Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 (the "**Period Under Review**"), together with comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

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

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

		For the six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited and restated)
	Notes	***RMB'000***	*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		**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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

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
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
(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 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		**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		**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		**4,183,593**	2,754,684
Tax prepaid		**4,801**	41,097
Financial assets held for trading	*13*	**4,041,879**	5,537,114
Available-for-sale investments		**565,000**	–
Assets classified as held for sales		**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 STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2017

	Notes	**30 June 2017 (Unaudited)** *RMB'000*	31 December 2016 (Unaudited and restated) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*14*	**7,576,566**	6,870,880
Other payables and accruals	*15*	**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	*16*	**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		**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	*16*	**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
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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Fullshare Holdings Limited 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.

During the period, 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 Period Under Review 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.

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 Period Under Review.

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 need 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.

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 Standards ("**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.

2.3 Prior year restatement

2.3.1a Restatement of the comparative amounts in the interim condensed consolidated financial statements as a 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 Changqun ("**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.

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

During the Period Under Review, 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 and the deferred tax impact 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.

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	**Acquired subsidiaries**	**Reclassification**	**As restated**
	RMB'000	*RMB'000*	*RMB'000*	*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
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

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

	As originally stated	**Adjustments**	**As restated**
	RMB'000	*RMB'000*	*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	**Adjustments**	**As restated**
	RMB'000	*RMB'000*	*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 of 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.

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.

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	**Tourism**	**Investment and financial services**	**Healthcare and education**	**New energy**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Sales	**514,228**	**65,431**	**37,732**	**323,267**	**3,894,207**	**4,834,865**
Fair value change in financial assets 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)**

For the six months ended 30 June 2016

	Property	Tourism	Investment and financial services	Healthcare and education	New energy	Total
	(Unaudited and restated)	(Unaudited and restated)	(Unaudited and restated)	(Unaudited and restated)	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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

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	Tourism	Investment and financial services	Healthcare and education	New energy	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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

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
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 Period Under Review.

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

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		
People's Republic of China ("**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

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 Accurate Marine Equipment 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 Period Under Review. 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.

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 Period Under Review.

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 Under Review (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 (six months ended 30 June 2016: Nil).

9. DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the Period Under Review (six months ended 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)/learnings 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.

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	*RMB'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 Period Under Review, 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.

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 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 Period Under Review (six months ended 30 June 2016: RMB37,000), resulting in a net gain on disposal of RMB1,377,000 (six months ended 30 June 2016, net loss: RMB36,000).

During the Period Under Review 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.

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

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

13. 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 consider that the closing prices of these securities are the fair value of the investments.

	30 June 2017 (Unaudited)	31 December 2016 (Unaudited)
	RMB'000	*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 Period Under Review, there were no addition or disposal of the securities listed above.

14. TRADE AND BILLS PAYABLES

	30 June 2017 (Unaudited)	31 December 2016 (Unaudited)
	RMB'000	*RMB'000*
Trade payables	**2,653,568**	2,182,270
Bills payables	**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.

15. 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

16. 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

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	(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 18.

17. 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 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.

(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. Based on the experience of the Group, 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.

18. 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 16 to the interim condensed consolidated results in this announcement.

19. CAPITAL COMMITMENTS

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

20. 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 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, issued a corporate bond of RMB1,020,000,000, which carries an interest rate of 6.50% 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 dated 25 May 2017 and 24 August 2017 respectively.

BUSINESS REVIEW

(1) Property business

(a) Property sales

In the first half of 2017, the Group made contracted sales of approximately RMB956,197,000, 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.

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 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.

(b) *Investment properties*

During the Period Under Review, the investment properties of the Group mainly included Wonder City（虹悦城）, 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（虹悦城）	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.

(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 operates 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).

(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	**Name**	**Number of shares held**	**Effective shareholding interest as at 30 June 2017**	**Acquisition cost**	**Carrying amount as at 30 June 2017**	**Unrealised holding gain/ (loss) arising on revaluation for the six months ended 30 June 2017**	**Realised holding gain arising on revaluation for the six months ended 30 June 2017**	**Dividend received/ receivable for the six months ended 30 June 2017**
(Note 1)		*(Note 2)*		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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	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.

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.

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.

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 (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.

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).

(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 project*（生命匯）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 CHS, 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.

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.

During the Period Under Review, 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.

(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".

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.

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.

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.

(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.

(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.

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.

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.

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.

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.

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.

Income tax expense

For the Period Under Review, the Corporate Income Tax ("**CIT**") expense, 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.

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.

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.

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 18 to the interim condensed consolidated results in this announcement.

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.

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$108,655,349.37 (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）(a subsidiary of the Company), 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.

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.

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 results in this announcement.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2017 are set out in note 19 to the interim condensed consolidated results in this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2017 are set out in note 17 to the interim condensed consolidated results in this announcement.

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 20 to the interim condensed consolidated results in this announcement.

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.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

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 announcement 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 for Securities Transactions by Directors of Listed Issuers (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 announcement, 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.

* *For identification purposes only*