FULLSHARE
豐盛

Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00607)

Interim Report 2017

CONTENTS

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017
*(Expressed in Renminbi ("**RMB**"))*

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited and restated) RMB'000
REVENUE	4	**4,834,865**	1,393,944
Cost of sales		**(3,635,163)**	(985,187)
Gross profit		**1,199,702**	408,757
Fair value change in financial instruments	5	**(1,329,786)**	1,768,319
Other income and gains/losses, net	4	**721,659**	20,385
Selling and distribution expenses		**(240,136)**	(69,279)
Administrative expenses		**(764,057)**	(143,328)
Finance costs	7	**(323,979)**	(12,173)
Gain on disposal of subsidiaries	21	**29,297**	14,283
Share of profits and losses of:			
Joint ventures		**78,395**	–
Associates		**56,739**	–
(LOSS)/PROFIT BEFORE TAX	6	**(572,166)**	1,986,964
Income tax credit/(expense)	8	**34,151**	(364,983)
(LOSS)/PROFIT FOR THE PERIOD		**(538,015)**	1,621,981

Interim Condensed Consolidated Financial Statements

	Notes	For the six months ended 30 June **2017** (Unaudited) RMB'000	2016 (Unaudited and restated) RMB'000
OTHER COMPREHENSIVE (LOSS)/ INCOME			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments changes in fair value		**(105,276)**	–
Income tax effect on change in fair value		**26,723**	–
		(78,553)	–
Exchange differences on translation of foreign operations		**(125,431)**	55,437
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(203,984)**	55,437
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(741,999)**	1,677,418

Interim Condensed Consolidated Financial Statements

		For the six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited and restated)
	Notes	**RMB'000**	RMB'000
(Loss)/profit for the period attributable to:			
Owners of the parent		**(567,074)**	1,638,085
Non-controlling interests		**29,059**	(16,104)
		(538,015)	1,621,981
Total comprehensive (loss)/ income attributable to:			
Owners of the parent		**(750,162)**	1,693,522
Non-controlling interests		**8,163**	(16,104)
		(741,999)	1,677,418
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted	10	**RMB(2.87) cents**	RMB10.47 cents

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	**30 June 2017 (Unaudited) RMB'000**	31 December 2016 (Unaudited and restated) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**5,802,166**	6,557,946
Investment properties	11	**3,898,701**	2,765,354
Prepaid land lease payments		**1,264,412**	1,386,949
Goodwill		**1,981,990**	1,667,339
Other intangible assets		**802,653**	884,745
Investments in joint ventures		**2,412,551**	1,907,275
Investments in associates		**1,580,044**	1,802,355
Available-for-sale investments	15	**2,362,692**	1,070,090
Loan receivable		**399,200**	399,400
Trade receivables	12	**20,483**	11,057
Financial assets designated at fair value through profit or loss		**733,979**	526,351
Prepayments, deposits and other receivables	13	**189,839**	746,656
Deferred tax assets		**276,305**	210,070
Total non-current assets		**21,725,015**	19,935,587
CURRENT ASSETS			
Deposits paid for potential acquisitions		**809,029**	33,897
Inventories		**2,453,145**	2,645,111
Prepaid land lease payments		**27,371**	30,211
Trade and bills receivables	12	**6,874,461**	7,270,482
Consideration receivable		**122,337**	105,947
Loan receivables		**1,107,535**	328,816
Prepayments, deposits and other receivables	13	**4,183,593**	2,754,684
Tax prepaid		**4,801**	41,097
Financial assets held for trading	14	**4,041,879**	5,537,114
Available-for-sale investments	15	**565,000**	–
Assets classified as held for sales	18	**241,245**	–
Structured bank deposits		**–**	739,000
Properties under development		**1,265,630**	1,471,003
Properties held for sale		**293,706**	1,073,868
Pledged bank deposits		**3,306,400**	2,581,830
Cash and cash equivalents		**2,679,900**	3,864,068
Total current assets		**27,976,032**	28,477,128

Interim Condensed Consolidated Financial Statements

	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited and restated) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	16	**7,576,566**	6,870,880
Other payables and accruals	17	**1,897,515**	2,022,911
Receipts in advance and deposits received		**1,984,128**	1,421,363
Dividend payable		**–**	9,545
Acquisition consideration payables		**18,487**	–
Convertible bonds		**22,831**	23,681
Bank and other borrowings	19	**7,626,379**	6,225,935
Taxation payable		**545,339**	660,867
Warranty provision		**94,390**	104,197
Obligations under finance leases		**370**	7,007
Deferred income		**29,650**	10,453
Liabilities directly associated with the assets classified as held for sale	18	**86,829**	–
Total current liabilities		**19,882,484**	17,356,839
NET CURRENT ASSETS		**8,093,548**	11,120,289
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,818,563**	31,055,876
NON-CURRENT LIABILITIES			
Corporate bonds		**8,185**	8,387
Obligation under finance leases		**374**	–
Bank and other borrowings	19	**3,106,090**	2,749,983
Deferred tax liabilities		**1,634,508**	1,890,096
Deferred income		**83,258**	93,740
Total non-current liabilities		**4,832,415**	4,742,206
Net assets		**24,986,148**	26,313,670

Interim Condensed Consolidated Financial Statements

	Notes	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited and restated) RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital		**161,084**	161,084
Equity reserve		**422,833**	422,833
Reserves		**20,911,277**	21,954,383
		21,495,194	22,538,300
Non-controlling interests		**3,490,954**	3,775,370
Total equity		**24,986,148**	26,313,670

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Notes	Attributable to owners of the parent												
		Share capital RMB'000	Equity reserve RMB'000	Share premium account* RMB'000	Statutory surplus reserve* RMB'000	Merger reserve* RMB'000	Other reserve* RMB'000	Investment revaluation reserve* RMB'000	Reverse acquisition reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2016 as originally stated		161,084	422,833	17,668,099	245,513	(6,765)	(457,908)	162,954	(390,381)	237,507	4,513,760	22,556,696	3,621,857	26,178,553
Effect of finalised purchase price allocation		-	-	-	-	-	-	781	-	-	(19,177)	(18,396)	153,513	135,117
At 1 January 2017, as restated		161,084	422,833	17,668,099	245,513	(6,765)	(457,908)	163,735	(390,381)	237,507	4,494,583	22,538,300	3,775,370	26,313,670
(Loss)/profit for the period		-	-	-	-	-	-	-	-	-	(567,074)	(567,074)	29,059	(538,015)
Other comprehensive (loss)/income for the period														
Change in fair value of available-for-sale investments,net of tax		-	-	-	-	-	-	(57,544)	-	-	-	(57,544)	(21,009)	(78,553)
Exchange differences related to foreign operations		-	-	-	-	-	-	-	-	(125,544)	-	(125,544)	113	(125,431)
Total comprehensive (loss)/income for the period		-	-	-	-	-	-	(57,544)	-	(125,544)	(567,074)	(750,162)	8,163	(741,999)
Acquisition of subsidiaries not under common control	20	-	-	-	-	-	-	-	-	-	-	-	885	885
Acquisition of additional interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(4,399)	(4,399)
Capital contribution by non-controlling shareholders of subsidiaries		-	-	-	-	-	2,992	-	-	-	-	2,992	2,930	5,922
Disposal of subsidiaries	21	-	-	-	(16,264)	-	-	-	-	-	16,264	-	(194,926)	(194,926)
Dividend declared	9	-	-	(295,936)	-	-	-	-	-	-	-	(295,936)	-	(295,936)
Dividend to non-controlling shareholder		-	-	-	-	-	-	-	-	-	-	-	(97,069)	(97,069)
At 30 June 2017 (unaudited)		161,084	422,833	17,372,163	229,249	(6,765)	(454,916)	106,191	(390,381)	111,963	3,943,773	21,495,194	3,490,954	24,986,148

Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

		Attributable to owners of the parent												
	Notes	Share capital RMB'000	Equity reserve RMB'000	Share premium account* RMB'000	Statutory surplus reserve* RMB'000	Merger reserve* RMB'000	Other reserve* RMB'000	Investment revaluation reserve* RMB'000	Reverse acquisition reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (audited)		124,942	422,833	3,315,983	111,750	422,062	(477,758)	-	(390,381)	26,742	1,525,827	5,082,000	236,236	5,318,236
Profit for the period		-	-	-	-	-	-	-	-	-	1,638,085	1,638,085	(16,104)	1,621,981
Other comprehensive income for the period:														
Exchange differences related to foreign operations		-	-	-	-	-	-	-	-	55,437	-	55,437	-	55,437
Total comprehensive income for the period		-	-	-	-	-	-	-	-	55,437	1,638,085	1,693,522	(16,104)	1,677,418
Acquisition of subsidiaries under not common control		-	-	-	-	-	-	-	-	-	-	-	(18,565)	(18,565)
Investment in subsidiaries		-	-	-	-	-	(44,932)	-	-	-	-	(44,932)	44,387	(545)
Issue of shares		1,017	-	341,608	-	-	-	-	-	-	-	342,625	-	342,625
Disposal of subsidiaries		-	-	-	(3,075)	(16,500)	-	-	-	-	19,575	-	(1,000)	(1,000)
Dividend declared		-	-	(156,380)	-	-	-	-	-	-	-	(156,380)	-	(156,380)
Transfer from retained profits		-	-	-	1,324	-	-	-	-	-	(1,324)	-	-	-
Consideration paid for acquisition of subsidiaries under common control		-	-	-	-	(140,000)	-	-	-	-	-	(140,000)	-	(140,000)
At 30 June 2016 (unaudited)		125,959	422,833	3,501,211	109,999	265,562	(522,690)	-	(390,381)	82,179	3,182,163	6,776,835	244,954	7,021,789

Notes:

* These reserve accounts comprise the consolidated other reserves of RMB20,911,277,000 (31 December 2016: RMB21,954,383,000) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Financial Statements

(i) Equity reserve

Equity reserve represented (a) the difference between the paid-in capital of Nanjing Fullshare Asset Management Limited*（南京豐盛資產管理有限公司）("**Nanjing Fullshare Asset Management**") and the carrying amount of ordinary share capital of the Company immediately before the completion of the reverse takeover transaction during the year ended 31 December 2013 and (b) the difference between deemed consideration given by Nanjing Fullshare Asset Management and the nominal value of ordinary shares of the Company issued in respect of the reverse takeover transaction.

(ii) Statutory surplus reserve

In accordance with the People's Republic of China ("**PRC**") Company Law and the PRC subsidiaries' articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(iii) Merger reserve

The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisitions and the carrying amount of the net assets of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

(iv) Other reserve

Other reserve represents (a) the gain (losses) arising from transactions with non-controlling interests, (b) the difference between the fair value of consideration paid for the acquisition of the assets through acquisition of subsidiaries from the owners of the Company and the fair value of the assets acquired at the date of acquisition, (c) the amount due to the controlling shareholder waived by Mr. Ji Changqun ("**Mr. Ji**") and capitalised as capital contribution and (d) the difference between the fair value of capital contribution received from the non-controlling interests and the proportionate of the carrying amount of the net assets of the respective subsidiary attributable to owners of the Company being deemed disposed of.

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited and restated) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		**(572,166)**	1,986,964
Adjustments to reconcile profit before tax to net cash flow		**1,587,775**	(1,751,101)
Total working capital adjustments		**163,603**	477,911
Cash generated from operations		**1,179,212**	713,774
Income tax paid		**(327,657)**	(100,941)
Interest received		**2,584**	3,478
Net cash flows from operating activities		**854,139**	616,311
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of pledged bank deposits		**(3,813,345)**	–
Withdrawal of pledged bank deposits		**3,107,008**	–
Purchases of property, plant and equipment		**(314,239)**	(40,380)
Proceeds from disposal of property, plant and equipment		**302,481**	1
Acquisition of available-for-sale investments		**(1,964,781)**	(600,000)
Acquisition of financial assets designated as at fair value through profit or loss		**(221,730)**	–
Cash and cash equivalents classified as held for sales		**(52,766)**	–
Interest received		**70,718**	–
Other investment income received		**12,763**	–
Dividends received from a joint venture		**1,000**	–
Withdrawal of structured bank deposits		**739,000**	–
Proceeds from disposal of an investment property		**11,053**	–
Acquisition of subsidiaries not under common control	20	**(351,258)**	(23,484)
Acquisition of assets and liabilities through acquisition of subsidiaries		**(149,031)**	–
Capital injection in/acquisition of associates		**(12,000)**	(58,302)

Interim Condensed Consolidated Financial Statements

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited and restated) RMB'000
Disposal of subsidiaries	21	**557,839**	885,701
Receipt of consideration receivables		**69,384**	–
Investments in joint ventures		**(452,418)**	–
Withdrawal of investments in associates		**247,981**	–
Disposal of associates		**19,475**	–
Loan receivables granted or advance made		**(3,678,038)**	(400,000)
Repayment of loan receivables and other receivables		**2,805,700**	–
Acquisition of subsidiaries under common control		**–**	(140,000)
Payment of deposits for potential acquisition		**(782,264)**	(264,534)
Receipt of government grants		**–**	3,013
Consideration for land resumption received		**600,000**	–
Loans to related parties		**–**	(14,161)
Net cash flows used in investing activities		**(3,247,468)**	(652,146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by non-controlling shareholders		**5,922**	–
Acquisition of additional interests of subsidiaries		**(4,399)**	–
Borrowings from related parties		**–**	18,375
Borrowings from the controlling shareholder		**784,280**	–
Repayment to related parties		**–**	(43,706)
Release of pledged deposits		**–**	3,026
Increase in pledged deposits		**(58,628)**	–
New bank and other borrowings		**6,414,467**	636,966
Repayment of bank and other borrowings		**(5,219,501)**	(628,631)
Repayment of finance lease payables		**(6,931)**	–
Repayment of loan interests		**(317,546)**	(27,736)
Dividends paid		**(387,105)**	(156,380)
Net cash flows from/(used in) financing activities		**1,210,559**	(198,086)
Net decrease in cash and cash equivalents		**(1,182,770)**	(233,921)
Cash and cash equivalents at beginning of period		**3,864,068**	1,240,552
Effect of foreign exchange rate changes, net		**(1,398)**	6,180
Cash and cash equivalents at end of period		**2,679,900**	1,012,811

Interim Condensed Consolidated Financial Statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Fullshare Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (Cap. 22) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the period, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the following principal activities:

- Property development and investment
- Tourism
- Investment and financial services
- Provision of healthcare and education products and services
- New energy business

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

Interim Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretation and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards effective as of 1 January 2017. The Group has not early adopted any other standards interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

Amendments to HKAS 7 statement of Cash Flow: Disclosure Initiative

The amendments require entities provide disclosure about changes in their liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ending 31 December 2017.

Amendments to HKAS 12 statement of Cash Flow: Disclosure Initiative

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profits may include the recovery of some assets for more than their carrying amount.

Interim Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 New standards, interpretation and amendments adopted by the Group (continued)

Amendments to HKAS 12 statement of Cash Flow: Disclosure Initiative *(continued)*

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings(or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying the relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle-2014-2016

*Amendments to Hong Kong Financial Reporting Standard ("**HKFRS**") 12 Disclosure of interests on Other Entities:Clarification of the scope of disclosure requirements in HKFRS 12*

The amendments clarify that the disclosure requirements in HKFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate(or a portion of its interest on joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. As the disclosure requirements in HKFRS 12 do not specifically apply to the interim condensed consolidated financial statements, the Group did not provide these disclosures for its interest in Chongqing Tongjing Changhao Property Limited*（重慶同景昌浩置業有限公司）("**Chongqing Changhao**"), a 90% owned subsidiary that was classified as held for sale as at 30 June 2017. The Group will disclose the required information in its annual consolidated financial statements for the year ending 31 December 2017.

Interim Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 Prior year restatement

2.3.1a Restatement of the comparative amounts in the interim condensed consolidated financial statements as as result of business combinations for entities under common control occurred in the second half of year 2016

The Group adopts merger accounting for common control combinations in respect of the following transactions and accordingly, the comparative amounts in the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2016 is restated.

(a) On 4 July 2016, the Group entered into several business and land sale agreements with an affiliate of Mr. Ji, the controlling shareholder of the Group, to purchase the respective rights and assets in operating the business of a hotel, villa management and country club and resort stores as well as certain land properties located in Australia at an aggregate consideration of AUD85,200,000 (equivalent to approximately RMB431,555,000) and the consideration is subject to final adjustment calculation as disclosed in the circular of the Company dated 15 August 2016. The final consideration paid is approximately AUD83,360,000 (equivalent to approximately RMB425,969,000). The acquisition was completed on 9 November 2016. Among these acquisitions, the transfer of certain land properties was recognised as asset acquisition because the transaction only consist vacant land which has not been developed.

(b) On 12 August 2016, the Group entered into an agreement with Fullshare Group Pte. Ltd. to acquire the entire equity interests in Fullshare International Trade Pte. Ltd. at a cash consideration of HK$2,500,000 or the net asset value at the date of completion, whichever is lower. The acquisition was completed on 6 September 2016 with a final consideration of HK$1,871,000 (equivalent to approximately RMB1,612,000). Mr. Ji is also the ultimate controlling shareholder of Fullshare Group Pte. Ltd.

Interim Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 Prior year restatement (continued)

2.3.1b Reclassification of the comparative amounts in the interim condensed consolidated financial statements

During the six months ended 30 June 2017, certain comparative figures in respect of the six months ended 30 June 2016 have been reclassified to conform with the current period's presentation.

2.3.2 Restatement of prior year's financial statements as a result of finalised purchase price allocation of prior year acquisitions

During the year ended 31 December 2016, the Group acquired approximately 73.91% equity interests in China High Speed Transmission Equipment Group, Co. Ltd. ("**CHS**") and 70% equity interests in Northern King Holdings Limited, Wise Stream Limited and their subsidiaries (collectively referred to as "**Baoqiao Group**") of which the valuation has not been completed and the respective fair values of the identifiable net assets and goodwill were determined provisionally. During the period, the Group made certain fair value adjustments, with reference to the finalised independent valuation, to the carrying amounts of the identifiable assets and liabilities of CHS and Baoqiao Group as a result of completing the initial accounting. The adjustments to the fair values at the acquisition date of the identifiable net assets were made as if initial accounting had been completed on the acquisition date. In addition, the depreciation and amortisation of the respective assets subsequent to the acquisition dates were adjusted accordingly.

The above restatements relate to acquisitions which were effected during the second half of the year 2016 and hence have no financial impact on the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2016 as well as consolidated financial position as at 1 January 2016. Accordingly no restated consolidated statement of financial position as at 1 January 2016 is presented.

Interim Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 Prior year restatement

2.3.3 Quantitative impact on the interim condensed consolidated financial statements

i. Restated interim condensed consolidated statement of profit and loss and comprehensive income for the six months ended 30 June 2016

For the six months ended 30 June 2016

	As originally stated RMB'000	**Acquired subsidiaries** RMB'000	**Reclassification** RMB'000	**As restated** RMB'000
Revenue	1,361,830	32,114	–	1,393,944
Cost of sales	(936,300)	(48,887)	–	(985,187)
Gross profit/(loss)	425,530	(16,773)	–	408,757
Fair value change in financial instruments	1,768,319	–	–	1,768,319
Other income and gains/losses, net	25,908	81	(5,604)	20,385
Selling and distribution expenses	(69,279)	–	–	(69,279)
Administrative expenses	(141,554)	(7,378)	5,604	(143,328)
Finance costs	(12,173)	–	–	(12,173)
Gain on disposal of subsidiaries	14,283	–	–	14,283
Profit/(loss) before tax	2,011,034	(24,070)	–	1,986,964
Income tax expense	(364,983)	–	–	(364,983)
Profit/(loss) for the period	1,646,051	(24,070)	–	1,621,981

Interim Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 Prior year restatement (continued)

2.3.3 Quantitative impact on the interim condensed consolidated financial statements (continued)

i. Restated interim condensed consolidated statement of profit and loss and comprehensive income for the six months ended 30 June 2016 (continued)

For the six months ended 30 June 2016

	As originally stated RMB'000	**Acquired subsidiaries** RMB'000	**Reclassification** RMB'000	**As restated** RMB'000
Other comprehensive income/(loss)				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	56,738	(1,301)	–	55,437
Other comprehensive income/(loss) for the period, net of tax	56,738	(1,301)	–	55,437
Total comprehensive income/(loss)	1,702,789	(25,371)	–	1,677,418
Profit/(loss) attributable to:				
Owners of the parent	1,662,155	(24,070)	–	1,638,085
Non-controlling interests	(16,104)	–	–	(16,104)
	1,646,051	(24,070)	–	1,621,981
Total comprehensive income/(loss) attributable to:				
Owners of the parent	1,718,893	(25,371)	–	1,693,522
Non-controlling interests	(16,104)	–	–	(16,104)
	1,702,789	(25,371)	–	1,677,418

Interim Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.3 Prior year restatement (continued)

2.3.3 Quantitative impact on the interim condensed consolidated financial statements (continued)

ii. Restated interim condensed consolidated statement of financial position as at 31 December 2016

	As originally stated RMB'000	**Adjustments** RMB'000	**As restated** RMB'000
Total non-current assets	19,817,545	118,042	19,935,587
Total current assets	28,477,128	–	28,477,128
Total current liabilities	17,356,839	–	17,356,839
Total non-current liabilities	4,759,281	(17,075)	4,742,206
Equity attributable to owners of the parent	22,556,696	(18,396)	22,538,300
Non-controlling interests	3,621,857	153,513	3,775,370
Total equity	26,178,553	135,117	26,313,670

Details of the financial line items as restated in the interim condensed consolidated statement of financial position as at 31 December 2016 includes the followings:

	As originally stated RMB'000	**Adjustments** RMB'000	**As restated** RMB'000
Non-current assets			
Property, plant and equipment	6,565,282	(7,336)	6,557,946
Prepaid land lease payments	1,386,939	10	1,386,949
Goodwill	1,573,910	93,429	1,667,339
Other intangible assets	852,806	31,939	884,745
Non-current liabilities			
Deferred tax liabilities	1,907,171	(17,075)	1,890,096

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) Properties – investment, development and sale of properties, and provision of construction related service;

(b) Tourism – tourist services;

(c) Investment and financial services – holding and investing in a variety of investments and financial products with potential or for strategic purposes including but not limited to listed and unlisted securities, bonds, funds, derivatives, structured and other treasury products; rendering the investment and financial related consulting services;

(d) Healthcare and education – healthcare and education products and services; and

(e) New energy – manufacture and sale of gear products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that certain income and gains, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, certain property, plant and equipment, tax prepaid, pledged bank deposits, structured bank deposits, cash and cash equivalents, deposits paid for potential acquisitions, consideration receivable, assets classified as held for sales and other unallocated head office and corporate assets as these assets are managed on a group basis.

Interim Condensed Consolidated Financial Statements

3. OPERATING SEGMENT INFORMATION (continued)

Segment liabilities exclude taxation payable, dividend payable, bank and other borrowings, deferred tax liabilities, acquisition consideration payables, convertible bonds, corporate bonds, liabilities directly associated with the assets classified as held for sale and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

During the year ended 31 December 2016, the Group acquired a number of subsidiaries. Other than the new businesses (Tourism and New energy) acquired which are identified as new reportable segments, management has revised other reportable segments and revised the Group's internal reporting, which combined all property related businesses, including properties development, properties investment, construction and green building service into one segment (Properties). As a result of the changes to reportable segments and segment presentation, the prior year segment information for the six months ended 30 June 2016 has been re-presented to conform with the revised presentation.

Interim Condensed Consolidated Financial Statements

3. OPERATING SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2017 and 2016, respectively.

For the six months ended 30 June 2017

	Property (Unaudited) RMB'000	Tourism (Unaudited) RMB'000	Investment and financial services (Unaudited) RMB'000	Healthcare and education (Unaudited) RMB'000	New energy (Unaudited) RMB'000	Total (Unaudited) RMB'000
Sales	**514,228**	**65,431**	**37,732**	**323,267**	**3,894,207**	**4,834,865**
Fair value change in financial instruments	–	–	**(1,329,786)**	–	–	**(1,329,786)**
Segment profit/(loss)	**701,015**	**11,389**	**(1,279,926)**	**(24,813)**	**325,114**	**(267,221)**
Unallocated corporate expenses						**(53,158)**
Unallocated other income						**42,895**
Gain on disposal of subsidiaries						**29,297**
Finance costs						**(323,979)**
Loss before tax						**(572,166)**

Interim Condensed Consolidated Financial Statements

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2016

	Property (Unaudited and restated) RMB'000	Tourism (Unaudited and restated) RMB'000	Investment and financial services (Unaudited and restated) RMB'000	Healthcare and education (Unaudited and restated) RMB'000	New energy (Unaudited) RMB'000	Total (Unaudited) RMB'000
Sales	1,138,463	32,017	–	223,464	–	1,393,944
Fair value change in financial instruments	–	–	1,768,319	–	–	1,768,319
Segment profit/(loss)	306,114	(19,073)	1,768,319	(15,343)	–	2,040,017
Unallocated corporate expenses						(75,548)
Unallocated other income						20,385
Gain on disposal of subsidiaries						14,283
Finance costs						(12,173)
Profit before tax						1,986,964

Interim Condensed Consolidated Financial Statements

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents asset and liability information for the Group's operating segments as at 30 June 2017 and 31 December 2016, respectively:

	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare and education RMB'000	New energy RMB'000	Total RMB'000
Assets						
30 June 2017 (Unaudited)	6,799,660	1,607,261	9,282,844	1,841,305	22,577,222	42,108,292
Reconciliation:						
Corporate and other unallocated assets						7,592,755
Total assets						49,701,047
31 December 2016 (Unaudited and restated)	6,659,135	1,558,496	7,866,745	1,016,351	23,592,029	40,692,756
Reconciliation:						
Corporate and other unallocated assets						7,719,959
Total assets						48,412,715
Liabilities						
30 June 2017 (Unaudited)	2,326,794	45,089	373	287,644	8,972,702	11,632,602
Reconciliation:						
Corporate and other unallocated liabilities						13,082,297
Total liabilities						24,714,899
31 December 2016 (Unaudited and restated)	2,108,289	28,378	–	271,406	8,096,308	10,504,381
Reconciliation:						
Corporate and other unallocated liabilities						11,594,664
Total liabilities						22,099,045

Interim Condensed Consolidated Financial Statements

4. REVENUE, OTHER INCOME AND GAINS/LOSS, NET

Revenue represents the net invoiced value of properties and goods sold, after allowances for returns and trade discounts; gross rental income received and receivable; an appropriate proportion of contract revenue of construction contracts, income from hotel operations and the value of services rendered.

An analysis of revenue, other income and net gains/loss is as follows:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Revenue		
Sale of properties	**391,342**	982,081
Sale of goods	**4,142,101**	218,335
Rendering of services	**181,311**	79,151
Hotel operations	**65,431**	32,017
Revenue from construction contracts	**–**	82,360
Gross rental income	**54,680**	–
	4,834,865	1,393,944
Other income		
Bank interest income	**34,246**	3,478
Other interest income	**56,859**	1,669
Rental income	**6,845**	9,134
Government grants	**16,974**	2,807
Other investment income	**28,348**	–
Management fee income	**24,521**	5,627
Sale of scraps and material	**20,777**	–
Other	**5,922**	3,274
	194,492	25,989

Interim Condensed Consolidated Financial Statements

4. REVENUE, OTHER INCOME AND GAINS/LOSS, NET (continued)

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Gains/losses, net		
Gain from land resumption (note)	**122,283**	–
Gain on disposal of items of property, plant and equipment	**1,377**	–
Gain on disposal of an associate	**58**	–
Change in fair value of properties held for sale transferred to investment properties (note 11)	**431,920**	–
Net foreign exchange loss	**(28,471)**	(5,604)
	527,167	(5,604)
	721,659	20,385

Note: The amount represents the excess of accumulated considerations received from the local district government of Jiangning over the carrying amounts of respective assets abandoned or handed over and the accumulated costs incurred in relation to and as a result of the resumption of land on which one of the plants previously owned by Nanjing High Speed Gear Manufacturing Co., Ltd., a subsidiary of the Group. A gain was recognised as the land resumption was completed during the six months ended 30 June 2017.

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5. FAIR VALUE CHANGE IN FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fair value change in listed equity investments	**(1,321,365)**	1,768,319
Fair value change in financial assets designated as at fair value through profit or loss	**(9,294)**	–
Fair value change in derivative components of convertible bonds	**873**	–
	(1,329,786)	1,768,319

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Cost of inventories sold	**3,114,725**	157,570
Cost of properties sold	**231,384**	652,035
Cost of hotel operations	**89,016**	48,887
Cost of services provided	**111,462**	44,929
Direct operating expenses arising from rental-earning investment properties	**6,257**	–
Cost of construction contracts	**–**	81,766
Depreciation	**471,581**	26,541
Amortisation of other intangible assets	**54,924**	114
Amortisation of prepaid land lease payments	**14,228**	58
Impairment (reversal of impairment) of trade receivables, net	**76,349**	(768)
Impairment loss of other receivables	**13,761**	–
Write-down of inventories to net realisable value (included in cost of sales)	**82,319**	–
Foreign exchange differences, net	**28,471**	5,604

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Interest on bank and other borrowings	**327,287**	29,282
Interest on convertible bonds	**873**	–
Interest on corporate bonds	**422**	395
Interest on finance leases	**163**	–
Less: Interest capitalised	**(4,766)**	(17,504)
	323,979	12,173

8. INCOME TAX

The Group calculates the income tax expense for the period using the tax rates prevailing in the jurisdictions in which the Group operates. The major components of income tax (credit) expense in the interim condensed statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current		
PRC corporate income tax	**198,897**	89,444
Land appreciation tax ("**LAT**")	**20,822**	(18,581)
Deferred tax	**(253,870)**	294,120
Total tax (credit) charge for the period	**(34,151)**	364,983

Interim Condensed Consolidated Financial Statements

8. INCOME TAX (continued)

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (six months ended 30 June 2016: 25%) on the taxable profits of the Group's other PRC subsidiaries during the period.

The following subsidiaries are qualified as high technology development enterprises and are thus subject to tax at a preferential tax rate of 15% for 3 years from the date of approval:

Name of company	Year ended during which approval was obtained	Year ended/ ending during which approval will expire
Shenzhen Anke High-Tech Company Limited	31 December 2015	31 December 2017
Nanjing High Speed Gear Manufacturing Co., Ltd. ("**Nanjing High Speed**")	31 December 2014	31 December 2016 (note)
Nanjing High Speed & Accurate Gear (Group) Co., Ltd ("**Nanjing High Accurate**")	31 December 2014	31 December 2016 (note)
Nanjing Gaochuan Sky Digital Control Equipment Manufacturing Co., Ltd.	31 December 2015	31 December 2017
CHSTE (Beijing) Shougao Metallurgical Engineering & Equipment Co., Ltd.	31 December 2015	31 December 2017

Note: The approval of Nanjing High Speed and Nanjing High Accurate was issued on 31 October 2014. As the preferential tax rate of 15% for 3 years became effective from the date of approval and will end in October 2017, the subsidiaries applied the rate of 15% for the calculation of Enterprise Income Tax for the six months ended 30 June 2017. As at the reporting date, Nanjing High Speed and Nanjing High Accurate are in the process of applying to renew the qualification of the high technology development enterprises.

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8. INCOME TAX (continued)

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT（中華人民共和國土地增值稅暫行條例）effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT（中華人民共和國土地增值稅暫行條例實施細則）effective from 27 January 1995, all gains arising from a transfer of real estate property in PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, with an exemption provided for property sales of ordinary residential properties if their appreciation values exceed 20% of the sum of the total deductible items.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2017.

Singapore corporate income tax

No provision for taxation in Singapore corporate income tax has been made as the Group did not generate any assessable profits arising in Singapore during the period (six months ended 30 June 2016: Nil).

Australia company tax

No provision for taxation in Australia has been made as the subsidiaries with operation in Australia either did not generate any assessable profits or the assessable profit is wholly absorbed by tax losses brought forward during the period ended 30 June 2017 (six months ended 30 June 2016: Nil).

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9. DIVIDENDS

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2017 (30 June 2016: Nil).

The proposed final dividend of RMB1.5 cents per ordinary share for the year ended 31 December 2016 was declared payable and approved by the shareholders at the annual general meeting of the Company on 19 May 2017.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of approximately 19,729,062,000 (six months ended 30 June 2016: 15,643,328,000) in issue during the period.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to owners of the parent, adjusted to reflect the interest on the convertible bonds and fair value change on the conversion option derivative components of the convertible bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
(Loss)/Earnings		
(Loss)/Earnings for the purpose of the basic (loss)/earnings per share calculation	**(567,074)**	1,638,085
Interest on convertible bonds	**873**	–
Fair value gain on the derivative component of the convertible bonds	**(873)**	–
Loss attributable to owners of parent before interest and fair value change on convertible bonds	**(567,074)**	1,638,085

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10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	’000	’000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**19,729,062**	15,643,328
Effect of dilution – weighted average number of ordinary shares:		
Convertible bonds	**6,209**	–
	19,735,271	15,643,328

Since the convertible bonds had an anti-dilutive effect on the basic loss per share for the six months ended 30 June 2017, the diluted loss per share amount are based on the loss for the period attributable to the owners of the parent, of RMB567,074,000, and the weighted average number of ordinary shares of approximately 19,729,062,000 in issue during the period.

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11. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2017, the Group acquired property, plant and equipment with a cost of RMB361,851,000 (six months ended 30 June 2016: RMB119,021,000), other than those acquired through business combinations.

Other than the disposal of subsidiaries as disclosed in note 21 and the derecognition of assets related to land resumption, assets with a net book value of RMB345,264,000 were disposed of by the Group during the six months ended 30 June 2017 (30 June 2016: RMB37,000), resulting in a net gain on disposal of RMB1,377,000 (30 June 2016, net loss: RMB36,000).

During the six months ended 30 June 2017, certain properties held for sales, representing the shopping malls, with a carrying amount of approximately RMB718,080,000 were transferred to investment properties as these properties are held for rental income or appreciation purpose. The fair value of these properties of approximately RMB1,150,000,000 at the date of transfer to investment properties were valued by Avista Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group, by reference to comparable sales transactions as available in relevant markets and where appropriate, the basis of capitalisation of rental income derived from the existing tenancies with due allowance for reversionary income potential of the properties. Accordingly, a fair value gain of approximately RMB431,920,000 was recognised in the profit or loss during the period.

At 30 June 2017, the Group is in the process of obtaining property certificates for the buildings and land use rights certificates in respect of medium-term land use rights located in the PRC with carrying amount of RMB1,173,059,000 and RMB635,911,000 (31 December 2016: RMB1,207,690,000 and RMB695,475,000) respectively.

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12. TRADE AND BILLS RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Trade receivables	**4,110,205**	4,025,888
Bills receivables	**2,891,736**	3,286,299
Impairment	**(106,997)**	(30,648)
	6,894,944	7,281,539
Analysed for reporting purposes as:		
Current	**6,874,461**	7,270,482
Non-current	**20,483**	11,057
	6,894,944	7,281,539

Interim Condensed Consolidated Financial Statements

12. TRADE AND BILLS RECEIVABLES (continued)

The Group generally allows a credit period of 180 days to its trade customers for gear products and healthcare products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate. In view of the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and the bills received date and net of provisions, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Within 90 days	**3,304,093**	3,768,960
91 to 180 days	**1,039,291**	1,447,886
181 to 365 days	**1,919,081**	1,493,164
Over 365 days	**632,479**	571,529
	6,894,944	7,281,539

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13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Prepayments	**1,760,796**	1,338,471
Deposits and other receivables*	**2,335,382**	1,065,630
VAT recoverable	**157,833**	131,684
Other tax prepaid	**50,276**	61,383
Amounts due from joint ventures	**26,156**	191,156
Amounts due from associates	**42,989**	713,016
	4,373,432	3,501,340
Analysed for reporting purposes as:		
Current	**4,183,593**	2,754,684
Non-current*	**189,839**	746,656
	4,373,432	3,501,340

* At 31 December 2016, included in other receivable an amount of RMB551,524,000 represented an advance made to an insurance company in the PRC, which will mature in 2018, and carries interest at an annualised fixed rate at 6.33% per annum. Interest and the principal amount are repayable at the maturity date. It is classified as current assets at 30 June 2017.

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14. FINANCIAL ASSETS HELD FOR TRADING

The balance as at 30 June 2017 and 31 December 2016 represent the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on those dates. The directors of the Company consider that the closing prices of these securities are the fair value of the investments.

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Listed equity investments, at market value		
Zall Group Ltd. ("**Zall Group**") (02098.HKEX)	**3,664,639**	5,125,172
China Saite Group Company Limited (00153.HKEX)	**99,014**	96,844
Nanjing Sinolife United Company Limited (03332.HKEX)	**64,458**	67,809
C&D International Investment Group Limited (01908.HKEX)	**170,043**	184,657
Medicskin Holdings Limited (08307.HKEX)	**43,725**	62,632
	4,041,879	5,537,114

During the six months ended 30 June 2017, there were no addition or disposal of the securities listed above.

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15. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Listed equity investments, at fair value (note a)	**674,329**	781,508
Unlisted equity investments, at cost (note b)	**2,253,363**	288,582
	2,927,692	1,070,090
For reporting purpose:		
Current portion	**565,000**	–
Non-current portion	**2,362,692**	1,070,090
	2,927,692	1,070,090

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

Notes:

(a) At 30 June 2017, the balance includes the Group's investments in 50,093,000 H shares of 國電科技環保集團股份有限公司 Guodian Technology & Environment Group Corporation Limited of RMB23,912,000 (31 December 2016: RMB24,197,000); 16,962,000 shares of 日月重工股份有限公司 Riyue Heavy Industry Co., Ltd. of RMB601,128,000 (31 December 2016: RMB706,461,000) and 4,593,000 shares of 江蘇銀行股份有限公司 Bank of Jiangsu Co., Ltd. of RMB49,289,000 (31 December 2016: RMB50,850,000).

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15. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes: (continued)

(b) (i) On 20 March 2017, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd.*, (南京高精傳動設備製造集團有限公司) ("**Nanjing High Accurate Drive**"), a subsidiary of the Group, entered into a trust investment agreement ("**Trust Investment Agreement**") with Ningbo Zhongbang Jinkong Investment Co., Ltd.* (寧波眾邦金控投資有限公司) ("**Ningbo Zhongbang**"), in relation to a portfolio of financial products to be invested and managed by Ningbo Zhongbang for a trust period of one year ending 19 March 2018. During the period ended 30 June 2017, an initial investment fund made by Nanjing High Accurate Drive in accordance with the Trust Investment Agreement amounted to RMB550,000,000.

(ii) On 17 April 2017, Nanjing High Accurate Drive entered into a limited partnership agreement with thirty-four other partners in respect of, among other matters, the establishment of an investment fund in the PRC and the subscription of interest therein. The general partner and executive partner of the investment fund is Ningbo Qianchao Yongxin Investment Management LLP* (寧波錢潮湧鑫投資管理合夥企業(有限合夥)), a limited partnership established in the PRC. The objective of the investment fund is to invest in businesses arising from government's economic reform especially in Zhejiang region. The Group considers that such investment could bring more investment opportunities and better investment returns by leveraging on the other partners' advantageous resources or experience in investment management. Pursuant to the limited partnership agreement, the total capital commitment to the investment fund is RMB65.91 billion, among which, RMB2 billion is to be contributed by Nanjing High Accurate Drive as a limited partner. As at 30 June 2017, RMB1 billion has been paid up by Nanjing High Accurate Drive to the investment fund with the remaining RMB1 billion settled in July 2017.

(iii) On 26 April 2017, China Transmission Holdings Limited, a subsidiary of the Group, entered into a subscription agreement to subscribe for 32,000 class A shares attributable to a segregated portfolio (the "**Portfolio**") created by Green Asia Restructure Fund SPC ("**Green Asia**") at a total subscription price of USD32,000,000, equivalent to approximately RMB219 million. The investment objective of the Portfolio is capital appreciation and is managed by Long Asia Asset Management Limited, the manager appointed by Green Asia. The class A shares owned by the Group do not carry any voting rights in the Portfolio or Green Asia, and are redeemable at the Group's own discretion at a redemption price by reference to the net asset value of the Portfolio at the valuation day immediately preceding the redemption day.

(iv) The remaining amount represents the investments in unlisted equity securities issued by private entities established in the PRC and are held by the Group as non-current assets, which are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

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16. TRADE AND BILLS PAYABLES

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Trade payables	**2,653,568**	2,182,270
Bills payable	**4,922,998**	4,688,610
	7,576,566	6,870,880

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date and the date of issuance of the bills, is as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Within 3 month	**2,984,745**	5,110,906
3 to 6 months	**2,822,564**	1,273,637
6 to 12 months	**1,550,400**	195,564
Over 1 year	**218,857**	290,773
	7,576,566	6,870,880

Included in the trade and bills payables are trade payables of RMB176,000 (31 December 2016: RMB91,770,000) due to the Group's associates and RMB8,475,000 (31 December 2016: RMB194,000) due to the Group's joint ventures which are repayable within 90 days.

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 180 days.

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17. OTHER PAYABLES AND ACCRUALS

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Accruals	**894,546**	1,107,783
Amounts due to joint ventures	**30,000**	31,096
Amounts due to associates	**28,610**	28,208
Due to other related parties	**6,275**	4,701
Other tax payables	**69,233**	95,618
Payroll and welfare payables	**68,756**	190,746
Other payables	**612,930**	424,751
Payables for purchase of property, plant and equipment	**187,165**	140,008
	1,897,515	2,022,911

18. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 29 June 2017, the Group entered into a sale and purchase agreement with 重慶皇帆實業有限公司, an independent third party for the disposal of its 90% equity interest in Chongqing Changhao at a consideration of RMB248,000,000. Amount of approximately RMB112,576,000 shall be deemed to be paid as part of the consideration upon completion once the purchaser has assumed the liabilities to pay the amount due to Chongqing Changhao on behalf of the Group. Chongqing Changhao is principally engaged in property development. The disposal was completed on 10 July 2017.

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18. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The major classes of assets and liabilities of Chongqing Changhao classified as held for sale as at 30 June 2017 are as follows:

	RMB'000
Assets	
Property, plant and equipment	508
Investment properties	5,600
Prepayments, deposits and other receivables	1,333
Tax prepaid	14,794
Properties held for sale	166,244
Cash and cash equivalents	52,766
Assets classified as held for sale	241,245
Liabilities	
Trade payables	2,146
Other payables and accruals	41,034
Receipts in advance and deposits received	25,167
Taxation payable	2,704
Dividend payable	15,447
Deferred tax liabilities	331
Liabilities directly associated with assets classified as held for sale	86,829
Net assets directly associated with the disposal subsidiary	154,416

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19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017			31 December 2016		
	Effective interest rate (%)	**Maturity**	**RMB'000 (Unaudited)**	Effective interest rate (%)	Maturity	RMB'000 (Unaudited)
Current						
Bank loans – secured	**2.38-12**	**2018**	**1,691,710**	1.48-8.14	2017	2,818,949
Bank loans – unsecured	**1.05-6.05**	**2018**	**3,987,397**	4.57-6.69	2017	2,734,923
Guaranteed listed bonds	**9.77**	**2017**	**108,502**	9.77	2017	260,694
Other borrowings – unsecured	**0.00-8.50**	**2017-2018**	**1,027,730**	1.19	2017	142,200
Current portion of long term bank loans – secured	**4.90-6.18**	**2017-2018**	**85,000**	5.94-6.18	2017	215,000
Current portion of other long term loans – secured	**6.20**	**2018**	**190,000**	2.99-13.21	2017	2,075
Loans from related parties – secured	**–**	**2017-2018**	**36,040**	–	2017	52,094
Current portion of medium-term notes – unsecured	**6.20**	**2017-2018**	**500,000**	–	–	–
			7,626,379			6,225,935
Non-current						
Medium-term notes –unsecured	**8.50**	**2018-2019**	**500,000**	6.20-8.50	2018-2019	1,000,000
Bank loans – secured	**4.9-6.18**	**2018-2026**	**1,346,703**	4.90-6.18	2018-2026	1,729,983
Other borrowings – unsecured	**8.00**	**2020**	**364,014**	4.75	2018	20,000
Corporate bonds – unsecured	**6.47**	**2022**	**895,373**	–	–	–
			3,106,090			2,749,983
			10,732,469			8,975,918

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19. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Unaudited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**5,764,107**	5,768,872
In the second year	**125,000**	471,841
In the third to fifth years, inclusive	**272,966**	356,125
Beyond five years	**948,737**	902,017
	7,110,810	7,498,855
Other borrowings repayable:		
Within one year	**1,862,272**	457,063
In the second year	**500,000**	520,000
In the third to fifth years, inclusive	**1,259,387**	500,000
	3,621,659	1,477,063
	10,732,469	8,975,918

Included in other borrowings of RMB784,280,000 (31 December 2016: nil) due to the Group's controlling shareholder is being unsecured, interest-free and repayable within one year.

Bank loans of RMB1,259,987,000 as at 30 June 2017 were guaranteed by Mr. Ji.

The secured borrowings at the end of the reporting period were secured by pledge of assets, details of which are set out in note 23.

20. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

(a) Acquisition of Sparrow Early Learning Pty Ltd and its wholly-owned subsidiaries (collectively referred to as "Sparrow").

On 20 January 2017, the Group acquired a 90% of the equity interests in Sparrow Early Learning Pty Ltd through acquisition from SOX Childcare Centres Pty Ltd, an independent third party as well as subscription of the new shares of Sparrow Early Learning Pty Ltd at an aggregate cash consideration of AUD72,900,000 (equivalent to approximately RMB376,994,000). Sparrow is principally engaged in providing early childhood care and education. As the Group focused on green and healthy living, the acquisition demonstrates a strong alignment with the Group's interest and commitment in the development and wellness of children. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Sparrow since the acquisition date.

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20. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (continued)

(a) Acquisition of Sparrow Early Learning Pty Ltd and its wholly-owned subsidiaries (collectively referred to as "Sparrow"). (continued)

The fair values of the identifiable assets and liabilities of Sparrow as at the date of acquisition were as follows:

	Acquiree's provisional fair value recognised on acquisition (Unaudited) RMB'000
Property, plant and equipment	10,787
Deferred tax assets	6,512
Cash and cash equivalents	5,776
Pledged bank deposits	3,918
Trade receivables	3,324
Prepayments, deposits and other receivables	6,342
Tax prepaid	1,780
Trade payables	(3,948)
Other payables and accruals	(22,351)
Receipts in advance	(2,280)
Deferred tax liabilities	(19)
Obligations under finance leases	(826)
Taxation payable	(161)
Total identifiable net assets at provisional fair value	8,854
Less: non-controlling interests	(885)
Goodwill arising on acquisition	369,025
Total consideration settled by cash	376,994
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiaries	5,776
Cash paid	(372,973)
Net cash outflow on acquisition	(367,197)
Deposits paid for potential acquisition in previous year	(4,021)
Transaction costs of the acquisition	(3,135)
	(374,353)

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20. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (continued)

(a) Acquisition of Sparrow Early Learning Pty Ltd and its wholly-owned subsidiaries (collectively referred to as "Sparrow "). (continued)

The initial accounting for the above acquisition in the interim condensed consolidated financial statements has been determined provisionally as the Group is awaiting the result of an independent valuation in relation to property, plant and equipment and other net assets acquired in the transaction. The valuation has not been completed by the date the interim condensed consolidated financial statements are approved. Accordingly, the amounts of identifiable net assets and goodwill as stated above may be subsequently adjusted.

From the date of acquisition, Sparrow has contributed RMB79,497,000 to the Group's revenue and RMB9,829,000 of net profit to the Group for the six months ended 30 June 2017. Had the combination taken place at the beginning of the period, the revenue of the Group and the loss of the Group for the six months ended 30 June 2017 would have been RMB4,842,322,000 and RMB549,025,000 respectively.

Goodwill which arose on the acquisition included a control premium. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Sparrow. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for income tax purposes.

Transaction costs of RMB3,135,000 have been expensed and are included in administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income and are part of operating cash flows in the condensed consolidated statement of cash flows.

(b) Acquisition of Kunshan Herong Properties Development Limited*（昆山和融房地產開發有限公司）("Kunshan Herong")

On 30 June 2017, the Group acquired the entire equity interests in Kunshan Herong from Kunshan Ronghui Properties Development Limited*（昆山市融匯房地產開發有限公司）, an independent third party at a cash consideration of RMB26,410,000. Kunshan Herong is principally engaged in property development and operation. The acquisition was made as part of the Group's strategy to expand the property development business. The acquisition has been accounted for using the acquisition method.

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20. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (continued)

(b) Acquisition of Kunshan Herong Properties Development Limited*（昆山和融房地產開發有限公司）(“Kunshan Herong”) (continued)

The fair values of the identifiable assets and liabilities of Kunshan Herong at the date of acquisition were as follows:

	Acquiree's provisional fair value recognised on acquisition (Unaudited) RMB'000
Property, plant and equipment	40
Cash and cash equivalents	23,862
Prepayments, deposits and other receivables	141,040
Tax prepaid	2,425
Properties under development	244,296
Trade payables	(2,622)
Other payables and accruals	(92,643)
Receipts in advance	(104,396)
Bank and other borrowings	(193,634)
Total identifiable net assets at provisional fair value	18,368
Goodwill arising on acquisition	8,042
Total consideration settled by cash	26,410
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiaries	23,862
Cash paid	(7,923)
Net cash inflow on acquisition	15,939
Transaction costs of the acquisition	(443)
	15,496

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20. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (continued)

(b) Acquisition of Kunshan Herong Properties Development Limited*（昆山和融房地產開發有限公司）("Kunshan Herong") (continued)

The initial accounting for the above acquisition in the interim condensed consolidated financial statements has been determined provisionally as the Group is awaiting the result of an independent valuation in relation to property, plant and equipment, properties under development and other net assets acquired in the transaction. The valuation has not been completed by the date the interim condensed consolidated financial statements are approved. Accordingly, the amounts of identifiable net assets and goodwill as stated above may be subsequently adjusted. Had the combination taken place at the beginning of the period, the revenue of the Group and the loss of the Group for the six months ended 30 June 2017 would have been RMB4,842,577,000 and RMB546,228,000 respectively.

Goodwill which arose on the acquisition included a control premium. The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development of Kunshan Herong. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for income tax purposes.

Transaction costs of RMB443,000 have been expensed and are included in administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income and are part of operating cash flows in the condensed consolidated statement of cash flows.

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21. DISPOSAL OF SUBSIDIARIES

(a) Nanjing Tianyun Real Estate Development Company Limited* ("Nanjing Tianyun")

On 27 June 2017, the Group disposed of its 80% equity interest in Nanjing Tianyun Real Estate Development Company Limited*（南京天韻房地產開發有限公司）("**Nanjing Tianyun**") to Nanjing Changfa Dushi Real Estate Development Co. Ltd.*（南京長發都市房地產開發有限公司）which directly held 5% equity interest in Nanjing Tianyun prior to the completion of transaction, at a cash consideration of RMB787,000,000, of which RMB694,000,000 shall be deemed to be paid as the purchaser has assumed the liabilities to pay the amount due to Nanjing Tianyun on behalf of the Group.

The assets and liabilities of Nanjing Tianyun at the disposal date were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	395
Cash and cash equivalents	9,459
Trade receivables	506
Prepayments, deposits and other receivables	845,438
Tax prepaid	31,570
Properties under development	59,467
Properties held for sale	418,009
Trade payables	(18,356)
Other payables and accruals	(190,139)
Receipts in advance and deposits received	(112,958)
Taxation payable	(10,296)
Bank and other borrowings-Non-current	(96,110)
Deferred tax liabilities	(6,282)
Non-controlling interests	(173,000)
	757,703
Gain on disposal of a subsidiary	29,297
Cash consideration for disposal	787,000

* *English name for identification purposes only*

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21. DISPOSAL OF SUBSIDIARIES (continued)

(a) Nanjing Tianyun Real Estate Development Company Limited* ("Nanjing Tianyun") (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	30 June 2017 (Unaudited) RMB'000
Cash consideration	**93,000**
Unsettled consideration (Note)	**(93,000)**
Cash and cash equivalents disposed of	**(9,459)**
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	**(9,459)**

Note: Pursuant to the agreement, the consideration receivable of RMB93,000,000 will be settled within 120 business days after the completion of transaction.

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21. DISPOSAL OF SUBSIDIARIES (continued)

(b) Nanjing High Accurate Marine Equipment Co., Ltd and Zhenjiang Tongzhou Propeller Co., Ltd (collectively referred to as "Marine Disposal Group") and Nanjing Jingjing Photoelectric Science & Technology Co., Ltd and its subsidiaries (collectively referred to as "LED Disposal Group")

On 23 February 2017 and 27 March 2017, the Group entered into two equity transfer agreements with two independent third parties to dispose of its entire equity interests in Marine Disposal Group at an aggregate cash consideration of RMB607,000,000. The Marine Disposal Group is engaged in the manufacturing and sales of marine gear transmission equipment. These disposals were completed on 27 February 2017 and 18 April 2017 respectively.

On 20 April 2017, the Group entered into an equity transfer agreement with an independent third party to dispose of its entire equity interests in LED Disposal Group at a cash consideration of RMB155,176,000. The LED Disposal Group is engaged in the manufacturing and sales of LED products. The disposal was completed on 20 April 2017.

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21. DISPOSAL OF SUBSIDIARIES (continued)

(b) Nanjing High Accurate Marine Equipment Co., Ltd and Zhenjiang Tongzhou Propeller Co., Ltd (collectively referred to as "Marine Disposal Group") and Nanjing Jingjing Photoelectric Science & Technology Co., Ltd and its subsidiaries (collectively referred to as "LED Disposal Group") (continued)

The net assets of Marine Disposal Group and LED Disposal Group at the disposal dates and the resulting gain on disposal recognised were as follows:

	Marine Disposal Group RMB'000	**LED Disposal Group** RMB'000	**Total** RMB'000
Net assets disposed of:			
Property, plant and equipment	620,938	500,657	1,121,595
Prepaid land lease payments	120,504	89,517	210,021
Investment in a joint venture	–	537	537
Other intangible assets	21,059	–	21,059
Deferred tax assets	262	–	262
Inventories	248,753	96,842	345,595
Pledged bank deposits	5,725	9,803	15,528
Cash and cash equivalents	12,262	58,475	70,737
Trade and bills receivables	210,513	261,574	472,087
Prepayments, deposits and other receivables	68,635	150,341	218,976
Trade payables	(84,512)	(206,639)	(291,151)
Other payables and accruals	(288,764)	(477,070)	(765,834)
Receipts in advance and deposits received	(353,184)	(9,262)	(362,446)
Bank and other borrowings	–	(310,000)	(310,000)
Taxation payable	(148)	(467)	(615)
Deferred tax liabilities	(3,386)	(14,878)	(18,264)
Deferred income	(1,700)	(6,512)	(8,212)
Non-controlling interests	(6,389)	(15,537)	(21,926)
	570,568	127,381	697,949
Goodwill attributable to the disposal subsidiaries	36,432	27,795	64,227
Net consideration for disposal	607,000	155,176	762,176

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21. DISPOSAL OF SUBSIDIARIES (continued)

(b) Nanjing High Accurate Marine Equipment Co., Ltd and Zhenjiang Tongzhou Propeller Co., Ltd (collectively referred to as "Marine Disposal Group") and Nanjing Jingjing Photoelectric Science & Technology Co., Ltd and its subsidiaries (collectively referred to as "LED Disposal Group") (continued)

An analysis of the net inflow (outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Marine Disposal Group	**LED Disposal Group**	**Total**
	RMB'000	RMB'000	RMB'000
Cash consideration	607,000	155,176	762,176
Unsetted Consideration (Note)	–	(124,141)	(124,141)
Cash and cash equivalents disposed of	(12,262)	(58,475)	(70,737)
Net inflow (outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	594,738	(27,440)	567,298

Note: For the disposal of LED Disposal Group, the deferred consideration is agreed to be settled in instalments by 30 August 2017 and 30 September 2017, respectively

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22. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Audited) RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**1,246,051**	1,680,063

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate which will generally be available within an average period of two to three years from the completion of guarantee registration and receipt of such certificate by the bank; and (ii) the satisfaction of the mortgaged loans by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages.

The directors of the Company consider that the likelihood of default in payments by purchasers is minimal and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interests and penalty. Therefore, the financial guarantees measured at fair value are immaterial, and no provision has been made.

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22. CONTINGENT LIABILITIES (continued)

(b) The subsidiary of CHS entered into an agreement (the "**Agreement**") effective from 1 January 2013 with a third party (the "**Subcontractor**"), pursuant to which, the subsidiary of CHS assigns the Subcontractor and the Subcontractor agrees to repair certain of the wind gear products sold by the subsidiary of CHS at a fixed fee at certain percentage of annual sales of those wind gear products of the subsidiary of CHS (the "**Fixed Fee**"). The subsidiary of CHS is not liable for any additional cost incurred by the Subcontractor in relation to the repair of those wind gear products, other than the Fixed Fee. The Subcontractor however has not entered into any agreements with the customers of the wind gear products for the repair services. In the event of closure, liquidation, or inability of the Subcontractor to provide those repair services, the subsidiary of CHS is still liable for such repair obligations should those customers claim for that against the subsidiary of CHS. In the opinion of the directors, based on their experience, the financial position of the Subcontractor and their assessment of the current economic environment, the possibility of the default or inability by the Subcontractor to carry out the obligation is remote. Accordingly, no provision for the repair obligation of wind gear products has been made in the Group's interim condensed consolidated financial statements at the end of the reporting period.

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23. PLEDGE OF ASSETS

As at 30 June 2017, certain assets of the Group were pledged to secure convertible bonds and banking facilities granted to the Group as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Properties under development	**324,435**	487,620
Investment properties	**2,349,014**	2,347,014
Property, plant and equipment	**191,791**	114,750
Trade and bills receivables	**725,401**	1,292,704
Prepaid land lease payments	**48,120**	178,482
Financial assets held for trading	**–**	2,459,408
Pledged bank deposits	**3,306,400**	2,581,830
	6,945,161	9,461,808

Details of the Group's bank and other borrowings, which are secured by the assets of the Group, are included in note 19 to the interim condensed consolidated financial statements.

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24. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years (31 December 2016: one to twenty years). The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Within one year	**109,494**	158,428
In the second to fifth years, inclusive	**359,442**	360,602
After five years	**495,361**	562,289
	964,297	1,081,319

(b) As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to six years (31 December 2016: one to six years), and those for office equipment are for terms ranging between two and five years (31 December 2016: two and five years).

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24. OPERATING LEASE ARRANGEMENTS (continued)

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Within one year	**11,795**	10,559
In the second to fifth years, inclusive	**3,559**	3,568
	15,354	14,127

25. COMMITMENTS

In addition to the operating lease commitments detailed in note 24 (b) above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Contracted, but not provided for:		
Properties under development	**1,507,589**	956,979
Land and buildings	**13,600**	90,277
Plant and machinery	**219,610**	274,316
Capital contributions payable to an associate	**59,260**	59,260
Capital contributions payable to an investment fund/entity classified as available-for-sale investments	**1,000,000**	980,000
	2,800,059	2,360,832

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26. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the six months ended 30 June 2017 and 2016:

	Notes	**30 June 2017 (Unaudited) RMB'000**	30 June 2016 (Unaudited) RMB'000
Associates:			
Sales of property, plant and equipment		**466**	–
Purchases of products	(i)	**15,690**	–
Money lent	(ii)	**40,478**	–
Interest income	(ii)	**16,026**	–
Joint ventures:			
Sales of products	(iii)	**1,249**	–
Other income		**426**	–
Money lent	(iv)	**210,000**	–
Interest income	(iv)	**3,000**	–
The Group's controlling shareholder and his close family member			
Sales of properties	(v)	**13,727**	–
Money borrowed	(vi)	**784,280**	–
The associate of the Group's controlling shareholder:			
Green building design and consultancy service income	(vii)	**6,706**	34,972
Purchases of services	(vii)	**122,079**	540
Payment of deposits for potential acquisitions	(vii)	**–**	29,317
Sales of products	(vii)	**172**	–
The subsidiary of the Group's controlling shareholder:			
Management service income	(vii)	**2,516**	–
Rental income	(vii)	**–**	1,255
Sales of service	(vii)	**193**	3,448
Payment of deposits for potential acquisitions	(vii)	**–**	20,218

Interim Condensed Consolidated Financial Statements

26. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

(i) The purchases from the associates and joint ventures were made according to the published prices and conditions offered by the associates and joint ventures to their customers.

(ii) The Group entered into a contract with Nanjing Jiansheng Real Estate Development Company Limited to lend RMB25,478,000 at an annual interest rate of 9%. The Group entered into a contract with Applied Development Holding Limited to lend RMB15,000,000 with the interest of RMB656,000.

(iii) The sales to the joint ventures were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period of up to six months is normally granted.

(iv) The Group entered into a contract with Five Seasons Cultural Tourism Development Company to lend RMB210,000,000 with the interest of RMB3,000,000.

(v) Mr. Ji, and his close family member entered into contracts with Nanjing Tianyun to purchase properties according to the common prices and conditions on the market. The amount above represents amount of properties delivered during the six months ended 30 June 2017.

(vi) The Group entered into a contract with Magnolia Wealth International Limited to offer interest-free loan of HKD 904,000,000 (equivalent to approximately RMB784,280,000). The balance is included in bank and other borrowings with details disclosed in note 19 to the interim condensed consolidated financial statements.

(vii) The transactions are carried out on terms agreed by the Group and the respective counterparties, all of which are ultimately controlled by Mr. Ji or associates of Mr. Ji, a controlling shareholder and a director of the Company.

Interim Condensed Consolidated Financial Statements

26. RELATED PARTY TRANSACTIONS (continued)

(b) Other transactions with related parties:

At 30 June 2017, the Group provided guarantees to an associate, Nanjing Gaochuan Electrical & Mechanical Auto Control Equipment Co., Ltd.* (南京高傳機電自動控制設備有限公司) ("**Nanjing Gaochuan**") in favour of Nanjing Gaochuan's bank loans of RMB70,000,000 (31 December 2016: RMB236,000,000), which will be matured on or before 31 October 2017.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short term employee benefits	**8,677**	7,561
Post-employment benefits	**128**	82
Total compensation paid to key management personnel	**8,805**	7,643

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Interim Condensed Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is an overview of financial assets held by the Group as at 30 June 2017 and 31 December 2016:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited and restated) RMB'000
Financial assets at amortised cost:		
Cash and cash equivalents	**2,679,900**	3,864,068
Pledged deposits	**3,306,400**	2,581,830
Structured bank deposits	**–**	739,000
Trade and bills receivables	**6,874,461**	7,270,482
Financial assets included in prepayments, deposits and other receivables	**2,293,627**	1,778,003
Consideration receivable	**122,337**	105,947
Loan receivables	**1,506,735**	728,216
Loan to an associate	**–**	241,426
Available-for-sale investments:		
Unlisted equity investments	**2,253,363**	288,582
Listed equity investments	**674,329**	781,508
Financial assets at fair value through profit or loss:		
Financial assets designated as fair value through profit or loss	**733,979**	526,351
Held for trading financial assets:		
Equity shares of listed entities	**4,041,879**	5,537,114
Total	**24,487,010**	24,442,527

Interim Condensed Consolidated Financial Statements

27. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Set out below is an overview of financial liabilities held by the Group as at 30 June 2017 and 31 December 2016:

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited and restated) RMB'000
Financial liabilities at amortised cost:		
Trade and bills payables	**7,576,566**	6,870,880
Financial liabilities included in other payables and accruals	**1,773,739**	1,736,547
Dividend payable	**–**	9,545
Debt component of convertible bonds	**20,912**	20,786
Corporate bonds	**8,185**	8,387
Interest-bearing bank and other borrowings	**10,732,469**	8,975,918
Financial liabilities at fair value through profit or loss		
Embedded financial derivative portion of convertible bonds	**1,919**	2,895
Total	**20,113,790**	17,624,958

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28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	30 June 2017	31 December 2016	**30 June 2017**	31 December 2016
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale investments:				
Listed equity investments	**674,329**	781,508	**674,329**	781,508
Loan receivables	**1,506,735**	728,216	**1,532,182**	759,394
Other receivables, non-current	**69,707**	551,524	**69,707**	559,154
Financial assets designated as at fair value through profit or loss	**733,979**	526,351	**733,979**	526,351
Financial assets held for trading	**4,041,879**	5,537,114	**4,041,879**	5,537,114
	7,026,629	8,124,713	**7,052,076**	8,163,521
Financial liabilities				
Embedded financial derivative portion of convertible bonds	**1,919**	2,895	**1,919**	2,895
Bank and other borrowings	**10,732,469**	8,975,918	**10,871,613**	9,109,388
	10,734,388	8,978,813	**10,873,532**	9,112,283

The directors of the Company consider the carrying amounts of all financial assets and financial liabilities measured at amortised cost approximate to their fair values as at the end of the reporting period.

Interim Condensed Consolidated Financial Statements

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of loans receivables, the non-current portion of other receivables, bank and other borrowings have been calculated by discounting the expected future cash flow using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as at 30 June 2017 was assessed to be in significant.

The fair values of financial assets designated at fair value through profit or loss was determined by using the discounted cash flow method with the key inputs of quoted market prices and prevailing observable interest rates discounted at a rate that reflected the credit risk of various counterparties.

The fair values of financial assets held for trading and listed equity investments included in available-for-sale investments are derived from quoted market prices in active markets.

Interim Condensed Consolidated Financial Statements

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Available-for-sale investments:				
Listed equity investments	**674,329**	**–**	**–**	**674,329**
Financial assets held for trading	**4,041,879**	**–**	**–**	**4,041,879**
Financial assets designated as at fair value through profit or loss	**–**	**733,979**	**–**	**733,979**
	4,716,208	**733,979**	**–**	**5,450,187**

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28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: *(continued)*

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Unaudited and restated) RMB'000	Significant observable inputs (Level 2) (Unaudited and restated) RMB'000	Significant unobservable inputs (Level 3) (Unaudited and restated) RMB'000	Total (Unaudited and restated) RMB'000
Available-for-sale investments:				
Listed equity investments	781,508	–	–	781,508
Financial assets held for trading	5,537,114	–	–	5,537,114
Financial assets designated as at fair value through profit or loss	–	526,351	–	526,351
	6,318,622	526,351	-	6,844,973

During the six months ended 30 June 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2016: Nil).

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29. EVENTS AFTER THE REPORTING PERIOD

(i) On 26 July 2017, the Company entered into a share purchase agreement with Fullshare Value Fund I (A) L.P., a fund jointly controlled by a subsidiary of the Company and an independent third party ("**Fund**"), pursuant to which the Company agreed to dispose to the Fund of the entire issued share capital of Five Seasons XXII Limited, a direct wholly-owned subsidiary of the Company which directly holds the entire issued share capital of Five Seasons XXII Pte. Ltd. (who is the purchaser of the entire issued share capital of Plaza Ventures Pte. Ltd. ("**Plaza Ventures**")), together with the assignment of the shareholder loan granted by the Company to Five Seasons XXII Pte. Ltd. to the Fund, at an aggregate consideration of S$108,655,349. The disposal was completed on 26 July 2017 prior to the completion of acquisition of Plaza Ventures by Five Seasons XXII Pte. Ltd. on 31 July 2017.

(ii) On 12 July 2017, Nanjing High Accurate Drive issued a corporate bond of RMB1,020,000,000 which carries an interest rate of 6.5% per annum with a term of no more than 5 years.

(iii) On 24 August 2017, the Group terminated the proposed acquisition of the entire issued capital of Whisper On The Water Pty Ltd and other land properties. The cash deposit paid would be refunded by no later than 23 November 2017. Details of the proposed acquisition and termination have been disclosed in the announcements of the Company dated 25 May 2017 and 24 August 2017 respectively.

30. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2017.

Additional Information Required by the Listing Rules

BUSINESS REVIEW

The revenue of Fullshare Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2017 (the "**Period Under Review**") was derived from property business, tourism business, investment and financial services business, healthcare and education business and new energy business.

(1) Property business

(a) Property sales

In the first half of 2017, the Group made contracted sales of approximately Renminbi ("**RMB**") 956,197,000, representing a decrease of approximately 25% as compared with the same period of last year. The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 57,118 sq.m., representing a decrease of approximately 12% as compared with the same period of last year. The decrease in contracted sales and GFA was mainly due to substantial completion of sales for ZhuGong（諸公）project and Amber Garden（琥珀花園）project in the first half of 2017. The average selling price was approximately RMB16,741 per sq.m., representing a decrease of approximately 15% as compared with the same period of last year.

As at 30 June 2017, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB1,375,168,000, with a total GFA of 80,086 sq.m., providing a solid foundation for the continuous and stable growth of the Group's future revenue.

Additional Information Required by the Listing Rules

As of 30 June 2017, a breakdown of the major properties held by the Group and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area (sq.m.)	GFA completed (sq.m.)	GFA under construction (sq.m.)	Accumulated contracted GFA (sq.m.)	Interest attributable to the Group
Yuhua Salon (雨花客廳) A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the People's Republic of China ("**PRC**")	Office, commercial project	Completed	Completed	33,606	78,165	–	48,684	100%
Yuhua Salon (雨花客廳) A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel, office project	Under construction	Second quarter of 2018	30,416	–	81,380	–	100%
Yuhua Salon (雨花客廳) C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office, commercial project	Completed	Completed	42,639	118,690	–	63,127	100%
Yuhua Salon (雨花客廳) C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment, commercial project	Under construction	Fourth quarter of 2017	48,825	58,743	76,792	58,676	100%
Amber Garden (琥珀花園)	1 and 2 Jiadong, Xishanqiaojiedao, Yuhuatai District, Nanjing Jiangsu Province, the PRC	Residential project	Completed	Completed	79,717	214,227	–	163,073	100%
Chongqing ShuXiangYuan (重慶書香苑) (note)	Area C, Plot 18–7/02, Yu Zhong Zu Tuan, Yu Zhong District, Chongqing, the PRC	Residential project	Completed	Completed	11,804	52,678	–	48,013	90%
Chongqing TongJingYueCheng (重慶同景躍城) (note)	To the east of Yudong Street and Dajiang Road in Banan District, Chongqing, the PRC	Residential project	Completed	Completed	51,172	208,915	–	159,842	90%
Kunshan Herong (昆山和融)	North to Chinese Garden Road, West to Huangshan Road, Development District, Kunshan	Residential project	Under construction	Fourth quarter of 2017	48,553	82,269	63,862	36,443	100%
Total					**346,732**	**813,687**	**222,034**	**577,858**	

Note: These properties are included in assets classified held for sales as at 30 June 2017, and such properties are subsequently disposed of on 10 July 2017.

Additional Information Required by the Listing Rules

(b) Investment properties

During the Period Under Review, the investment properties of the Group mainly included Wonder City (虹悅城), certain units of Yuhua Salon (雨花客廳) A1, Tongjing Yuecheng Kindergarten (同景躍城幼稚園), Nantong Youshan Meidi Garden project (南通優山美地花園項目), Huitong Building project (匯通大廈項目) and Zhenjiang Youshan Meidi Garden project (鎮江優山美地花園項目).

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
Nanjing					
Wonder City (虹悅城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	90,031	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	3,307	100%
Chongqing					
Tongjing Yuecheng Kindergarten (同景躍城幼稚園) (note)	East of Yudong Street and Dajiang Road in Banan District, Chongqing, the PRC	Kindergarten	Medium-term covenant	1,223	90%
Nantong					
Nantong Youshan Meidi Garden Project (南通優山美地花園項目)	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building (匯通大廈項目)	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project (鎮江優山美地花園項目)	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%

Note: These investment properties are included in assets classified as held for sales as at 30 June 2017, and such properties are subsequently disposed of on 10 July 2017.

Additional Information Required by the Listing Rules

(c) Green building services and entrusted construction

During the Period Under Review, the Group engaged in providing technical design and consulting services, green management services and entrusted construction services in the PRC. Considering the Group's strategic development, the Group disposed of certain subsidiaries which primarily provided green building services and energy station management services in the year 2016.

During the Period Under Review, the revenue from both green building services and entrusted construction was approximately RMB49,323,000 (six months ended 30 June 2016: RMB122,562,000).

(2) Tourism business

During the Period Under Review, the overseas properties held by the Group include the Laguna project and the Sheraton project in Queensland, Australia. The Laguna project is adjacent to a large-scale comprehensive development project in the Great Barrier Reef with a land lot site area of approximately 29,821,920 sq.m. The land is at the stage being held for future development and sale.

The Sheraton project comprises the Sheraton Mirage Resort and the Golf Club project, which are located in Port Douglas, Queensland, Australia, a globally renowned tourist attraction. The Sheraton Mirage Resort and other nearby facilities completed its refurbishment in 2016, which included the lobby, guest rooms, golf clubhouse, indoor landscape and outdoor landscape. The refurbishment took place in phases and in parts, during which the hotel remained open for public business. The Sheraton project comprises 295 guest rooms, 4 restaurants and bars and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and has a total GFA of approximately 62,328 sq.m. Since its refurbishment, the hotel has been operating steadily with improving results and positive feedbacks from customers on its overall refurbishment quality.

During the Period Under Review, the revenue from tourism business was approximately RMB65,431,000 (six months ended 30 June 2016: RMB32,017,000).

Additional Information Required by the Listing Rules

(3) Investment and financial services business

During the Period Under Review, the Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and treasury products and provision of financial services.

a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 30 June 2017 and 31 December 2016 is set out as follows:

As at 30 June 2017

Stock code (Note 1)	**Name**	**Number of shares held** (Note 2)	**Effective shareholding interest as at 30 June 2017**	**Acquisition cost** RMB'000	**Carrying amount as at 30 June 2017** RMB'000	**Unrealised holding gain/ (loss) arising on revaluation for the six months ended 30 June 2017** RMB'000	**Realised holding gain arising on revaluation for the six months ended 30 June 2017** RMB'000	**Dividend received/ receivable for the six months ended 30 June 2017** RMB'000
153.HK	China Saite Group Company Limited	203,800,000	8.74%	95,024	99,014	5,335	–	3,222
1908.HK	C&D International Investment Group Limited	40,000,000	9.35%	142,902	170,043	(8,348)	–	3,488
2098.HK	Zall Group Ltd. ("**Zall Group**")	949,224,000	8.17%	1,307,463	3,664,639	(1,300,021)	–	–
8307.HK	Medicskin Holdings Limited	80,000,000	16.65%	45,334	43,725	(16,955)	–	–
3332.HK	Nanjing Sinolife United Company Limited	45,411,600 (Note 3)	4.80%	65,375	64,458	(1,376)	–	–
					4,041,879	(1,321,365)	–	6,710

Notes:

1. All of the above companies are listed companies on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. All of the shares held by the Group are ordinary shares of the relevant company.

3. Such shares held by the Group are H shares of the relevant company.

Additional Information Required by the Listing Rules

As at 31 December 2016

Stock code (Note 1)	Name	Number of shares held (Note 2)	Effective shareholding interest as at 31 December 2016	Acquisition cost RMB'000	Carrying amount as at 31 December 2016 RMB'000	Unrealised holding gain arising on revaluation for the year ended 31 December 2016 RMB'000	Realised holding gain arising on revaluation for the year ended 31 December 2016 RMB'000	Dividend received/ receivable for the year ended 31 December 2016 RMB'000
153.HK	China Saite Group Company Limited	203,800,000	9.09%	95,024	96,844	1,820	–	–
1908.HK	C&D International Investment Group Limited	40,000,000	9.35%	142,902	184,657	41,434	–	–
2098.HK	Zall Group	949,224,000	8.83%	1,307,463	5,125,172	3,276,615	–	–
8307.HK	Medicskin Holdings Limited	80,000,000	16.65%	45,334	62,632	15,261	–	–
3332.HK	Nanjing Sinolife United Company Limited	45,411,600 (Note 3)	4.80%	65,375	67,809	2,433	–	–
Others					–	8,290	–	–
					5,537,114	3,345,853	–	–

Notes:

1. All of the above companies are listed companies on the Stock Exchange.

2. All of the shares held by the Group are ordinary shares of the relevant company.

3. Such shares held by the Group are H shares of the relevant company.

The performance and prospect of the Group's major investments during the Period Under Review are as follow:

Zall Group

The principal activities of Zall Group include developing and operating large-scale consumer product-focused wholesale shopping malls and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. On 28 June 2017, Zall Group has completed the acquisition of certain equity interest of a group of e-commerce companies for enhancing its e-commerce business development. The Group held approximately 949,224,000 shares in Zall Group, representing approximately 8.17% of its entire issued capital as at 30 June 2017 (31 December 2016: 8.83%). The carrying amount of the investment in Zall Group accounted for approximately 7% of the Group's total assets as at 30 June 2017 (31 December 2016: 11%). The Group believes that Zall Group's growth momentum remains strong and expects the Group's investment in Zall Group to continue to generate a return for the Group.

Additional Information Required by the Listing Rules

b) Other investments

During the Period Under Review, the Group continued to monitor the performance and adjust the investments portfolio when necessary. During the Period Under Review, the Group entered into a trust investment agreement ("**Trust Investment Agreement**") with Ningbo Zhongbang Jinkong Investment Co., Ltd.*（寧波眾邦金控投資有限公司）("**Ningbo Zhongbang**"), in relation to a portfolio of financial products to be invested and managed by Ningbo Zhongbang for a trust period of one year ending on 19 March 2018. During the Period Under Review, an initial investment fund made by Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd.*（南京高精傳動設備製造集團有限公司）("**Nanjing High Accurate Drive**") (a subsidiary of the Company) in accordance with the Trust Investment Agreement amounted to RMB550,000,000.

Also, the Group entered into a limited partnership agreement with thirty-four other partners in respect of, among other matters, the establishment of an investment fund in the PRC and the subscription of interest therein. The general partner and executive partner of the investment fund is Ningbo Qianchao Yongxin Investment Management LLP*（寧波錢潮湧鑫投資管理合夥企業（有限合夥））, a limited partnership established in the PRC. The objective of the investment fund is to invest in businesses arising from government's economic reform especially in Zhejiang region. The Group considers that such investment could bring more investment opportunities and better investment returns by leveraging on the other partners' advantageous resources or experience in investment management. Pursuant to the limited partnership agreement, the total capital commitment to the investment fund is RMB65,910,000,000, among which, RMB2,000,000,000 is to be contributed by Nanjing High Accurate Drive (a subsidiary of the Company) as a limited partner. As at 30 June 2017, RMB1,000,000,000 has been paid up by the Group to the investment fund with the remaining RMB1,000,000,000 having been settled in July 2017.

Furthermore, the Group entered into a subscription agreement to subscribe for 32,000 class A shares attributable to a segregated portfolio (the "**Portfolio**") created by Green Asia Restructure Fund SPC ("**Green Asia**") at a total subscription price of USD32,000,000. The investment objective of the Portfolio is capital appreciation and is managed by Long Asia Asset Management Limited, the manager appointed by Green Asia. The class A shares subscribed by the Group do not carry any voting rights in the Portfolio or Green Asia, and are redeemable at the Group's own discretion at a redemption price by reference to the net asset value of the Portfolio at the valuation day immediately preceding the redemption day.

The purposes of these various investments are to further implement the direction of expanding the resources of the Group's investment income and stabilize its long-term investment strategies.

Additional Information Required by the Listing Rules

c) Financial services

Since 2016, the Group has carried out the financial services business via acquisition of a well developed group of companies (referred to as "**Bao Qiao Group**") as an extension of investment business. Bao Qiao Group offers various financial services to clients including listed companies, individuals and financial institutions. Such financial services include corporate finance, investment management, equity capital markets and money lending services. During the Period Under Review, Bao Qiao Group has contributed revenue amounting to approximately RMB37,732,000 to the Group.

During the Period Under Review, this segment recorded a loss before tax of approximately RMB1,279,926,000 (six months ended 30 June 2016: RMB1,768,319,000). The unrealised loss before tax from change in fair value of the listed securities held was approximately RMB1,321,365,000 (six months ended 30 June 2016: unrealised gain before tax of RMB1,768,319,000) mainly attributable to share price fluctuation of Zall Group. The loss from unrealised fair value changes after tax of the available-for-sale investment recognised under other comprehensive income was approximately RMB78,553,000 (six months ended 30 June 2016: nil). As at 30 June 2017, the total amount of financial assets held for trading was approximately RMB4,041,879,000 (31 December 2016: RMB5,537,114,000), and the total amount of available-for-sale investments held by the Group was approximately RMB2,927,692,000 (31 December 2016: RMB1,070,090,000).

Additional Information Required by the Listing Rules

(4) Healthcare and education business

During the Period Under Review, the Group completed the acquisition of 90% interest of an early childhood education project in Australia as the first stepping stone for extending the healthcare business to the education aspect as the management considers that stepping into the childhood education industry would further develop and expand the Group's healthcare business. The existing healthcare business includes Shenzhen Anke*（深圳安科）medical equipment project, Fullshare Top*（豐盛榜）project and Life-infinity*（生命匯）project etc., which mainly focus on manufacturing and providing healthcare related products and services.

During the Period Under Review, the revenue, gross profit and gross profit margin of this segment were RMB323,267,000, RMB74,321,000 and 23% respectively.

(5) New energy business

In late 2016, the Group completed the acquisition of approximately 73.91% of the then issued share capital of China High Speed Transmission Equipment Group Co., Ltd. ("**CHS**") (658.HK), a listed company on the Stock Exchange. CHS is principally engaged in the research, design, development, manufacturing and distribution of a broad range of mechanical transmission equipment that are used to generate wind power and a wide range of industrial applications. During the Period Under Review, the new energy business recorded sales revenue of approximately RMB3,894,207,000, and the profit contributed to the Group after consolidation adjustments was approximately RMB325,114,000.

(a) Gear segment

(i) Wind gear transmission equipment

Large, diversified and overseas development

The wind gear transmission equipment is a major product that has been developed by the Group. During the Period Under Review, sales revenue of wind power gear transmission equipment business was approximately RMB3,208,896,000. Wind power industry is still in a state of callback and downstream customers are cautious about the new installed capacity during the Period Under Review.

Additional Information Required by the Listing Rules

The Group is a leading supplier of wind gear transmission equipment in the PRC. By leveraging its strong research, design and development capabilities, the Group has a range of products including 750KW, 1.5MW, 2MW and 3MW wind power transmission equipment, which have been provided to domestic and overseas customers in bulk. The product technology has reached an internationally advanced technical level and is well recognised by customers in general. In addition to the provision of diversified large wind power gear boxes to customers, the Group has also successfully developed 5MW and 6MW wind power gear box with a technological level comparable to its international peers, thus enabling us to have the capability and technology to produce those products.

Currently, the Group maintains a strong customer portfolio. Customers of its wind power business include the major wind turbine manufacturers in the PRC, as well as renowned international wind turbine manufacturers such as GE Renewable Energy, Nordex, Senvion, Unison, Suzlon, Inox Wind, etc. With our quality products and good services, the Group has also received a wide range of recognition and trust from customers at home and abroad. The Group has subsidiaries in the USA, Germany, Singapore, Canada and India to support the sustainable development strategy of the Group and strive to have closer communication and discussion with potential overseas customers, and has newly set up a subsidiary in Vietnam to grasp opportunities in the emerging market, with a view to providing further diversified services for global customers.

(ii) Industrial gear transmission equipment

Enhance market competitiveness through changes in production mode and sales strategies

The Group's traditional gear transmission equipment products are mainly supplied to customers in industries such as metallurgy, construction materials, traffic, transportation, petrochemical, aerospace and mining.

Additional Information Required by the Listing Rules

During the Period Under Review, China's equipment industry is still in excess capacity, the Group therefore adjusted the development strategy for traditional industrial gear transmission equipment. Above all, by leveraging its self-developed technologies, the Group focused on the development of energy-saving and environmentally-friendly products, and facilitated sales growth by standardizing and modularizing its products. Meanwhile, the Group strengthened its efforts to provide and sell parts and components of relevant products to its customers, helping them enhance their current production efficiency without increasing capital expenditure, thereby maintaining its position as a major supplier in the traditional industrial transmission product market.

In respect of transmission equipment for high-speed rails, metro lines, urban train and tram segments, the Group has obtained International Railway Industry Standard (IRIS) certificate for its rail transportation products, which has laid a solid foundation for the Group's rail transportation products to expand into high-end international railway markets. Currently its products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, Qingdao, Dalian, Suzhou, Lanzhou, Nanchang, Shijiazhuang, Fuzhou, Jinan, Wenzhou, Hong Kong, Singapore, Brazil, India, Mexico and Australia. The Group will continue to actively extend the transmission equipment business into high-speed rails, metro lines, urban train and tram segments, and accelerate the research and development of rail transportation gear equipment products. During the Period Under Review, the Group has received orders of 1,040 gear boxes for High Capacity Metro Trains (HCMT) in Melbourne, Australia. Last year, the Group also received orders of metro gear boxes for North West Rail Link（西北接駁鐵路）in Sydney, Australia.

The metro gear box that used in the metro of Shanghai, Hong Kong and Melbourne is PDM385 type two-stage metro gear box, which was developed by the Group on the basis of the assimilation of domestic and foreign standards and customer specifications and several years' experience in design and manufacturing. PDM385 type two-stage metro gear box is characterized by its compacted structure, low noise, and easy maintenance, etc. With a 1.2 million km, or 10-year maintenance-free life span, the key components can endure for a period of 35 years.

During the Period Under Review, the industrial gear business generated sales revenue of approximately RMB525,783,000 for the Group.

Additional Information Required by the Listing Rules

(b) Computer numerical controlled ("CNC") machine tool products

CNC machine tool products industry

Machine tool is the core equipment of the equipment manufacturing industry. The modernisation of equipment manufacturing industry of China depends on the development of its machine tool industry. We must enhance the manufacturing capacity of our machine tool to support the development of equipment manufacturing industry. The Group intends to take the opportunity to develop heavy, precise and efficient machine tool products to provide advanced machine tools for the equipment manufacturing industry.

During the Period Under Review, the equipment industry continued to see oversupply. As a result, the machine tool products business of the Group faced difficulties.

During the Period Under Review, the Group provided CNC machine tool products to customers through various subsidiaries and recorded sales revenue of approximately RMB25,309,000.

(c) Diesel engine product

Nantong Diesel Engine Co., Ltd. ("**Nantong Diesel**") is located in Nantong city of Jiangsu province that lies in the developed Yangtze delta area. The products of Nantong Diesel cover a wide range of models, including marine diesel engines, diesel engines for power generation and gas engines. Its products are widely used in fishing vessels, inland river vessels, generating units, engineering machinery, agricultural irrigation and drainage facilities, air compression equipment and other ancillary machines.

Nantong Diesel possessed the proprietary intellectual property rights and was recognised as "Famous Brand Product of China Fishery Vessel & Machine Field", "China's Key New Product", "Jiangsu Province Key Protective Product" and "Jiangsu Province Credit Product". It was also awarded "Scientific & Technological Progress Prize of State Mechanical Industry".

Additional Information Required by the Listing Rules

Recovery in shipping industry was faltered because the global economy remained uncertain. As such, the sales of the Group's diesel engine products were also affected.

During the Period Under Review, the Group's sales revenue from diesel engines products amounted to approximately RMB52,229,000.

(d) Disposed businesses

During the Period Under Review, the Group continued its strategy to divest the loss-making business to enhance its overall performance. The two subsidiaries of marine gear transmission equipment business were sold to two independent third parties on 27 February 2017 and 18 April 2017 respectively. The light-emitting diode ("**LED**") business was sold to an independent third party on 20 April 2017.

(1) Marine gear transmission equipment business

During the Period Under Review, marine gear transmission equipment business recorded sales revenue of approximately RMB23,573,000 and operating loss after tax before consolidated adjustments due to purchase price allocation of approximately RMB16,013,000.

(2) LED business

Nanjing Jingjing Photoelectric Science & Technology Co., Ltd.*（南京京晶光電科技有限公司）is principally engaged in the sales, manufacturing and design of digital products, transistor, chips and LED products. During the Period Under Review, this business contributed sales revenue of approximately RMB58,417,000 and operating loss after tax before consolidated adjustments due to purchase price allocation of approximately RMB12,958,000.

Additional Information Required by the Listing Rules

Local and export sales

During the Period Under Review, the Group maintained its position as the leading supplier of mechanical transmission equipment in the PRC. During the Period Under Review, the overseas sales amounted to approximately RMB1,525,736,000. Overseas sales accounted for 40.0% to total sales. At present, the overseas customers of the Group are based mainly in the U.S. and other countries and regions such as Europe, India and Japan. Although the economies in Europe and the U.S. were yet to be fully recovered during the Period Under Review, the Group introduced different types of products in order to extend its coverage to the overseas markets.

PROSPECT

In the second half of 2017, the Group will continue to integrate the resources including global quality cultural tourism, healthcare management and services, medical treatment, operation, property development, finance and high-end manufacturing industry on the basis of maintaining the stable operation of the Company, with an aim to establish the win-win collaboration between customers, partners and the Group.

In the second half of 2017, the principal target of the Group's business operation continues to be achieving revenue and profit growth. We will continue to adopt the healthy financial management policies with a prudent attitude to strengthen the compliance management on risk control of the Company, improve the investment portfolio by closely monitoring the market conditions of the listed equity investments and timely adjusting the investment portfolio if necessary to minimise the financial impact of the share price fluctuation, optimize the financial structure and control the proportion of domestic and overseas equity financing and debt financing to enhance financial security.

Additional Information Required by the Listing Rules

PRINCIPAL RISKS AND UNCERTAINTIES

The Group conducts risk assessment and management measures from time to time to maintain continuous future development. The Group is highly concerned on those factors that might affect its operation situation, and will take actions to mitigate the potential adverse impact. The Group established the risk management committee and the risk management working group to focus on various potential risks and prepared its risk management plans accordingly. The summary of the Group's principal risks is set out as follows:

(1) Macro-economic environment

In the first half of 2017, the Gross Domestic Product ("**GDP**") growth rate of the PRC decreased from 6.9% to 6.7% due to the slowdown of China's economic growth. The Group currently operates real estate business, and holds financial assets for investment purpose in China. Changes in economic environment may result in unfavorable risks to our operating environment. In addition, the overall investment sentiment may also cause price fluctuation to the financial assets held by the Group.

Management's response: The Group will continue to pay attention to the latest market conditions and increase its overseas investments as and when appropriate in accordance with its specific risk management policy and prudent investment strategy. The Group would also evaluate the risk associated with and the performance of currently-held financial products and operating businesses from time to time, and adjust the investment portfolio according to actual market situation in order to further enhance the profitability of the Group.

Additional Information Required by the Listing Rules

(2) Financial environment

In recent years, commercial banks in the PRC have tightened their real estate credit policies, some banks continue to implementing overall control in amount and name-list management in the real estate industry. The tightening of housing loan policy may increase the costs of housing-purchase and mortgage financing of customers, and eventually affect enterprise capital needs in real estate industry in China.

Management's response: The Group will closely monitor domestic and overseas financial markets, combine equity financing with debt financing, adopt diversified financing methods, and manage the debt assets ratio of the Company rationally to ensure effective control over the financial risk of the Group.

(3) Tax law influence

In recent years, Chinese government determined to replace business tax with value-added tax so as to deepen the reform of financial and tax system, and intended to increase the setting-off level in parts of input tax items, which is expected to bring a massive tax relief. Such policy may have a positive effect on the tax requirements of the Group's various businesses.

Management's response: The 2016 Government Work Report in the PRC stated that the pilot scope of replacement of business tax with value-added tax will be expanded to the building industry, real estate sector, financial sector, social services sector, and the value-added tax for the purchase of immovable assets will be allowed for tax deduction so as to ensure reduction but not increment of tax liabilities of all industries. The Group is expected to benefit from the reduction of taxes and charges, and its revenue is expected to increase thereafter.

Additional Information Required by the Listing Rules

(4) Investment concentration risk

The investment and financial services segment of the Group mainly involved holding shares in various listed companies in Hong Kong, and the price change of such shares may generate a significant impact on this segment and the Group's overall profit performance.

Management's response: The Group will closely monitor the operation situation and the change in price of the companies in which it holds the shares, and will adjust promptly the proportion of investment portfolio. At the same time, the Group will also actively consider other investment products which are beneficial to the Group to reduce the possible risks arising therefrom.

(5) Exchange rate exposure

The principal activities of the Group are located in the Mainland China, Hong Kong and Australia and are exposed to foreign exchange exposures arising from various currencies, which are RMB, Australia Dollars, US Dollars and Hong Kong Dollars.

Management's response: The Group will keep track of the PRC's government monetary policies and the global economic changes, evaluate the impact of exchange rate to the Group and closely monitor the financial instruments on the market that could hedge exchange rate exposure and lower the impact of exchange rate fluctuation on the Group.

Additional Information Required by the Listing Rules

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB3,440,921,000, or 247%, from approximately RMB1,393,944,000 for the six months ended 30 June 2016 to approximately RMB4,834,865,000 for the Period Under Review. The revenue of the Group for the Period Under Review derived from property segment, tourism segment, investment and financial services segment, healthcare and education segment and new energy segment was approximately RMB514,228,000, RMB65,431,000, RMB37,732,000, RMB323,267,000 and RMB3,894,207,000 respectively, and the revenue in the same period of last year which derived from the property segment, tourism segment and healthcare and education segment was approximately RMB1,138,463,000, RMB32,017,000 and RMB223,464,000 respectively.

The revenue of the property segment decreased by approximately RMB624,235,000, or 55%, as compared to the same period of last year. The property segment includes investment, development and sales of properties and provision of construction related services. Revenue decreased in the property segment was mainly due to the decrease in sales of properties from approximately RMB982,081,000 in the same period of last year to approximately RMB391,342,000 for the Period Under Review. The total delivered GFA of the Group's properties decreased from approximately 65,559 sq.m. for the six months ended 30 June 2016 to approximately 25,588 sq.m. for the Period Under Review, while the average selling price increased from approximately RMB14,980 per sq.m. to approximately RMB15,249 per sq.m.

The revenue of the tourism segment was mainly derived from a hotel operated in Australia, which increased by approximately RMB33,414,000, or 104%, as compared to the same period of last year. This was mainly due to the enhancement of the average occupancy and daily rate, which was affected by the hotel renovation in the first half of year 2016, and the marketing efforts made after completion of the renovation works in the second half of year 2016.

The revenue of the healthcare and education segment increased by approximately RMB99,803,000, or 45%, which was mainly due to revenue of approximately RMB79,497,000 from the newly acquired early childhood education project in Australia.

Additional Information Required by the Listing Rules

Revenue of approximately RMB3,894,207,000 from the new energy segment was derived from CHS, which was acquired in late 2016.

Cost of sales

The cost of sales of the Group increased by approximately RMB2,649,976,000, or 269%, from approximately RMB985,187,000 for the six months ended 30 June 2016 to approximately RMB3,635,163,000 for the Period Under Review. The cost of sales for the Period Under Review for the property segment, tourism segment, investment and financial services segment, healthcare and education segment and new energy segment were approximately RMB262,635,000, RMB89,016,000, RMB1,832,000, RMB248,946,000 and RMB3,032,734,000 respectively, whereas the cost of sales for the same period of last year for the property segment, tourism segment, investment and financial services segment and healthcare and education segment were approximately RMB771,285,000, RMB48,887,000, RMB880,000 and RMB164,135,000 respectively.

The cost of sales of the property segment decreased by approximately RMB508,650,000, or 66%, as compared to the same period of last year, which was mainly due to the decrease of 39,971 sq.m., or 61%, in the area of properties delivered in the first half of year 2017 as compared to the same period of last year.

The cost of sales of the tourism segment increased by approximately RMB40,129,000, or 82%, as compared to the same period of last year. The increase in cost of sales was lower than revenue growth due to the completion of hotel renovation works in the second half of year 2016 and certain operating overheads were fixed which would not increase with revenue.

The cost of sales of the healthcare and education segment increased by approximately RMB84,811,000, or 52%, as compared to the same period of last year. The increase in cost of sales was in line with revenue growth of this segment.

The cost of sales of the new energy segment was approximately RMB3,032,734,000 for the Period Under Review, which include the impact of the accounting adjustment of approximately RMB336,364,000 made on the premium over the cost of inventory and other non-current assets upon acquisition of CHS in late 2016. If excluding this accounting adjustment, the cost of sales would be approximately RMB2,696,370,000.

Additional Information Required by the Listing Rules

Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB790,945,000, or 194%, from approximately RMB408,757,000 for the six months ended 30 June 2016 to approximately RMB1,199,702,000 for the Period Under Review. The gross profit and gross profit margin for the Period Under Review derived from the property segment and the healthcare and education segment were approximately RMB251,593,000 and 49% and RMB74,321,000 and 23% respectively. The gross profit and gross profit margin of the property segment and the healthcare and education segment for the same period of last year were approximately RMB367,178,000 and 32% and RMB59,329,000 and 27% respectively. The gross profit and gross profit margin for the Period Under Review from the new energy segment were approximately RMB861,473,000 and 22% respectively. As mentioned above, the cost of sales of the new energy segment includes the impact of the accounting adjustment of premium over the cost of inventory and non-current assets upon acquisition of CHS. If excluding this accounting adjustment, the gross profit margin of the new energy segment would be approximately 31% for the Period Under Review. Gross loss from the tourism segment was approximately RMB23,585,000, as it needed time to regain its popularity after the large-scale refurbishment of the hotel since year 2015.

The overall gross profit margin decreased from approximately 29% for the same period of last year to approximately 25% for the Period Under Review, which was mainly due to the relative lower gross profit margin of the new energy segment than other segments resulting from the adjustment of premium over the cost of inventory and non-current assets upon the acquisition of the new energy segment.

Other income and gains/losses, net

Other income and gains/losses, net increased by approximately RMB701,274,000, or 3,440%, from approximately RMB20,385,000 for the same period of last year to approximately RMB721,659,000 for the Period Under Review. Other income and gains/losses, net for the Period Under Review mainly included gain from land resumption of approximately RMB122,283,000, change in fair value of properties held for sale transferred to investment properties of approximately RMB431,920,000 and other interest income of approximately RMB56,859,000. Other income and gains/losses, net for the same period of last year mainly included rental income of approximately RMB9,134,000, management fee income of approximately RMB5,627,000 and bank interest income of approximately RMB3,478,000.

Additional Information Required by the Listing Rules

Fair value change in financial instruments

The Group maintains its investment business segment through possessing and investing in various investment and financial products for potential or strategic use purposes. The Group recorded a net loss on change in fair value of financial instruments of approximately RMB1,329,786,000 for the Period Under Review, as compared to a gain on change in fair value of approximately RMB1,768,319,000 for the same period of last year. The Group will closely monitor its investment performance and will adjust its investment plan and portfolio when necessary.

Gain on disposal of subsidiaries

For the Period Under Review, the Group completed the disposal of 80% equity interest in Nanjing Tianyun Real Estate Development Company Limited*（南京天韻房地產開發有限公司）(“**Nanjing Tianyun**”) at a total consideration of RMB787,000,000 and recorded a gain before tax of approximately RMB29,297,000.

During the same period of last year, the Group completed the disposal of the 100% equity interest of Fullshare Green Building Group Company Limited（豐盛綠建集團有限公司）(“**Fullshare Green Building**”) at a consideration of RMB240,000,000, and the Group recorded a gain before tax of approximately RMB14,283,000.

Additional Information Required by the Listing Rules

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB170,857,000, or 247%, from approximately RMB69,279,000 in the same period of last year to approximately RMB240,136,000 for the Period Under Review, which was mainly due to the selling and distribution expenses of approximately RMB169,650,000 from CHS, the newly acquired subsidiary in late 2016, have been included in the Period Under Review.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB620,729,000, or 433%, from approximately RMB143,328,000 in the same period of last year to approximately RMB764,057,000 for the Period Under Review, which was mainly due to: (i) the administrative expense of approximately RMB588,497,000 from CHS and (ii) approximately RMB16,114,000 from other newly acquired subsidiaries in the fourth quarter of year 2016.

Finance costs

Finance costs of the Group increased by approximately RMB311,806,000, or 2,561%, from approximately RMB12,173,000 in the same period of last year to approximately RMB323,979,000 for the Period Under Review, which was mainly due to the finance costs of approximately RMB238,834,000 from CHS, the newly acquired subsidiary, and the average borrowing in the first half of year 2017 which was more than that of the same period of year 2016.

Additional Information Required by the Listing Rules

Income tax expense

For the Period Under Review, the corporate income tax ("**CIT**") expense, land appreciation tax ("**LAT**") expense and deferred tax credit of the Group amounted to approximately RMB198,897,000, RMB20,822,000 and RMB253,870,000 respectively, and in the same period of last year, the CIT expense, LAT credit and deferred tax expense amounted to approximately RMB89,444,000, RMB18,581,000 and RMB294,120,000 respectively.

The CIT expense for the Period Under Review increased by approximately RMB109,453,000 as compared to the same period of last year, which was mainly due to the CIT expense of approximately RMB108,864,000 from CHS, the newly acquired subsidiary.

The LAT expense for the Period Under Review was approximately RMB20,822,000 as compared to the LAT credit of RMB18,581,000 in the same period of last year, which was mainly due to the relative higher LAT rate for the Period Under Review and the decrease of estimated LAT rate in some real estate projects during the same period of last year as a result of cost upward adjustments.

The deferred tax credit for the Period Under Review was mainly derived from: (i) the fair value loss in financial instruments of approximately RMB218,025,000, (ii) deferred tax credit from reversal of deferred tax liabilities of approximately RMB91,142,000 recognised at the date of acquisition of CHS when the inventories were sold and non-current assets were depreciated and amortised and (iii) the deferred tax expenses of approximately RMB107,980,000 provided for the gain on fair value change in transferring properties held for sale to investment properties. The deferred tax expenses for the same period of last year was mainly derived from the provision for the gain on change in fair value of financial instruments of approximately RMB291,722,000.

Loss/Profit for the Period Under Review

For the Period Under Review, the Group recorded a loss after tax of approximately RMB538,015,000 as compared to a net profit of approximately RMB1,621,981,000 for the same period of last year. The loss was mainly attributable to a significant net loss of approximately RMB1,110,000,000 due to the fair value change in the Group's financial instruments. If the net loss on financial instruments were to be excluded, the Group would have recorded a net profit of approximately RMB571,985,000.

Additional Information Required by the Listing Rules

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the Period Under Review, the Group financed its operations and investments mainly by internally generated funds, equity and debt financings.

Cash position

As at 30 June 2017, the Group had cash and cash equivalents of approximately RMB2,679,900,000, excluding pledged bank deposits (31 December 2016: approximately RMB3,864,068,000, excluding pledged bank deposits), decreased by approximately RMB1,184,168,000, or 31% as compared to 31 December 2016.

Bank and other borrowings

As at 30 June 2017, bank and other borrowings of the Group amounted to approximately RMB10,732,469,000 including bank loans of approximately RMB7,110,810,000 and other borrowings of approximately RMB3,621,659,000. Among total bank and other borrowings, approximately RMB7,626,379,000 are repayable within one year, RMB625,000,000 are repayable over one year but not exceeding two years, RMB1,532,353,000 are repayable over two years but not exceeding five years and RMB948,737,000 are repayable over five years. As at 31 December 2016, bank and other borrowings of the Group amounted to approximately RMB8,975,918,000, including bank borrowings of approximately RMB7,498,855,000 and other borrowings of approximately RMB1,477,063,000. Among total bank and other borrowings, approximately RMB6,225,935,000 are repayable within one year, RMB991,841,000 are repayable over one year but not exceeding two years, RMB856,125,000 are repayable over two years but not exceeding five years and approximately RMB902,017,000 are repayable over five years.

The borrowings balance increased by approximately RMB1,756,551,000, or 20%, from 31 December 2016 to 30 June 2017, which was mainly attributable to the inclusion of borrowings of CHS, a subsidiary acquired at the end of November 2016, and the additional funding needed for operation and investment.

Additional Information Required by the Listing Rules

Leverage

As at 30 June 2017, total cash and cash equivalents of the Group amounted to approximately RMB2,679,900,000, excluding pledged bank deposits (31 December 2016: approximately RMB3,864,068,000, excluding pledged bank deposits). Total balances of bank and other borrowings, obligation under finance lease, convertible bonds and corporate bonds amounted to approximately RMB10,764,229,000 as at 30 June 2017 (31 December 2016: approximately RMB9,014,993,000). The gearing ratio of the Group as at 30 June 2017, calculated as a ratio of the sum of bank and other borrowings, obligation under finance lease, convertible bonds and corporate bonds to total assets, was approximately 22% (31 December 2016: approximately 19%). The net equity of the Group as at 30 June 2017 was approximately RMB24,986,148,000 (31 December 2016: approximately RMB26,313,670,000).

As at 30 June 2017, the Group recorded total current assets of approximately RMB27,976,032,000 (31 December 2016: approximately RMB28,477,128,000) and total current liabilities of approximately RMB19,882,484,000 (31 December 2016: approximately RMB17,356,839,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.4 as at 30 June 2017 (31 December 2016: approximately1.6).

FOREIGN EXCHANGE EXPOSURE

The assets, liabilities and transactions of the Group are mainly denominated in RMB, Hong Kong dollars, Australian dollars, US dollars and Euros. The Group currently does not have a foreign currency hedging policy. In order to manage and reduce foreign exchange exposure, the management will evaluate the Group's foreign exchange exposure from time to time and take actions as appropriate.

Additional Information Required by the Listing Rules

CONVERTIBLE BONDS

On 7 September 2016, the Company entered into a subscription agreement with Macquarie Bank Limited ("**MBL**") to issue zero coupon convertible notes due 2017 (the "**Notes**") in an aggregate principal amount of HK$350,000,000 comprising five sub-tranches of HK$70,000,000 each at the issue price of 99% of the principal amount of the Notes. The Notes are convertible into ordinary shares of the Company at a conversion price of 95% of the volume weighted average price of the shares of the Company as traded on the Stock Exchange on the trading day immediately preceding the conversion date (the "**Conversion Price**"). The floor price, being the minimum conversion price, shall initially be HK$3.00 per share of the Company (the "**Floor Price**"), subject to adjustments. Pursuant to the terms of the subscription agreement, the Company is obliged to issue and MBL is obliged to subscribe and pay for, within 5 trading days after conversion of all the Notes of the immediately preceding sub-tranche, the next succeeding sub-tranche of the Notes.

The issue of the Notes and the right of conversion into shares of the Company attached to the Notes were approved and authorised by the shareholders of the Company under specific mandate at the extraordinary general meeting of the Company held on 18 October 2016. During the year ended 31 December 2016, the first sub-tranche Notes, second sub-tranche Notes and the third sub-tranche Notes were issued on 1 November 2016, 17 November 2016 and 18 November 2016, respectively. During the year ended 31 December 2016, (i) the first sub-tranche Notes have been fully converted into a total of 16,940,000 shares of the Company from 1 November 2016 to 16 November 2016 at the conversion price ranging from HK$4.087850 to HK$4.155395 per share of the Company; (ii) the second sub-tranche Notes have been fully converted into a total of 16,640,000 shares of the Company from 17 November 2016 to 18 November 2016 at the conversion price of HK$4.146275 and HK$4.24118 per share of the Company respectively; and (iii) the third sub-tranche Notes have been partially converted in an aggregate principal amount of HK$45,000,000 into a total of 10,610,000 shares of the Company at HK$4.24118 per share of the Company on 18 November 2016.

Additional Information Required by the Listing Rules

As at 30 June 2017, the outstanding amount of the third sub-tranche Notes is HK$25,000,000, and the aggregate principal amount of the fourth and fifth sub-tranches Notes may be issued is HK$140,000,000. Based on the Floor Price of HK$3.00, and assuming that there will be no change in the issued share capital of the Company before the exercise of the conversion rights (other than the issue of the conversion shares), upon the exercise of the conversion rights in full in respect of outstanding amount of the third sub-tranche Notes and the fourth and fifth sub-tranches (if issued) Notes of HK$165,000,000: (i) a maximum number of 55,000,000 new shares of the Company will be issued, representing approximately 0.28% of the existing issued share capital of the Company as at 30 June 2017 and approximately 0.28% of the issued share capital as enlarged by such conversion; and (ii) the interest of the substantial shareholder of the Company, being Magnolia Wealth International Limited ("**Magnolia Wealth**") holding approximately 46.58% of the existing issued share capital of the Company as at 30 June 2017, will be diluted to approximately 46.45% of the issued share capital as enlarged by such conversion.

The Notes are redeemable at the option of the Company at a price of 99% of the principal amount of the Notes. Any Notes not converted will be redeemed at 99% of its principal amount on the maturity date (being 1 November 2017) (the "**Maturity Date**").

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholders to convert or redeem the outstanding third, fourth and fifth sub-tranches (if issued) Notes at an aggregate amount of HK$165,000,000 based on their implied rate of return after considering the 1% discount on the principal amount on issuance date is as below:

	Company's share price
Assumed closing price on or before Maturity Date	HK$2.97*
Illustrated conversion price on or before Maturity Date	HK$2.82*
Floor Price (Subject to adjustments)	HK$3.00
Actual conversion price on or before Maturity Date	HK$3.00

* *No conversion right may be exercised at a Conversion Price lower than the initial Floor Price of HK$3.00.*

Additional Information Required by the Listing Rules

The following is the historical data of the Company's share price for illustration purpose:

	Company's share price
Average closing price for the Period Under Review	HK$3.22
Illustrated conversion price for average closing price for the Period Under Review	HK$3.06
Closing price as at 30 June 2017	HK$3.12
Illustrated conversion price as at 30 June 2017	HK$2.96

The Group has reserved the outstanding principal amount of the third sub-tranche Notes (being HK$25,000,000, equivalent to approximately RMB21,689,000) received as pledged bank deposits. As at 30 June 2017, the Group had cash and cash equivalents of approximately RMB2,679,900,000, excluding pledged bank deposits. Hence, the financial and liquidity position of the Group is able to meet the redemption obligation of the outstanding third sub-tranche Notes and the fourth and fifth sub-tranches (if issued) Notes.

The estimated net proceeds from the issue of all of the Notes of approximately HK$346,000,000 will be applied to finance any possible acquisitions or investments as and when opportunities arise and to supplement the general working capital of the Group. The Company has received the net proceeds of approximately HK$183,150,000 from the issue of the three sub-tranches of the Notes in the year ended 31 December 2016 which have been utilised as the general capital and invested in the healthcare segment of the Group.

Further details of the subscription were set out in the announcement of the Company dated 7 September 2016 and the circular of the Company dated 29 September 2016.

Additional Information Required by the Listing Rules

TREASURY POLICIES

As at 30 June 2017, bank and other borrowings of approximately RMB8,344,161,000, RMB801,631,000, RMB220,020,000 and RMB1,366,657,000 were denominated in RMB, Hong Kong dollars, Euro dollars and US dollars respectively (31 December 2016: approximately RMB8,427,259,000, RMB409,919,000 and RMB138,740,000 were denominated in RMB, Hong Kong dollars and US dollars respectively). Bank and other borrowings of approximately RMB6,887,350,000 were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

As at 30 June 2017, trade and bills receivables and trade and bills payables of the Group were approximately RMB6,894,944,000 and RMB7,576,566,000 (31 December 2016: approximately RMB7,281,539,000 and RMB6,870,880,000), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 30 June 2017 are set out in note 23 to the interim condensed consolidated financial statements in this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

On 23 January 2017, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into an equity transfer agreement with Kunshan Ronghui Properties Development Limited*（昆山市融匯房地產開發有限公司）, as vendor, in relation to the acquisition of the entire equity interest in Kunshan Herong Properties Development Limited*（昆山和融房地產開發有限公司）at a cash consideration of RMB26,410,000. Completion of the acquisition took place on 28 June 2017. Details of the acquisition were set out in the announcements of the Company dated 18 May 2016, 20 July 2016, 29 December 2016 and 23 January 2017 respectively.

Additional Information Required by the Listing Rules

On 3 March 2017, Five Seasons XXII Pte. Ltd. ("**Five Seasons XXII SG**"), the then direct wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement (as supplemented by side letters dated 28 April 2017, 12 May 2017, 6 June 2017 and 26 July 2017) with GSH Properties Pte. Ltd., TYJ Group Pte. Ltd. and Vibrant DB2 Pte. Ltd. (collectively, the "**GSH Vendors**"), as vendors, in relation to (i) the acquisition of the entire issued and paid-up share capital of Plaza Ventures Pte. Ltd. ("**Plaza Ventures**") at an initial aggregate consideration of SGD231,943,895 (equivalent to approximately RMB1,130,841,068 as at 3 March 2017), subject to adjustments, and (ii) the transfer and assignment of the shareholder loans granted by the GSH Vendors to Plaza Ventures (the "**GSH Shareholders Loans**") to Five Seasons XXII SG at the initial consideration of SGD133,997,779 (equivalent to approximately RMB653,305,368 as at 3 March 2017), subject to adjustments. On 26 July 2017, the Company disposed of the entire equity interest in the sole shareholder of Five Seasons XXII SG and assigned a shareholder loan to Fullshare Value Fund I (A) L.P. at the aggregate cash consideration of S$108,655,349 (equivalent to approximately RMB538,367,590 as at 26 July 2017), and both Five Seasons XXII SG and its sole shareholder ceased to be subsidiaries of the Company on the same day. Completion of the acquisition of Plaza Ventures and the assignment of the GSH Shareholders Loans by Five Seasons XXII SG took place on 31 July 2017. Details of the transactions were set out in the announcements of the Company dated 6 February 2017, 3 March 2017, 6 June 2017 and 26 July 2017 respectively.

On 20 April 2017, Nanjing High Accurate Drive, an indirect non-wholly owned subsidiary of the Company, as vendor, entered into a sale and purchase agreement with Jiangsu Shiji Yuntong Technology Co., Ltd.*（江蘇世紀運通科技有限公司）, as purchaser, to sell the entire equity interest of Nanjing Jingjing Photoelectric Science & Technology Co., Ltd.*（南京京晶光電科技有限公司）at a consideration of RMB155,176,116. Details of the disposal were set out in the announcement of CHS dated 27 April 2017.

Additional Information Required by the Listing Rules

On 25 May 2017, Five Seasons VII Pty Ltd ("**Five Seasons VII AUS**"), an indirect wholly-owned subsidiary of the Company, as purchaser, and Nanjing Construction Group (Australia) Whisper Bay Pty Ltd ("**Nanjing Construction Trustee**") as a trustee of the Nanjing Construction Group (Australia) Unit Trust, as vendor, entered into a sale and purchase agreement whereby, among other things, Five Seasons VII AUS conditionally agreed to purchase, and Nanjing Construction Trustee conditionally agreed to sell the entire issued share capital of Whisper On The Water Pty Ltd at the consideration of AU$1,021,590 (equivalent to approximately RMB5,258,635 as at 25 May 2017) (subject to adjustment), which, together with the aggregate consideration for the acquisition of other land properties, will be settled by the Company allotting and issuing to Nanjing Construction Group (BVI) Limited 165,442,061 new shares (subject to adjustment) of the Company under specific mandate at the issue price of approximately HK$2.961 each. The proposed acquisition was subsequently terminated on 24 August 2017. Details of the proposed acquisition and its termination were set out in the announcements of the Company dated 26 May 2016, 25 November 2016, 25 May 2017, 26 May 2017, 16 June 2017, 14 July 2017 and 24 August 2017 respectively.

On 27 June 2017, Nanjing Fengli Equity Interest Investments Enterprise*（南京豐利股權投資企業）("**Nanjing Fengli**"), an indirect wholly-owned subsidiary of the Company, as vendor, Nanjing Changfa Dushi Real Estate Development Co. Ltd.*（南京長發都市房地產開發有限公司）("**Nanjing Changfa**"), as purchaser, and Nanjing Tianyun entered into the equity interest transfer agreement pursuant to which, Nanjing Fengli conditionally agreed to sell, and Nanjing Changfa conditionally agreed to acquire, the 80% equity interest in Nanjing Tianyun at the total consideration of RMB787 million. Completion of the disposal took place on 29 June 2017 and Nanjing Tianyun ceased to be a subsidiary of the Company. Details of the disposal were set out in the announcement of the Company dated 27 June 2017.

Save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associates or joint ventures in the course of the Period Under Review.

Additional Information Required by the Listing Rules

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Period Under Review are set out in note 3 to the interim condensed consolidated financial statements in this report.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2017 are set out in note 25 to the interim condensed consolidated financial statements in this report.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2017 are set out in note 22 to the interim condensed consolidated financial statements in this report.

STAFF AND REMUNERATION POLICIES

As at 30 June 2017, the Group had about 8,079 employees (31 December 2016: 9,325 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB612,429,000 for the Period Under Review (for the six months ended 30 June 2016: RMB98,697,000). Employee remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to bring them in line with the industry level. In addition to basic salaries, the Group has established revenue sharing programs and performance appraisal plans to provide rewards according to the Group's results and employees' individual performance.

SUBSEQUENT EVENTS

Details of the subsequent events of the Group as at 30 June 2017 are set out in note 29 to the interim condensed consolidated financial statements in this report.

Additional Information Required by the Listing Rules

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

During the Period Under Review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the directors (the "**Directors**") and the chief executives of the Company in the shares (the "**Shares**"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which (i) were required 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 were taken or deemed to have under such provisions of the SFO; (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(i) Long positions in the Shares or underlying Shares

Name of Director	Nature of interests	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Ji Changqun ("**Mr. Ji**")	Beneficial owner and interest in controlled corporation (Note)	10,131,770,454	51.35%
Mr. Shi Zhiqiang	Beneficial owner	4,555,000	0.02%
Mr. Wang Bo	Beneficial owner	6,910,000	0.04%

Note: 942,910,000 Shares are held by Mr. Ji directly as the beneficial owner. In addition, by virtue of the SFO, Mr. Ji is deemed to be interested in the 9,188,860,454 Shares held by Magnolia Wealth, a company incorporated in the British Virgin Islands ("**BVI**") whose entire issued share capital is beneficially owned by Mr. Ji. Accordingly, Mr. Ji is interested in 10,131,770,454 Shares in total.

Additional Information Required by the Listing Rules

(ii) Long positions in the ordinary shares of the Company's associated corporation

Magnolia Wealth

Magnolia Wealth is incorporated in the BVI with limited liability, and is also a holding company of the Company. Mr. Ji is the director of Magnolia Wealth. The interests of the Directors or chief executives of the Company in Magnolia Wealth as at 30 June 2017 are disclosed as follows:

Name of Director	Name of company in which interests were held	Nature of interests	Number of issued shares held	Approximate percentage of the issued share capital of the associated corporation
Mr. Ji	Magnolia Wealth	Beneficial owner	1	100%

CHS

CHS (stock code: 658) was owned as to approximately 73.91% by the Company as at 30 June 2017 and is an indirect subsidiary of the Company. The interests of the Directors or chief executives of the Company in CHS as at 30 June 2017 are disclosed as follows:

Name of Director	Nature of interests	Corporate interests	Total	Approximate percentage of the issued share capital of the associated corporation
Mr. Ji	Interest in controlled corporation(1)	1,226,467,693(1)	1,226,467,693	74.99%(2)

Notes:

(1) 1,226,467,693 shares comprise the following:

Additional Information Required by the Listing Rules

(i) 17,890,000 shares are directly held by Glorious Time Holdings Limited ("**Glorious Time**"), a company incorporated in the BVI, which is wholly-owned by Mr. Ji who is also a director of Glorious Time. By virtue of the SFO, Mr. Ji is deemed to be interested in the 17,890,000 shares held by Glorious Time.

(ii) 1,208,577,693 shares are directly held by Five Seasons XVI Limited ("**Five Seasons XVI**"), which is incorporated in the BVI and wholly-owned by the Company, which in turn is owned as to approximately 46.58% by Magnolia Wealth. Magnolia Wealth is wholly-owned by Mr. Ji who is also a director of Magnolia Wealth. By virtue of the SFO, Mr. Ji is deemed to be interested in the 1,208,577,693 shares held by Five Seasons XVI.

(2) This percentage was based on 1,635,291,556 shares of CHS in issue as at 30 June 2017.

Applied Development Holdings Limited ("ADHL")

ADHL (stock code: 519) was owned as to approximately 26.82% by the Company as at 30 June 2017 and is an associated corporation of the Company. The interests of the Directors or chief executives of the Company in ADHL as at 30 June 2017 are disclosed as follows:

Name of Director	Nature of interests	Corporate interests	Total	Approximate percentage of the issued share capital of the associated corporation
Mr. Ji	Interest in controlled corporation[(1)]	559,865,959[(1)]	559,865,959	26.82%[(2)]

Notes:

(1) 559,865,959 shares are directly held by Rich Unicorn Holdings Limited ("**Rich Unicorn**"), which is incorporated in the BVI and wholly-owned by the Company, which in turn is owned as to approximately 46.58% by Magnolia Wealth. Magnolia Wealth is wholly-owned by Mr. Ji who is also a director of Magnolia Wealth. By virtue of the SFO, Mr. Ji is deemed to be interested in the 559,865,959 shares held by Rich Unicorn.

(2) This percentage was based on 2,087,590,739 shares of ADHL in issue as at 30 June 2017.

Additional Information Required by the Listing Rules

Hin Sang Group (International) Holding Co., Ltd. ("Hin Sang Group")

Hin Sang Group (stock code: 6893) was owned as to approximately 22.93% by the Company as at 30 June 2017 and is an associated corporation of the Company. The interests of the Directors or chief executives of the Company in Hin Sang Group as at 30 June 2017 are disclosed as follows:

Name of Director	Nature of interests	Corporate interests	Total	Approximate percentage of the issued share capital of the associated corporation
Mr. Ji	Interest in controlled corporation[1]	250,000,000[1]	250,000,000	22.96%[2]

Notes:

(1) 250,000,000 shares are directly held by Viewforth Limited ("**Viewforth**"), which is incorporated in the BVI and wholly-owned by the Company, which in turn is owned as to approximately 46.58% by Magnolia Wealth. Magnolia Wealth is wholly-owned by Mr. Ji who is also a director of Magnolia Wealth. By virtue of the SFO, Mr. Ji is deemed to be interested in the 250,000,000 shares held by Viewforth.

(2) This percentage was based on 1,088,780,000 shares of Hin Sang Group in issue as at 30 June 2017.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executives was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which disclosure to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO is required.

Additional Information Required by the Listing Rules

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executives of the Company, as at 30 June 2017, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Substantial Shareholder	Nature of interests	Number of issued Shares held[3]	Approximate percentage of the issued share capital of the Company
Magnolia Wealth	Beneficial owner [1]	9,188,860,454 (L)	46.58%
Superb Colour Limited ("**Superb Colour**")	Beneficial owner [2]	1,593,072,251 (L)	8.07%
		538,357,500[2] (S)	2.73%
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) ("**China Huarong Asset**")	Interest of controlled corporation [2]	1,892,972,251 (L)	9.59%
		538,357,500[2] (S)	2.73%

Additional Information Required by the Listing Rules

Notes:

1. The entire issued share capital of Magnolia Wealth is beneficially owned by Mr. Ji.

2. Reference is made to the disclosure of interest forms dated 30 June 2017 of Superb Colour and China Huarong Asset published on the Stock Exchange's website. Superb Colour has long position in 1,593,072,251 Shares and short position in 538,357,500 Shares. Fortune Innovation II Limited Partnership ("**Fortune Innovation**") has long position in 300,000,000 Shares.

   Superb Colour, a company incorporated in the BVI, is a wholly-owned subsidiary of China Huarong International Holdings Limited ("**China Huarong International**"). Fortune Innovation is a limited partnership in the Cayman Islands and Saturn Jade Group Limited ("**Saturn Jade**"), a company incorporated in the BVI, is the general partner of Fortune Innovation and a wholly-owned subsidiary of China Huarong International. China Huarong International, a company incorporated in Hong Kong, is owned as to 88.1% and 11.9% by Huarong Real Estate Co., Ltd. ("**Huarong Real Estate**"), and Huarong Zhiyuan Investment & Management Co., Ltd. which in turn are wholly-owned subsidiaries of China Huarong Asset. As such, each of China Huarong International, Huarong Real Estate, and China Huarong Asset is deemed to be interested in the said Shares under the SFO.

3. The letter "L" denotes long position in the Shares; and the letter "S" denotes short position in the Shares.

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2017.

* *For identification purposes only*

Additional Information Required by the Listing Rules

COMPETING BUSINESS

As disclosed in the circular of the Company dated 28 October 2013 relating to, amongst other things, very substantial acquisition in relation to the acquisition of 南京豐盛資產管理有限公司 (Nanjing Fullshare Asset Management Limited*), a limited liability company incorporated in the PRC on 19 July 2002, which is currently wholly owned by the Company and reverse takeover involving a new listing application (the "**RTO Circular**"), pursuant to the non-competition undertaking dated 25 October 2013 entered into between the Controlling Shareholders (as defined in the RTO Circular) and the Company (the "**Non-Competition Undertaking**"), save for continuing their engagements in the Excluded Projects (as defined in the RTO Circular) and certain exceptions relating to their holding of and/or being interested in shares and other securities in any member of the Group and any other company listed on a recognized stock exchange engaging in the restricted business (please refer to the RTO Circular for details) set out in the Non-Competition Undertaking, the Controlling Shareholders will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed Glossary of Technical Terms of the RTO Circular) development business in the PRC, and they will only be involved in the commercial property development business. As at 30 June 2017, the Controlling Shareholders were engaged in the development of a property project located in Wenchang in the PRC through an Excluded Company (as defined in the RTO Circular). Save for the Non-Competition Undertaking, as at 30 June 2017, the Controlling Shareholders did not give any other non-competition undertaking to the Company.

The Company has received the written declarations on their compliance with the undertaking under the Non-Competition Undertaking from Mr. Ji and Magnolia Wealth for the Period Under Review. Based on the declaration received from Mr. Ji and Magnolia Wealth and after review, our independent non-executive Directors considered that Mr. Ji and Magnolia Wealth had complied with the terms set out in the Non-Competition Undertaking for the Period Under Review.

Save as disclosed above, as at 30 June 2017, none of the Directors or proposed Directors or their respective close associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Additional Information Required by the Listing Rules

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of the Directors' information since the date of the last annual report of the Company are set out below:

Mr. Chow Siu Lui, an independent non-executive Director, was appointed as an independent non-executive director of China Everbright Greentech Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 1257), with effect from 8 May 2017.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Period Under Review except for the following deviation:

Code Provision A.2.1

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. During the Period Under Review, the positions of chairman and CEO of the Company were held by Mr. Ji. The Board believed that the holding of both positions of chairman and CEO by the same individual allowed more effective planning and execution of business strategies. The Board has full confidence in Mr. Ji and believes that his dual roles will be beneficial to the Group. During the Period Under Review, Mr. Deng Xiaoxiong acted as the co-CEO of the Company. Mr. Deng Xiaoxiong resigned as the co-CEO of the Company on 14 August 2017.

Additional Information Required by the Listing Rules

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an audit committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control of the Company and to review the Company's interim and annual reports and financial statements. The audit committee of the Company currently comprises three independent non-executive Directors.

The members of the audit committee of the Company during the Period Under Review and up to the date of this report were Mr. Chow Siu Lui (chairman), Mr. Lau Chi Keung and Mr. Tsang Sai Chung.

The unaudited interim condensed consolidated financial statements for the Period Under Review have been reviewed by the audit committee of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the Company's code of conduct regarding the Directors' securities transactions. Having made specific enquiry to all Directors, they confirmed that they have complied with the required standards as set out in the Model Code for the Period Under Review.

By Order of the Board
Ji Changqun
Chairman

Hong Kong, 31 August 2017

As at the date of this report, the executive Directors are Mr. Ji Changqun (Chairman), Mr. Shi Zhiqiang, and Mr. Wang Bo; and the independent non-executive Directors are Mr. Lau Chi Keung, Mr. Chow Siu Lui and Mr. Tsang Sai Chung.