, unless redeemed earlier. The directors of the Company consider that the fair value of the early redemption options is insignificant on initial recognition and 30 June 2016.

The movements of the liability component in the senior notes and bonds during the current interim period are set out below:

	RMB'000
At 1 January 2016 (audited)	9,512,579
Net proceeds on the date of issuance	2,136,679
Interest expenses	647,999
Exchange loss	162,648
Initial recognition of derivative financial instruments relating to put option	(60,459)
Payment of interests and related financial costs	(419,218)
Repayment of 2013 – May senior notes due 2016	(1,000,000)
At 30 June 2016 (unaudited)	10,980,228

Carrying amount repayable:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(unaudited)	(audited)
Within one year	–	1,004,105
More than one year	10,980,228	8,508,474
	10,980,228	9,512,579



For the six months ended 30 June 2016

© 16. SHARE CAPITAL

	Number of shares	Amount HK\$	Equivalent to RMB'000
Ordinary shares of HK\$0.1 each			
<b>Authorised:</b>			
At 1 January 2016 and 30 June 2016	8,000,000,000	800,000,000	704,008
<b>Issued and fully paid:</b>			
At 1 January 2016	5,761,179,424	576,117,942	497,797
Issue of shares upon exercise of share options	578,880	57,888	48
At 30 June 2016	5,761,758,304	576,175,830	497,845

© 17. PERPETUAL CAPITAL INSTRUMENTS

In April 2014, a wholly owned subsidiary of the Company issued a perpetual capital instrument (the “Perpetual Capital Instrument”) with the aggregate principal amount of RMB710,500,000 by entering into a Perpetual Capital Instrument agreement with a third party.

During the period ended 30 June 2016, the Group had fully repurchased the Perpetual Capital Instrument with nominal amount of RMB710,500,000.

For the six months ended 30 June 2016

## ◎ 18. ACQUISITION OF SUBSIDIARIES

During the current interim period, the Group acquired following subsidiaries at a total consideration of RMB556,158,000. The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property development, property management and other operations.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Equity interest acquired	Principal activities
美國ASIMCO第三投資公司 American ASIMCO Investments III Ltd.	438,825	June 2016	100%	Manufacturing and sale of fuel pumps
合浦縣南珠物業服務有限責任公司 Hepu Nanzhu Property Service Co., Ltd.	8,000	January 2016	80%	Provision of property operation services
襄陽美溢達物業服務有限公司 Xiangyang Meiyida Property Service Co., Ltd.	3,600	January 2016	80%	Provision of property operation services
包頭市眾聯行物業服務有限公司 Baotou Zhonglianhang Property Service Co., Ltd.	3,580	January 2016	80%	Provision of property operation services
婁底市和園物業服務有限公司 Loudi Heyuan Property Service Co., Ltd.	300	January 2016	51%	Provision of property operation services
寧夏藍山之家物業服務有限公司 Ningxia Nanshan Zhijia Property Service Co., Ltd.	– (note)	February 2016	80%	Provision of property operation services
連雲港市鴻鑫物業管理有限公司 Lianyungang Hongxin Property Management Co., Ltd.	3,000	April 2016	70%	Provision of property operation services
長沙美景物業管理有限公司 Changsha Meijing Property Management Co., Ltd.	5,000	April 2016	70%	Provision of property operation services
重慶泓山物業管理有限公司 Chongqing Hongshan Property Management Co., Ltd.	81,749	June 2016	87%	Provision of property operation services
成都嘉迅物業管理有限公司 Chengdu Jiaxun Property Management Co., Ltd.	12,104	June 2016	100%	Provision of property operation services

Note: The consideration was less than RMB1,000.

For the six months ended 30 June 2016

© 18. ACQUISITION OF SUBSIDIARIES (CONTINUED)

**Total consideration transferred**

	RMB'000
Cash consideration	490,113
Deposits paid for acquisition of subsidiaries in prior years	8,900
Consideration payables included in other payables	57,145
	556,158

Acquisition-related costs were insignificant and have been recognised as an expense in the current interim period and included in the “administrative expenses” line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment	267,539
Prepaid lease payments	48,344
Premium on prepaid lease payments	1,231,740
Intangible assets	42,244
Inventories	64,984
Trade and other receivables	231,142
Amounts due from certain subsidiaries of the Company	3,925
Amounts due from non-controlling shareholders of the subsidiaries of the Company	23,766
Bank balances and cash	51,409
Trade and other payables	(316,481)
Amounts due to certain subsidiaries of the Company	(271,207)
Tax liabilities	(1,819)
Borrowings – due within one year	(48,053)
Provision	(14,873)
Deferred tax liabilities	(243,441)
Defined benefit obligations	(102,813)
	966,406

The trade and other receivables acquired with a fair value of RMB231,142,000 approximate its gross contractual amount.

For the six months ended 30 June 2016

© 18. ACQUISITION OF SUBSIDIARIES (CONTINUED)

**Non-controlling interests**

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquirees' net identifiable assets at the acquisition date and amounted to RMB483,122,000.

**Goodwill arising on acquisitions**

	RMB'000
Consideration transferred	556,158
Non-controlling interests	483,122
Less: fair value of net assets acquired	(966,406)
Goodwill arising on acquisition	72,874

Intangible assets of RMB42,244,000 in relation to the acquisition of subsidiaries under property management segment have been recognised by the Group.

At the dates of acquisitions, goodwill of RMB72,874,000 has been determined provisionally based on the acquirees' provisional fair value of net identifiable assets acquired.

**Net cash outflow arising on acquisitions**

	RMB'000
Cash consideration paid	(490,113)
Less: bank balances and cash acquired	51,409
	(438,704)

For the six months ended 30 June 2016

## © 19. DISPOSAL OF SUBSIDIARIES

## (a) Disposal of a subsidiary

In May 2016, the Group disposed of certain investment properties through the disposal of the entire equity interests of Shenzhen Huajun Investment Management Co., Ltd. (深圳花郡投资管理有限公司) to a third party for a consideration of RMB549,305,000.

The above transaction is accounted for as disposal of a subsidiary. Details of the net assets disposed in respect of the above transaction is summarised below:

	RMB'000
<hr/>	
Consideration satisfied by:	
Cash	549,305
<hr/>	
Analysis of assets and liabilities over which control was lost:	
Investment properties	599,474
Other receivables	4,525
Bank balances and cash	208
Other payables	(5,851)
Deferred tax liabilities	(99,166)
<hr/>	
Net assets disposed of	499,190
<hr/>	
Gain on disposal of subsidiaries:	
Total consideration	549,305
Net assets disposed of	(499,190)
<hr/>	
	50,115
<hr/>	
Net cash inflow arising on disposal:	
Cash consideration	549,305
Bank balances and cash disposed	(208)
<hr/>	
	549,097
<hr/>	



For the six months ended 30 June 2016

© 19. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

During the current interim period, Shenzhen Fantasia Real Estate Group Co., Ltd. (深圳市花樣年地產集團有限公司) and Shenzhen Qianhai Jianian Investment Fund Management Co., Ltd. (深圳前海嘉年投資基金管理有限公司), each of the wholly-owned subsidiary of the Company, and two third parties entered into a partnership agreement (the “**Partnership Agreement**”) to establish a partnership Wuhu Xinjia Investment Center (Limited Partnership) (蕪湖信嘉投資中心(有限合夥)) (“**Wuhu Xinjia**”). The partnership is engaged in industrial investment, investment management and investment consultancy service. The 46% shareholding of the Group in the partnership is classified as interests in an associate of the Group.

Pursuant to the Partnership Agreement, the capital contribution by the Group are RMB662,250,000 and satisfied by the transfer of 99% equity interests of Huawanli Investment (Beijing) Co., Ltd. (花萬里投資(北京)有限公司) (“**Huawanli**”) and the cash of RMB500,000. Upon transfer of 99% equity interests and establishment of the partnership, the Group had lost control over Huawanli and the remaining 1% equity interest in Huawanli is classified as interests in an associate since all the strategic financial and operating decisions must be approved by 2/3 of shareholding in shareholders’ meeting.

These transactions were accounted for as disposal of partial interests in a subsidiary resulting in loss of control. Details are summarised below:

	RMB’000
Assets and liabilities disposed at the date of loss of control of the disposed subsidiary are as follows:	
Property, plant and equipment	565
Prepaid lease payment	401,441
Premium on prepaid lease payment	12,256
Other receivables	45,765
Amounts due from certain subsidiaries of the Company	81,973
Bank balances and cash	563
Other payables	(488)
Amount due to certain subsidiaries of the Company	(2,600)
	539,475

For the six months ended 30 June 2016

© 19. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

	RMB'000
Gain on disposal of a subsidiary:	
Fair value of equity interests in associates	667,145
Less: net assets of Huawanli disposed of	(539,475)
	127,670
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	563

© 20. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	47,619	12,684
In the second to the fifth year inclusive	171,448	–
After five years	403,809	–
	622,876	12,684

The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	211,369	145,236
In the second to the fifth year inclusive	442,497	347,825
After five years	50,703	86,184
	704,569	579,245

For the six months ended 30 June 2016

© 21. CAPITAL AND OTHER COMMITMENTS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Construction commitments in respect of properties for sale contracted for but not provided in the condensed consolidated financial statements	3,341,246	3,736,077
Construction commitments in respect of investment properties contracted for but not provided in the condensed consolidated financial statements	290,819	130,719
Consideration commitments in respect of acquisition of subsidiaries contracted for but not provided in the condensed financial statements	103,207	84,556
Consideration commitments in respect of capital expenditure in respect of the acquisition of property, plant and equipment authorised but not yet contracted	31,191	39,575
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	6,340	3,695

© 22. SHARE OPTION SCHEME

(a) The Company

No expenses recognised by the Group for the current interim period (six months ended 30 June 2015: RMB1,007,000) in relation to share options granted by the Company.

The following table discloses movements of the Company's Share Options held by directors and employees during the current interim period:

	Number of share options under share option scheme ('000)
Outstanding as at 1 January 2016	85,944
Exercised during the period	(579)
Outstanding as at 30 June 2016	85,365

For the six months ended 30 June 2016

© 22. SHARE OPTION SCHEME (CONTINUED)

(b) **Colour Life**

On 18 March 2016, Colour Life, a subsidiary of the Company, granted share options (“Colour Life’s Share Options”) to its directors, employees of Colour Life and certain non-controlling shareholders of Colour Life’s subsidiaries to subscribe for a total of 34,247,488 ordinary shares of HK\$0.10 each in Colour Life with exercise price of HK\$5.76 per share under the share option scheme of Colour Life which was adopted pursuant to a resolution passed on 11 June 2014.

The following table discloses movements of Colour Life’s Share Options held by directors and employees during the current interim period:

	Number of share options under share option scheme (’000)
Outstanding as at 1 January 2016	66,484
Granted during the period	34,247
Cancelled/lapsed during the period	(4,708)
Outstanding as at 30 June 2016	96,023

Colour Life recognised the total expense of RMB51,164,000 for the period ended 30 June 2016 (six months ended 30 June 2015: RMB31,287,000) in relation to share options granted.

(c) **Morning Star**

Morning Star, which acquired by the Group in December 2015, operates a share option scheme.

The Group recognised the total expense of RMB1,467,000 for the current interim period (six months ended 30 June 2015: nil) in relation to share options granted by the Morning Star and there is no movement of the share options of Morning Star during the current interim period.

For the six months ended 30 June 2016

### ◎ 23. CONTINGENT LIABILITIES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
(a) Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	6,234,067	6,441,957

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
(b) Financial guarantees given to a bank for the banking facilities granted to a joint venture	549,392	513,098

### ◎ 24. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks as securities against general banking facilities granted to the Group:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Property, plant and equipment	336,649	688,441
Investment properties	1,255,698	736,349
Properties for sale	1,878,942	1,960,608
Prepaid lease payments	–	435,475
Trade receivables	167,377	–
Pledged bank deposits	741,470	741,470
	4,380,136	4,562,343

### ◎ 25. RELATED PARTY DISCLOSURES

Other than disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties during the period:

(a) During the interim period, the Group had the following significant transactions with related parties:

Related parties	Relationship	Transactions	Six months ended 30 June	
			2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Shenzhen Cube Architecture Designing Consultants Company Limited	An associate of Shenzhen Tiankuo Investment Development Co., Limited (深圳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	Design service fee income	562	500

For the six months ended 30 June 2016

© 25. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefit	41,438	43,640
Post-employment benefit	2,502	2,825
Share-based payments	409	1,668
	44,349	48,133

(c) Others

As at 30 June 2016, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB37,000,000 (31 December 2015: RMB275,320,000) in aggregate.

During the period ended 30 June 2016, the Group had sold certain properties to its key management personnel (not including the directors of the Company) of the Group, at a cash consideration of RMB11,667,000 (six months ended 30 June 2015: RMB6,334,000).

© 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

	Fair value hierarchy	30 June 2016		31 December 2015	
		Carrying amount	Fair value	Carrying amount	Fair value
		RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)	(unaudited)	(audited)	(audited)
Senior notes and bonds	Level 1	7,392,111	7,975,623	7,523,775	7,757,865
Senior notes and bonds	Level 3	3,588,117	3,559,091	1,988,804	1,980,327
Financial assets designated as at FVTPL	Level 2	93,261	93,260	19,200	19,200
Financial assets designated as at FVTPL	Level 3	7,901	7,227	–	–
Derivative financial instruments	Level 3	91,946	91,946	22,673	22,673



#### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
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#### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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#### STOCK CODE

The Stock Exchange of Hong Kong Limited  
Stock Code: 1777

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