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

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

HIGHLIGHTS

- The Group's contracted sales for the Period increased by approximately 5.0% to approximately RMB5,053 million from approximately RMB4,811 million for the corresponding period in 2016.

- The Group's revenue for the Period was approximately RMB3,637 million, decreased by 32.2% from approximately RMB5,362 million for the corresponding period in 2016, due to the decrease in the number and GFA of developed properties delivered which subject to the projects development schedule.

- The Group maintained its gross profit margin at a relatively high level for the Period of 30.5%.

- The Group's profit for the Period was approximately RMB156 million (the corresponding period in 2016: RMB331 million), representing a decrease of approximately 52.9% from the same period last year due to the decrease in the revenue and increase in the finance costs.

- The Group's net gearing ratio (being the aggregated borrowings, senior notes and bonds and assets backed securities issued, net of bank balances and cash and restricted/pledged bank deposits over the total equity) as at 30 June 2017 was 89.0%, which slightly increased by 6.0% from 83.0% as at 31 December 2016.

- Basic earnings per share was RMB1.41 cents (the corresponding period in 2016: RMB4.62 cents).

The board (the "**Board**") of directors (the "**Directors**") of Fantasia Holdings Group Co., Limited (hereinafter referred to as "**Fantasia**" or the "**Company**") announces the unaudited financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 (the "**Period**" or the "**Reporting Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended 30 June	
	NOTES	**2017**	2016
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue		**3,637,259**	5,362,145
Cost of sales and services		**(2,527,895)**	(3,882,193)
Gross profit		**1,109,364**	1,479,952
Other income, gains and losses		**185,396**	(172,771)
Change in fair value of investment properties		**407,411**	(10,767)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		**122,567**	343,024
Selling and distribution expenses		**(113,075)**	(121,776)
Administrative expenses		**(573,692)**	(470,120)
Finance costs		**(609,782)**	(331,046)
Share of results of associates		**21,071**	(58)
Share of results of joint ventures		**29,716**	580
Gains on disposal of subsidiaries		**98,820**	177,785
Profit before tax		**677,796**	894,803
Income tax expense	4	**(521,392)**	(564,210)
Profit for the period	5	**156,404**	330,593
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations		**(7,372)**	–
Income tax relating to items that will not be reclassified subsequently to profit or loss		**1,843**	–
Other comprehensive expense for the period, net of income tax		**(5,529)**	–
Profit and total comprehensive income for the period		**150,875**	330,593

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended 30 June	
	NOTES	**2017**	2016
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Owners of the Company		**81,270**	265,984
An owner of perpetual capital instrument		**–**	37,550
Other non-controlling interests		**75,134**	27,059
		156,404	330,593
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**77,962**	265,984
An owner of perpetual capital instrument		**–**	37,550
Other non-controlling interests		**72,913**	27,059
		150,875	330,593
Earnings per share (RMB cents)			
– Basic	*7*	**1.41**	4.62
– Diluted	*7*	**1.40**	4.62

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,146,326**	2,078,272
Investment properties		**8,008,952**	6,981,839
Interests in associates		**834,947**	735,336
Interests in joint ventures		**1,133,325**	951,667
Available-for-sale investments		**32,318**	30,215
Goodwill		**878,242**	912,750
Intangible assets		**247,898**	259,248
Prepaid lease payments		**354,785**	1,765,515
Premium on prepaid lease payments		**1,278,602**	1,592,486
Other receivables		**165,330**	244,038
Deposits paid for acquisition of subsidiaries and associates		**834,422**	267,130
Deposit paid for acquisition of a property project		**159,214**	159,073
Deposits paid for acquisition of land use rights		**1,104,492**	1,095,077
Deferred tax assets		**508,096**	466,577
		17,686,949	17,539,223
CURRENT ASSETS			
Properties for sale		**16,953,660**	15,347,979
Inventories		**120,225**	80,414
Prepaid lease payments		**12,468**	48,151
Premium on prepaid lease payments		**19,233**	28,744
Trade and other receivables	8	**4,307,948**	4,604,211
Amounts due from customers for contract works		**128,129**	73,627
Tax recoverable		**127,297**	96,458
Amounts due from non-controlling shareholders of the subsidiaries of the Company		**985,853**	82,330
Amount due from a joint venture		**533,306**	355,775
Amounts due from related parties		**38,809**	233,726
Amounts due from associates		**30,045**	–
Financial assets designated as at fair value through profit or loss ("FVTPL")		**217,750**	127,275
Restricted/pledged bank deposits		**1,226,737**	1,997,824
Bank balances and cash		**8,588,772**	9,136,526
		33,290,232	32,213,040

	NOTES	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and other payables	9	**4,945,851**	4,445,008
Deposits received for sale of properties		**3,353,050**	2,817,149
Amounts due to customers for contract works		**13,561**	16,746
Amount due to a non-controlling shareholder of a subsidiary of the Company		**–**	310,438
Amounts due to joint ventures		**157,312**	294,157
Amounts due to associates		**336,669**	1,061,338
Tax liabilities		**4,186,950**	4,151,634
Borrowings – due within one year		**1,657,247**	929,458
Obligations under finance leases		**23,057**	23,610
Senior notes and bonds		**5,286,365**	1,575,183
Assets backed securities issued		**20,589**	37,642
Defined benefit obligations		**5,212**	5,171
Provisions		**43,483**	37,154
		20,029,346	15,704,688
NET CURRENT ASSETS		**13,260,886**	16,508,352
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,947,835**	34,047,575
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,372,766**	1,236,629
Borrowings – due after one year		**1,652,768**	2,438,008
Obligations under finance leases		**74,934**	88,538
Senior notes and bonds		**13,452,254**	16,804,442
Assets backed securities issued		**231,796**	237,442
Defined benefit obligations		**130,240**	121,781
		16,914,758	20,926,840
		14,033,077	13,120,735
CAPITAL AND RESERVES			
Share capital		**497,868**	497,848
Reserves		**10,298,416**	10,457,503
Equity attributable to owners of the Company		**10,796,284**	10,955,351
Non-controlling interests		**3,236,793**	2,165,384
		14,033,077	13,120,735

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs Standards 2014–2016 Cycle

The directors of the Company considered the application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements, but additional disclosure about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

3. SEGMENT INFORMATION

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

Six months ended 30 June 2017

	Property development *RMB'000*	Property investment *RMB'000*	Property agency services *RMB'000*	Properties operation services *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000*	Reportable segment total *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
SEGMENT REVENUE (UNAUDITED)									
External sales	2,068,777	116,945	27,122	978,459	63,801	382,155	3,637,259	–	3,637,259
Inter-segment sales	84,908	–	–	42,221	–	–	127,129	(127,129)	–
Total	2,153,685	116,945	27,122	1,020,680	63,801	382,155	3,764,388	(127,129)	3,637,259
Segment profit (loss)	457,490	461,636	1,307	210,945	(9,470)	(46,107)	1,075,801	–	1,075,801

Six months ended 30 June 2016

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

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

Reconciliation:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Segment profit	**1,075,801**	1,367,522
Finance costs	**(609,782)**	(331,046)
Share of results of joint ventures	**29,716**	580
Share of results of associates	**21,071**	(58)
Gain on disposal of subsidiaries	**98,820**	177,785
Unallocated income, gains and losses	**182,242**	(171,971)
Unallocated corporate expenses	**(120,072)**	(148,009)
Profit before tax	**677,796**	**894,803**

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

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Property development	**22,451,422**	22,327,069
Property investment	**8,204,712**	7,217,642
Property agency services	**9,290**	10,859
Property operation services	**3,159,053**	2,911,791
Hotel operations	**1,055,348**	1,078,297
Other	**2,244,225**	2,128,935
Total segment assets	**37,124,050**	35,674,593
Total unallocated assets	**13,853,131**	14,077,670
Group's total assets	**50,977,181**	49,752,263

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

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 *RMB'000* **(unaudited)**	2016 *RMB'000* (unaudited)
Current tax in the People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	**289,823**	286,313
Land Appreciation Tax ("LAT")	**135,670**	297,455
	425,493	583,768
Deferred tax:		
Current period	**95,899**	(19,558)
	521,392	564,210

5. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit and total comprehensive income for the period has been arrived at after charging(crediting):		
Net exchange (gain) loss	**(247,623)**	196,788
Interest income	**(48,703)**	(14,879)
Loss on redemption of senior notes (included in other income, gains and losses)	**116,933**	–
Release of prepaid lease payments	**14,077**	7,132
Release of premium on prepaid lease payments	**14,373**	1,840
Depreciation of property, plant and equipment	**95,622**	95,799
Amortisation of intangible assets	**15,782**	9,854
Allowance for doubtful trade and other receivables, net	**16,561**	16,001
Staff costs	**559,817**	531,895

6. DIVIDENDS

During the current interim period, a final dividend of HK5.00 cents per share in respect of the year ended 31 December 2016 (2015: HK5.00 cents) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to RMB250,049,000 (2015: RMB246,220,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**81,270**	265,984
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**5,761,972,315**	5,761,519,682
Effect of dilutive potential ordinary shares:		
Share options	**23,347,850**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,785,320,165**	5,761,519,682

8. TRADE AND OTHER RECEIVABLES

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

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Trade receivables	**1,882,886**	1,797,997
Less: allowance for doubtful debts	**(86,376)**	(77,664)
Total trade receivables	**1,796,510**	1,720,333
Other receivables *(note)*	**461,893**	365,754
Loan receivables	**334,941**	338,708
Prepayments and other deposits	**184,782**	199,897
Prepayments to suppliers	**212,047**	212,178
Prepayments for construction works	**673,020**	1,209,992
Consideration receivable on disposal of subsidiaries	**31,000**	25,500
Consideration receivables on disposal of partial interests in subsidiaries resulting in loss of control	**345,069**	332,500
Amount due from Pixian Government	**122,830**	122,830
Amount due from Chengdu Government	**–**	5,061
Other tax prepayments	**311,186**	315,496
	4,473,278	4,848,249
Less: Amount shown under non-current assets	**(165,330)**	(244,038)
Amounts shown under current assets	**4,307,948**	4,604,211

Note: The balance includes the amounts of RMB 103,850,000 due from subsidiaries which have been disposed to independent investors before 30 June 2017. The remaining balance mainly includes the payment on behalf of residents for the utilities and sundry charges of property operation services segment.

Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

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

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

Hotel operation and travel agency service income are in form of cash sales.

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

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
0 to 30 days	**719,817**	856,306
31 to 90 days	**637,964**	593,460
91 to 180 days	**144,441**	105,115
181 to 365 days	**169,534**	91,121
Over 1 year	**124,754**	74,331
	1,796,510	1,720,333

Movement in the allowance for doubtful debts in respect of trade and other receivables:

	30 June 2017 *RMB'000* **(unaudited)**
Balance at 1 January	**132,372**
Impairment losses recognised	**16,561**
Balance at 30 June	**148,933**

9. TRADE AND OTHER PAYABLES

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
Trade payables	**2,737,591**	2,487,201
Deposit received	**557,543**	537,172
Other payables *(note)*	**710,015**	612,175
Other tax payables	**321,766**	323,933
Accrued staff costs	**288,273**	254,203
Consideration payables for acquisitions of subsidiaries	**259,108**	169,383
Accruals	**63,805**	53,813
Retention payables	**7,750**	7,128
	4,945,851	4,445,008

Note: The balance includes the amounts of RMB 31,538,000 due to subsidiaries which have been disposed to independent investors before 30 June 2017.

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials ranged from six months to one year.

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

	30 June 2017 *RMB'000* **(unaudited)**	31 December 2016 *RMB'000* (audited)
0 to 60 days	**1,490,635**	1,194,063
61 to 180 days	**417,870**	416,973
181 to 365 days	**412,350**	458,649
1 to 2 years	**314,587**	324,000
2 to 3 years	**97,354**	96,064
Over 3 years	**12,545**	4,580
	2,745,341	2,494,329

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

Contracted Sales and Project Development

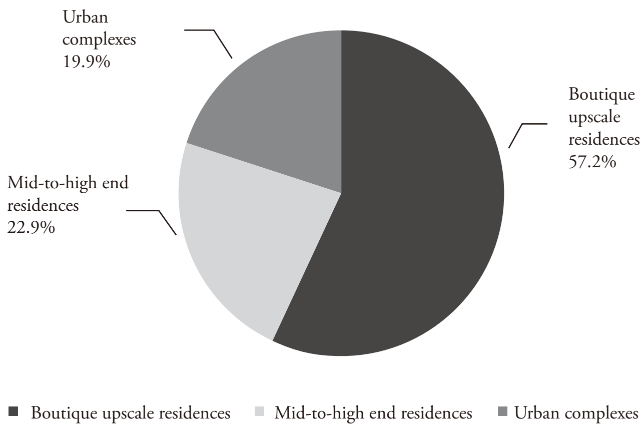
It has been ten months since China tightened its control on the property market in last October. Judging from the policy results, the property market has been undoubtedly heading in a direction different from the expected one under these policies. On the one hand, first-tier cities and popular second-tier cities launched unprecedentedly strict policies to regulate the property market by tightening "restrictions on house purchases, mortgage loans, housing prices and house selling". On the other hand, in the first half of this year, China's total commercial housing sales and sales area rose 21.5% and 16.1% year on year respectively to hit record highs – RMB5.92 trillion and 74,700 sq.m. When it comes to specific market, first- and second-tier cities witnessed "shrinking sales and stable prices", while third- and fourth-tier cities saw "rising sales and prices".

Judging from the status quo, the restrictive policies will go even further, and with housing supply expected to increase substantially, the first-hand property market will experience certain changes accordingly as short supply eases. Third- and fourth-tier cities will see market adjustments in the second half of this year, which would last longer than first- and second-tier cities. As currently the majority of homebuyers in third- and fourth-tier cities are property investors, mostly from surrounding first- and second-tier cities, housing prices in these cities will be adjusted downwards when these investors retreat. Despite the tightening policies and strict control over supply and demand, the property market still enjoys stable sales volume and prices, showing that market demands and industry confidence remain strong.

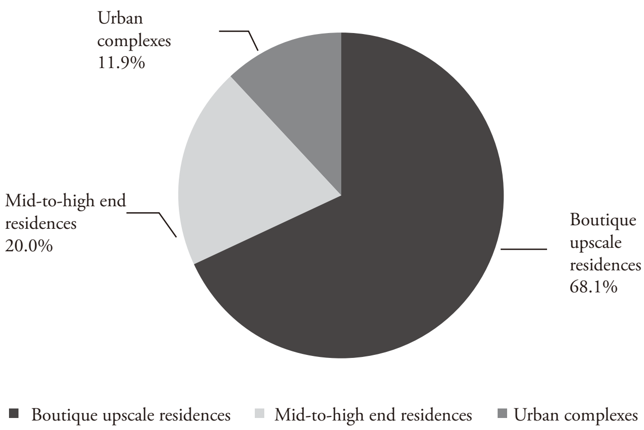
Amid changes in the overall market, the Group seized market opportunities to boost sales by promoting hot-sale products, with a view to accelerating cash turnover to satisfy its capital needs for rapid growth while securing a price premium at the same time. In this regard, regional branches in Guilin, Wuhan, Huizhou, Nanjing and Chengdu performed strongly. After our great efforts in the first half of the year, we will tap further into market needs and customer demands by improving products and services with innovative thinking, and create hot-sale projects with great market influence and characteristics of Fantasia to make a breakthrough in sales at a premium.

During the Period, the Group recorded total contracted sales of approximately RMB5,053.06 million and a total contracted sales area of 641,441 sq.m. Among the total contracted sales, approximately RMB1,003.76 million was derived from urban complex projects, representing approximately 19.9% of the total; approximately RMB2,893.87 million was derived from boutique and upscale residential projects, representing approximately 57.2% of the total; and approximately RMB1,155.43 million was derived from mid-to-high end residential projects, representing approximately 22.9% of the total.

Distribution of contracted sales by product type



Distribution of contracted sales area by product type

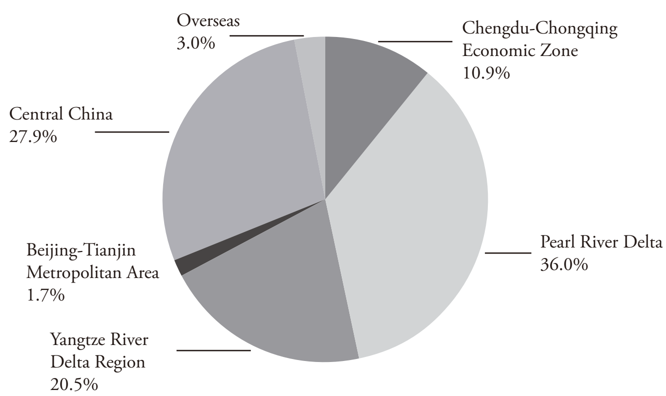


Distribution of contracted sales and contracted sales area by product type for the first half of 2017

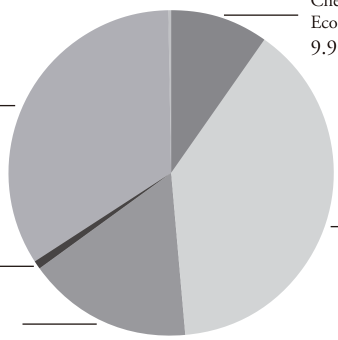
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	1,003.76	19.9	76,348	11.9
Mid-to-high End Residences	1,155.43	22.9	128,128	20.0
Boutique Upscale Residences	2,893.87	57.2	436,965	68.1
Total	5,053.06	100.0	641,441	100.0

During the Reporting Period, the amount of contracted sales for the Group's real estate business was mainly attributable to 34 projects (including Wuhan Fantasia Town, Suzhou Lago, Tianjin Meinian, Chengdu Longnian International Center, Guilin Lakeside Eden and Huizhou Kangchengsiji) in 14 cities such as Wuhan, Chengdu, Guilin and Huizhou. In the first half of the year, the Group exceeded its performance targets for the Period in the Wuhan-based Central China market, Chengdu-based Chengdu-Chongqing market, Shenzhen-based Pearl River Delta market and Shanghai-based Yangtze River Delta market. In particular, our performance in the Pearl River Delta market and Chengdu-Chongqing market outshined other regional segments and served as major contributor to achieving our targets for this year, thus earning the Group good market reputation and great influence in the local markets. In addition, the Group's real estate business in sixth-tier cities achieved initial results as it leveraged the resources and teams of its subsidiaries in various cities to seek business growth in areas surrounding its key markets, including Sinan County in Guizhou, Ganzhou City in Jiangxi and Jingchuan County in Gansu.

Distribution of contracted sales in six major regions for the first half of 2017



Distribution of contracted sales area in six major regions for the first half of 2017



Breakdown of the Group's contracted sales in six major regions for the first half of 2017

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Pearl River Delta	1,817.46	36.0	248,747	38.8
Chengdu-Chongqing Economic Zone	552.43	10.9	63,657	9.9
Beijing-Tianjin Metropolitan Area	87.94	1.7	5,823	0.9
Yangtze River Delta Region	1,033.57	20.5	105,762	16.5
Central China	1,412.08	27.9	216,179	33.7
Overseas	149.58	3.0	1,273	0.2
Total	5,053.06	100	641,441	100

Chengdu-Chongqing Economic Zone

As a vital economic hub in Midwest China and a national modern industrial base of significance, the Chengdu-Chongqing Economic Zone enjoys rapid industrial development as driven by robust market demands, and thus has always been an important strategic market for the Group. After 17 years of development in such region, the Group has become one of the most influential branded property developers in the region. During the Reporting Period, the Group secured a leading market position in terms of sales performance by promoting the idea of large project operations and integrating hotel, cultural tourism and other resources to improve products and strengthen community management. Thanks to such efforts, we attracted much attention to our projects and earned brand awareness in regional markets, laying a sound foundation for the launch of our new products in the second half of the year.

During the Reporting Period, the Group recorded a contracted sales area of approximately 63,657 sq.m. and contracted sales of approximately RMB552.43 million in the Chengdu-Chongqing Economic Zone, representing approximately 9.9% and 10.9% of the total contracted sales of the Group for the Period, respectively.

As at 30 June 2017, the Group had four projects or project phases under construction in the Chengdu-Chongqing Economic Zone, with a total planned gross floor area (GFA) of approximately 563,948 sq.m. and a saleable area of approximately 417,765 sq.m. Apart from the projects under construction, the Group had five projects or project phases to be constructed in the Chengdu-Chongqing Economic Zone, with a total planned GFA of approximately 2,141,968 sq.m.

Pearl River Delta

On 7 April 2017, the National Development and Reform Commission issued the 2017 Key Tasks for Institutional Innovation in State-level New Areas to promote the development of Guangdong-Hong Kong-Macao Greater Bay Area which, once completed, will allow the Pearl River Delta to become a vital test ground for China to build world-class city clusters and participate in global competition. Under the new policy environment, the Group vigorously grasped market opportunities to boost sales at a higher premium, thereby earning great market influence and brand reputation. Meanwhile, we sped up business development in Shenzhen, Guangzhou, Huizhou and Guilin markets to seek greater business growth and acquire more land reserves.

During the Reporting Period, the Group recorded a contracted sales area of approximately 248,747 sq.m. and contracted sales of approximately RMB1,817.46 million in the Pearl River Delta, representing 38.8% and 36.0% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had three projects or project phases under construction in the Pearl River Delta, with a total planned GFA of approximately 680,689 sq.m. and an expected saleable area of approximately 491,918 sq.m. The Group also had five projects or project phases to be constructed in the region, with a total planned GFA of approximately 1,783,393 sq.m.

Beijing-Tianjin Metropolitan Area

As a capital-based economic zone, the Beijing-Tianjin Metropolitan Area is of great strategic significance. On 1 April 2017, the CPC Central Committee and the State Council decided to establish a state-level new area – Xiong'an New Area. The development of Xiong'an New Area is a historic move with great practical and far-reaching significance to explore new development models for densely populated areas, to adjust and enhance the urban layout and spatial structure of the Beijing-Tianjin-Hebei Region, and to create a new innovation-driven growth engine. During the Reporting Period, the Group accelerated the development of its existing projects in the area and, on top of that, sped up business expansion in key cities such as Tianjin, Beijing and Shijiazhuang by acquiring land reserves and undertaking new cooperation projects, so as to grow bigger and have greater influence in regional markets.

During the Reporting Period, the Group recorded a contracted sales area of approximately 5,823 sq.m. and contracted sales of approximately RMB87.94 million in the Beijing-Tianjin Metropolitan Area, representing 0.9% and 1.7% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had two projects or project phases under construction in the Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 18,595 sq.m. and an expected saleable area of approximately 12,927 sq.m. The Group also had four projects or project phases to be constructed in the area, with a total planned GFA of approximately 711,947 sq.m.

Yangtze River Delta Region

The Yangtze River Delta Region, being a world-class city cluster going global, influencing the Asia Pacific and holding a leading position in the nation, has been built into a resource allocation pivot with great economic vitality, a technology innovation hub with global influence, and a vital international gateway in the Asian-Pacific region. The Group has long been paying great attention to its existing projects and the key cities with high growth potential within the region. During the Reporting Period, the Group tapped deeply into the users and customers' needs to promote product development and service improvement from the perspective of users, and gradually developed products with high recognition by the market, thus greatly boosting the sales of key projects and gaining considerable market attention and influence.

During the Reporting Period, the Group recorded a contracted sales area of approximately 105,762 sq.m. and contracted sales of approximately RMB1,033.57 million in the Yangtze River Delta Region, representing approximately 16.5% and 20.5% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had four projects or project phases under construction in the Yangtze River Delta Region, with a total planned GFA of approximately 580,572 sq.m. and an expected saleable area of approximately 398,785 sq.m. The Group also had three projects or project phases to be constructed in the region, with a total planned GFA of approximately 323,243 sq.m.

Central China

Central China, which boasts a profound historical and cultural background, abundant resources, a solid industrial foundation and convenient land and water transportation, is a developed region in China and is of strategic significance to the Group. During the Reporting Period, the Group proactively promoted the development of its existing projects and seized market opportunities to expedite de-stocking, achieving rapid sales of projects in rigid demand with increasing price premiums. Leveraging its reputation and customer recognition in regional markets, the Group sped up business development and acquired a number of new projects in such key cities as Wuhan, Zhengzhou, Changsha and Xi'an in Central China, laying a solid foundation for its further development in the region in the second half of the year.

During the Reporting Period, the Group recorded a contracted sales area of approximately 216,179 sq.m. and contracted sales of approximately RMB1,412.08 million in Central China, representing approximately 33.7% and 27.9% of the total contracted sales area and contracted sales, respectively.

As at 30 June 2017, the Group had one project or project phase under construction in Wuhan, with a total planned GFA of approximately 91,198 sq.m. and an expected saleable area of approximately 90,779 sq.m. The Group also had one project or project phase to be constructed in the area, with a total planned GFA of approximately 200,000 sq.m.

Overseas

As one of Asia's foreign exchange hubs, Singapore is the most important financial, service and shipping pivot in Asia. Singapore is of strategic importance for the Group's global expansion as it is the entry point for the Group's expansion into the overseas property market. During the Reporting Period, we secured strong sales of the Singapore Love Forever Project through marketing innovation and product improvement, thus achieving overall sales growth and gaining good market reputation and value recognition.

During the Reporting Period, the Group recorded a contracted sales area of approximately 1,273 sq.m. and contracted sales of approximately RMB149.58 million in the overseas market, representing approximately 0.2% and 3.0% of the total contracted sales area and contracted sales, respectively.

Newly Commenced Projects

During the Reporting Period, the Group commenced construction of seven projects or project phases which have a total planned GFA of approximately 615,381 sq.m.

The breakdown of newly commenced projects in the first half of 2017

Project serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA
						(sq.m.)
Yangtze River Delta Region						
1	Gaochun Love Forever (高淳花郡)	Gaochun, Nanjing	Residential land use	2019	100%	96,755
2	Taicang Taigucheng (太倉太古城)	Zhenghe East Road, Taicang	Commercial/ office purpose	2019	100%	63,741
3	Suzhou Lago Paradise (蘇州太湖天城)	Suzhou	Residential land use	2019	100%	14,625
4	Jiangxi Ganzhou Yunding Mansion (江西贛州雲頂公館)	Ganzhou	Residential and commercial purposes	2018	100%	91,198
Chengdu-Chongqing Economic Zone						
1	North Xiangmendi (香門第北區)	Pi County, Chengdu	Residential and commercial purposes	2018	100%	131,362
2	Shuangliu Jiatianxia (雙流家天下)	Shuangliu District, Chengdu City	Residential and commercial purposes	2019	55%	153,459
Pearl River Delta						
1	Shenzhen Jiatianxia (深圳家天下)	Kuiyong, Shenzhen City	Residential and commercial purposes	2018	10%	64,241

Completed Projects

During the Reporting Period, the Group completed 4 projects or phases of projects, with a total GFA of approximately 577,395 sq.m.

The breakdown of completed projects in the first half of 2017

Project serial number	Project name	GFA	Gross saleable area	Area for sales	Contracted sales area	Area held by the Company
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Yangtze River Delta Region						
1	Suzhou Hailrun Business and Apartment Project (蘇州喜年項目商業及公寓)	250,690	124,497	108,110	16,387	–
Pearl River Delta						
1	Huizhou Kangchengsiji	200,163	132,240	8,824	121,691	1,725
2	Guilin Lakeside	18,511	18,397	–	18,387	–
Central China						
1	Wuhan Fantasia Town	108,031	87,954	4,870	83,084	–

Projects under Construction

As at 30 June 2017, the Group had 14 projects or phases of projects under construction, with a total planned GFA of 1,935,002 sq.m. and a total planned gross saleable area of 1,412,174 sq.m.

The breakdown of projects under construction as at 30 June 2017

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Shenzhen								
1	Jiatianxia (家天下)	Kuiyong, Shenzhen City	Residential and commercial purposes	10%	2018	64,241	46,690	Urban Complexes
Huizhou								
1	Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2017	169,284	124,122	Mid-to-high End Residences
Guilin								
1	Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	100%	2018	447,164	321,106	Boutique Upscale Residences
Chengdu								
1	Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	2018	62,848	54,561	Boutique Upscale Residences
2	Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	216,279	166,455	Urban Complexes
3	Xiangmendi (香門第)	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	131,362	83,469	Mid-to-high End Residences
4	Shuangliu Jiatianxia (雙流家天下)	Shuangliu District, Chengdu	Residential and commercial purposes	55%	2019	153,459	113,280	Mid-to-high End Residences and Commercial Apartment
Tianjin								
1	Love Forever	Wuqing District, Tianjin City	Residential land use	60%	2017	2,679	2,679	Mid-to-high End Residences
2	Huaxiang (花鄉)	Wuqing District, Tianjin City	Residential land use	60%	2017	15,916	10,248	Boutique Upscale Residences
Suzhou								
1	Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	2017	10,700	10,124	Boutique Upscale Residences
2	Taicang Taigucheng (太倉太古城)	Zhenghe East Road, Taicang	Commercial/ office purpose	100%	2019	63,741	61,010	Urban Complexes

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Nanjing								
1	Hailrun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	60%	2017	296,933	200,836	Urban Complexes
2	Love Forever	Gaochun, Nanjing	Residential and commercial purposes	100%	2018	209,198	126,815	Mid-to-high End Residences
Ganzhou								
1	Yunding Mansion (雲頂公館)	Xingguo County, Ganzhou	Residential and commercial purposes	100%	2018	91,198	90,779	Boutique Upscale Residences

Projects to be Developed

As at 30 June 2017, the Group had 18 projects or phases of projects to be developed, with a total planned GFA of approximately 5,160,551 sq.m.

The table below sets forth the breakdown of the Group's projects or phases of projects to be developed in the six major regions as at 30 June 2017.

	sq.m.	%
Pearl River Delta	1,783,393	34.5
Chengdu-Chongqing Economic Zone	2,141,968	41.5
Yangtze River Delta Region	323,243	6.3
Beijing-Tianjin Metropolitan Area	711,947	13.8
Central China	200,000	3.9
Total	5,160,551	100

The breakdown of projects to be developed as at 30 June 2017

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Shenzhen					
1	Xinghua Industrial Project	Shekou District, Shenzhen City	Commercial and financial purposes	61%	40,000
2	Jiatianxia Project	Kuiyong, Shenzhen City	Residential and commercial purposes	10%	187,240
Subtotal					227,240

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Huizhou					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	196,914
2	Qiuchang Project	Danshui Town, Huiyang District, Huizhou City	Residential purpose	100%	188,967
Subtotal					385,881
Suzhou					
1	Haoge Land Plot	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial purposes	5%	73,185
Subtotal					73,185
Shanghai					
1	Guobang Huayuan (國邦花園)	Jing'an District, Shanghai City	Office purpose	100%	5,766
Subtotal					5,766
Guilin					
1	Remaining phases of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,170,272
Subtotal					1,170,272
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary purposes	100%	397,204
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	667,737
3	Phase 2.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	82,630
4	Chengdu Xiangmendi (成都香門第)	Pi County, Chengdu City	Residential and commercial purposes	100%	358,638
5	Shuangliu Jiatianxia (成都家天下)	Shuangliu District, Chengdu	Commercial cum residential	55%	635,759
Subtotal					2,141,968
Beijing					
1	Yaxinke Project	Fengtai District, Beijing City	Residential purpose	76%	268,174
小計					268,174
Nanjing					
1	Love Forever Project	Gaochun District, Nanjing City	Residential purpose	100%	244,292
Subtotal					244,292

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential purpose	60%	37,107
2	Remaining phases of Huaxiang	Wuqing District, Tianjin City	Residential purpose	60%	238,327
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism purposes	100%	168,339
Subtotal					443,773
Wuhan					
1	Phase 1 of Baishazhou Project	Hongshan District, Wuhan City	Residential and commercial purposes	50%	200,000
Subtotal					200,000
Subtotal					5,160,551

Land Bank

During the Reporting Period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai, Shenzhen, Wuhan and Chengdu, which enjoy strong market potential and are capable of delivering rich returns. As at 30 June 2017, the planned GFA of the Group's land bank amounted to approximately 15.95 million sq.m. and the planned GFA of properties with framework agreements signed amounted to 8.85 million sq.m.

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of land bank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Chengdu-Chongqing Economic Zone				**5,703,235**	**35.2%**
Chengdu	563,949	2,141,968	2,916,682	5,622,599	
Kunming			80,636	80,636	
Pearl River Delta				**7,026,962**	**44.1%**
Shenzhen	64,241	227,240	3,462,980	3,754,461	
Huizhou	169,284	385,881	1,099,900	1,655,065	
Guilin	447,164	1,170,272		1,617,436	

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of land bank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Beijing-Tianjin Metropolitan Area				**799,124**	**5.0%**
Beijing		268,174		268,174	
Tianjin	18,595	443,773	30,317	492,685	
Shijiazhuang			38,265	38,265	
Yangtze River Delta				**960,069**	**6.0%**
Suzhou	74,441	73,185	56,254	203,880	
Shanghai		5,766		5,766	
Nanjing	506,131	244,292		750,423	
Central China				**1,460,215**	**9.2%**
Wuhan		200,000	1,169,017	1,369,017	
Ganzhou	91,198			91,198	
Total	**1,935,003**	**5,160,551**	**8,854,051**	**15,949,605**	**100%**

Colour Life

During the Reporting Period, the community services business of the Group maintained rapid growth. As at 30 June 2017, Colour Life Services Group Co., Ltd ("**Color Life**"), a subsidiary of the Group, had a total contracted management area of approximately 420.2 million sq.m. and was serving a total of 2,335 communities, representing year-on-year (YoY) increases of approximately 60.1 million sq.m. and 99 communities, respectively. The new-added communities under contracted management are contracted by way of discretionary authorization, indicating the market competitiveness and brand awareness of Colour Life in the industry. Currently, Colour Life has developed into a large community service operator comprising 24 property management enterprises with National Class 1 Qualification and 46 property management enterprises with National Class 2 Qualification. Currently, projects managed by Colour Life are distributed across 214 Chinese cities and Singapore, forming a business landscape covering East China, South China, Northwest China, Southwest China, Northeast China, North China, Central China as well as Singapore and Hong Kong.

Since it launched the cooperation model based on an Internet Plus property management platform in the second half of 2016, Colour Life has established partnerships with 28 property services companies, including Shanghai Yinwan Life Network Co., Ltd., Lanzhou Chengguan Property Services Group Co., Ltd., Jiangsu Zhongzhu Property Services Development Co., Ltd. and Hubei Yunfan Property Services Co., Ltd. As at 30 June 2017, the service area under Colour Life's platform reached 848.9 million sq.m., including a self-managed area of 420.2 million sq.m. and a cooperatively-managed area of 428.7 million sq.m.

With continuous expansion of user base on the platform, as at 30 June 2017, the number of registered users of Caizhiyun (彩之雲) increased to 4,121 thousand, of which 2,434 thousand were active users, increased by approximately 91.7% and approximately 114.8% respectively as compared to the end of June 2016, with the percentage of active users remained high at 59.1%. In the first half of 2017, the construction of Colour Life's ecosystem made great progress as the vertical applications connected to the platform performed well. In particular, E Maintenance had more than 15,000 orders per day on average, and E Energy, E Parking and E Rental had been well received by the market by virtue of their efficient and quality services, thus achieving considerable revenue and profits. Moreover, E Elevator, E Recycling and E Cleaning had been quickly put into use in communities after small-scale trial use. Overall, the favorable operating statistics shown that the construction of Colour Life's ecosystem has yielded great results. As at 30 June 2017, the Gross Merchandise Volume (GMV) of Caizhiyun platform amounted to approximately RMB2,393.5 million; the revenue from its value-added business amounted to RMB110.8 million, representing a YoY growth of approximately 55.1% and with a high gross profit margin of approximately 84.5%. Such revenue, which contributed approximately 30.1% of Colour Life's profit, was the second largest source of revenue and profit, marking Colour Life's entry into a new development stage after transformation and upgrading.

In the first half of 2017, Colour Life's core products "Two Colours" continued to maintain rapid growth. As at 30 June 2017, the newly cumulative turnover for the year of "Colour Wealth Life Value-added Plan" amounted to approximately RMB1,965.6 million. Meanwhile, Colour Life Residence made a shift from typical one-off house sale of developers to the sales pattern of "House Plus Services", which had been implemented in 50 cities across the nation, such as Nanjing, Chengdu, Changsha, Wuhan, Xuzhou, Fuzhou, Wuxi and Huizhou. Colour Life also entered into cooperation agreements regarding Colour Life Residence with 36 developers, including Anhui Goocoo Group (安徽國購集團) and Xi'an Ronghua Group (西安榮華集團), and developed such innovative products as "Colour Parking Spaces" and "Colour Shops". For the first half of 2017, the total house sales of Colour Life Residence reached 2,743 units. The penetration of Colour Life Residence has cumulatively generated a large quantity of "meal coupons" offered by the developers to homeowners as rebates. Such meal coupons, serving as a bridge between products and services, will form a strong purchasing power on the platform and, by consequence, attract more excellent suppliers and entrepreneurs to join the platform, creating a virtuous cycle for Colour Life's ecosystem.

Home E&E

Home E&E has established presence in 38 core cities nationwide. It operates in such cities as Shenzhen, Changsha, Chengdu, Tianjin, Guilin and Nanjing, initially forming a strategic business landscape covering China's core regions, including North China, Central China, East China, South China, Southwest China, and Northwest China.

In order to strengthen its management, improve its operating performance and create customer value, it adjusted its business model in 2017 to promote standard, professional, intelligent and technology-based management and strengthen its city-based business development and operation. By far, it has implemented measures for urban talent recruitment, urban franchising and construction of urban flagships. In respect of customer services, it applied 110 minor innovations on management and services to improve on-site service quality of various projects and achieve its management objectives. In respect of project management, first, it obtained elevator maintenance qualification which had been filed in 15 cities, and began to undertake elevator maintenance business; second, it gradually implemented the initiative to build intelligent equipment rooms in various cities, improving its equipment management. In the first half of 2017, it acquired 27 new projects with a new management area of 2.33 million sq.m., and recorded an operating profit of approximately RMB49 million.

In respect to commercial property asset management, it has partnered with marketing agencies in Xi'an and Dongguan to build up an initial structural framework, and expanded its leasing business across the nation to such cities as Yunnan, Shanghai, Qingdao and Wenzhou. As such, asset management capacity has become the core competitiveness of Homer E&E to drive its further growth.

Financial Group

Community finance is a vital growth engine and a core business segment serving the Group's "Community Plus" strategy. Leveraging the Group's powerful community services platform, Community Financial Group employed an innovative Internet finance model to develop such business lines as wealth management, credit lending, private placement funds, online microfinance, pawn-loaning, third-party payment and insurance brokers, in a drive to benefit the homeowners in various communities. By providing such scenario-based convenient financial services in the communities, it blazed a new distinctive development path featuring "Community Plus Finance" for Fantasia.

Qian Sheng Hua (錢生花), an online financial platform of the Community Financial Group, has a professional financial elite team that delivers professional and efficient operations and a product development team with advanced technology that provide safe and reliable technical support. In the first half of 2017, the number of registered users of Qian Sheng Hua increased by 445,400, bringing a total investment of approximately RMB4.092 billion. In 2017, Qian Sheng Hua set its focus on communities to step up efforts in carrying out publicity activities and enriching product lines, with a view to providing the general public, real estate enterprises and homeowners with one-stop Internet finance solutions that are safe, convenient, flexible, efficient and legal.

"Heying (合盈)" financial leasing and factoring is an important business segment of the Community Financial Group. In 2017, the segment promoted its distinctive business model based on community leasing to achieve rapid and sound business growth. It invested over RMB1 billion in cumulative terms and increased its asset size continually while maintaining good asset quality, thereby enhancing its brand reputation on a continuous basis. In the first half of 2017, the segment landed a batch of renowned clients, which improved the quality of its customer base and enabled it to make breakthroughs in new energy and new technology sectors. Specifically, it leased out such equipment as community mobile communication facilities, community digital IPTV, electric vehicles, lithium batteries and IDC devices, representing a total contract value of over RMB400 million.

In the first half of 2017, Zhong An Xin (中安信), an insurance broker, had built up new teams for its business lines, formulated basic business management rules, and established project companies in other regions for business development. Currently, it is vigorously advancing and consolidating its business lines and expects to yield fruits therefrom in the second half of the year. The new teams integrated into Community Financial Group has helped the Group develop derivative business. For instance, they collaborated with Caifubao to carry out such business as accident insurance for car loan creditors and contract performance insurance. Zhong An Xin is currently conducting research on the Internet insurance market and is assessing and adjusting its own business tactics. In doing so, it plans to build an online insurance sales platform and explore Internet-based transformation.

In the future, Community Financial Group will continue to build on its innovative online-to-offline ("O2O") community financial service platform and leverage its Internet finance ecosystem integrating the business lines of community finance to provide customers with innovative, convenient, comprehensive and valuable financial services, in an effort to become a considerate wealth management agency serving community households.

Business Management Arm

Urban complex is one of the most important product categories in the Group's real estate business. With 18 years of market experience, the Group upholds its mission to pursue innovative business models and diverse business offerings. To this end, during the Reporting Period, Fantasia Business Management Company Limited, a wholly-owned subsidiary of the Group, managed to recruit many industry talents, and actively participated in business planning, merchant solicitation and investment invitation for certain large projects of the Group. Meanwhile, it has also engaged in providing business agent, consulting, commissioned management and other entrusted asset management services for business management projects outside the Group.

Nanjing OMG Mall, a project developed and operated by Fantasia Business Management Company Limited ("**Fantasia Business Management**" or "**FBM**"), a wholly-owned subsidiary of the Group, commenced operation on 28 September 2014 and, with an occupancy rate of over 90%, recorded a total income of nearly RMB12 million for the first half of 2017. In Nanjing or even Jiangsu Province, Nanjing OMG Mall has become a renowned community business complex integrating entertainment, leisure and cultural services as well as residential facilities. In May 2017, FBM set up a Nanjing-based subsidiary as its regional core business in the East China market to extend positive influence to the surrounding cities, marking another milestone in its development. Guilin OMG Mall commenced operation on 19 June 2015 and, with an occupancy rate of over 85%, recorded a total income of over RMB6 million for the first half of 2017. Guilin OMG Mall, which has attracted many famous domestic and overseas brands, is committed to becoming a flagship shopping mall in Lingui New District or even Guilin City by soliciting all kinds of merchants and leading brand trends in the local market. "Fantasia World Outlets" in Pi County, Chengdu commenced operation on 23 December 2016, and continued to step up efforts in investment attraction and integration of internal and external resources in 2017, thus maintaining a strong growth momentum. In addition, Chengdu

Hongtang Project and Suzhou Hongtang Project have signed merchants up for their anchor stores and sub-anchor stores, and preparations for opening for business are underway in full swing.

Upholding the business philosophy of “steady expansion from a small niche”, in 2017, Fantasia Business Management undertook entrusted asset management projects in a more active manner to build up urban key projects. By doing so, it gradually established strategic presence in five major regions, namely East China, South China, Central China, North China and Southwest China, and has undertaken over 30 such projects in such provinces as Tibet, Jiangxi, Jilin, Jiangsu, Sichuan, Zhejiang, Guangdong, Hunan and Guizhou. In particular, “Jiangsu Yangzhou Joy Commercial Plaza”, “Jiangsu Yangzhou Libao Commercial Plaza” and “Lhasa Fantasia World Outlets” have opened for business. In addition, Yangzhou Jiangwang Peninsula and Kunming Lingxiu Town have been scheduled to open for business, and more than 10 projects including Hunan Yongzhou Spring Square are being developed. While consolidating its fundamental business model, FBM is keeping up with the times by vigorously developing new cooperative models. In 2017, the Yizheng Zaolin Bay Expo Park, a business, tourism and cultural complex project under negotiation, will be constructed by the government with public land resources and operated by Fantasia, marking a new government-enterprise cooperation pattern. With the growth of its entrusted asset management business, FBM will provide homeowners across the country with more quality services to harvest greater returns.

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

Cultural and Tourism Group

In the first half of 2017, in an effort to promote the business development of FuNian Jet Aviation in an all-round manner, Cultural and Tourism Group applied for trademark registration and business license for FuNian Jet Aviation and achieved initial results. FuNian Jet Aviation is principally engaged in aircraft escrow, charter flights and special tourism projects while developing aviation maintenance, aviation training and other related business. Domestically, it focuses on business aviation that provides flexible, efficient and private jet business services for high-net-worth individuals, business elite, government officials, entertainers and stars. It is also exploring for overseas projects, with an aim to set up airlines abroad. Based on the DaXigu Tourist Resort in Pujiang County, Chengdu and Leveraging on its own industry resources, the Cultural and Tourism Group was considering to build up a flagship tourist town integrating “culture, tourism and aviation” with Fantasia’s characteristics. This project will focus on parent-child recreation and children education, and offer buddhism music as a special treat and leisure agriculture and sports as supplementary services, with a view to creating vacation lifestyle with buddhism sense. At present, such tourism project is being surveyed and evaluated.

For the Cultural and Tourism Group's hotel business, in the first half of 2017, it repositioned its "U Hotel" brand in New York by renovating Hotel 373 Fifth Avenue to enhance the international reputation of U Hotel, which will facilitate the development of its asset-light management business. In the second half of the year, the hotel will focus on promoting the "U Hotel" brand. To this end, the hotel will partner with third-party service platforms to cultivate a professional WeChat official account of U Hotel, in an effort to provide more special, targeted and intimate services to satisfy customers' needs. "U Hotel" will build on its own resources and its mature customer base to develop apartment businesses, in a bid to extend the brand's business scope.

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

Futainian

In the first half of 2017, Shenzhen Futainian Investment Management Co., Ltd. ("**Futainian**"), a wholly-owned subsidiary of the Group, continued to refine its elderly care business that combines institutional care services, community care services and home care services. In terms of institutional care services, the occupancy rate of Fulin Retirement Home remained at over 90% as Futainian constantly enhanced its management system based on the achievements in 2016 to improve the service experience of the elderly and their family members. Meanwhile, it introduced advanced management concepts and care technology from abroad, including the care model of "self-help plus support", which was first introduced in Japan, in a continuous effort to upgrade service quality and enable the seniors to enjoy warm-hearted and quality elderly care services with dignity. In terms of community care services, Futainian received government grants and public service funding and introduced third-party service and product providers to offer an elderly care platform based on community building and mutual support. Specifically, it provided rehabilitation therapy, health management, housekeeping, tourism and other related services based on its membership system, and introduced a smart elderly care system to provide big data support. In terms of home care services, Futainian won the bid for a government-sponsored home elderly care project designed to serve the elderly in four streets of the Hi-tech District, Chengdu, which provided tens of thousands of seniors there with home care services. In addition, it used its smart elderly care platform to build up big data regarding home elderly care.

In the second half of the year, Futainian will accelerate the development of institutional care services to develop Fulin into a chain brand, and further introduce advanced concepts and experience from abroad and apply those concepts locally, in a drive to foster a unique elderly care management system. When it comes to community care services, it will expand its platform advantage and maintain sound partnership with the government to extend the influence of its community building and mutual support services, so as to build a community elderly care ecosystem that offers considerate services. In respect of home care services, Futainian will implement the government-sponsored home elderly care project it contracted, consolidate the bonds with the elderly being served, and conduct in-depth analysis and study of their health management practices, consumption habits, purchasing power and habits using big data to provide data support for further growth in the elderly care market.

Education

The education arm of the Group serves as an innovative industry platform based on its long-term planning and strategic layout of four major communities and four major apps, with a view to promote rapid business growth and fostering household customer loyalty.

The education arm adopts a family-based approach and integrates internal resources of the Group, Colour Life, Jiefang District, and Guilin Hehenian Microcredit Company Limited ("**Hehenian**") and external education, business and community resources to build innovative platforms that provide modern education services and child growth experience. The platforms will have talents to provide families with high quality services, and can create a unique experience-based environment for children growth and family education.

In the first half of 2017, the Group's education arm achieved rapid growth in its business lines, i.e. community education, vocational education and civil education. In terms of community education, the first community-based child growth experience center was running smoothly and the expansion in this regard was accelerating. In June, the second child growth experience center in Dongguan, Guangdong Province was put into operation, signifying the growing influence of its community education in South China. The child growth experience centers, which serve as a means of in-depth interaction between our own property service brand and families in communities, have gained a good reputation among targeted customers. The innovative community education model and rich community activities have attracted the attention of educational institutions, government authorities and the media.

The education arm's vocation education and community education complement each other. The former is to train high-quality family service personnel to help families address challenges in daily life. For vocational education, the education arm an conducted in-depth study of the challenges in the family service sector, designed a series of new products and services and launched an online platform in the first half of 2017. Leveraging on the community resources of Colour Life and Jiefang District as well as its Internet platform, the education arm continued to extend the community coverage of its vocational education business by rapidly developing community bases, and established close, stable and praisable connections with users in different areas to collect large amounts of family data. By enhancing its training courses, training system and service system, the education arm cultivated reliable talent teams for its vocational education business, thereby gaining better recognition of its services from community residents. Looking forward, the vocation education business will further focus on the explicit and implicit needs of community families to continuously deliver high-quality service talents to serve communities through Internet-based community sharing model and new community interaction patterns, thus providing mature and broad employment platforms and opportunities for more service personnel.

The education arm sped up its investment in mergers and acquisitions of, educational cooperation with kindergartens, international schools and private vocational schools. In doing so, it expects to further improve its whole product chain in the education industry, so as to provide community residents with a full range of education products.

Looking ahead, the education arm of the Group will continue to focus on first and second-tier cities in China to rapidly expand two major business lines, i.e. community education and vocational education. Through brand building and development of quality products and services, it will provide community families with quick, convenient and excellent educational solutions and create value for society, enterprises, families and individuals.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services and (vi) the provision of travel agency service, manufacturing and sale of fuel pumps. For the six months ended 30 June 2017, revenue of the Group amounted to approximately RMB3,637 million, representing a decrease of approximately 32.2% from approximately RMB5,362 million for the corresponding period in 2016. The decrease in revenue was primarily attributable to the decline in the revenue arising from sales of properties of approximately RMB2,266 million due to the decrease in the number and the GFA of developed property projects delivered. Meanwhile, the revenue arising from property management increased by approximately RMB289 million as compared to the corresponding period in last year due to the increase in GFA managed under the Group's property management sector.

Property Development

The Group recognises revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, that is when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents the proceeds from sales of properties held for sales. During the Reporting Period, revenue derived from property development decreased by 52.3% to approximately RMB2,069 million for the six months ended 30 June 2017 from approximately RMB4,335 million for the corresponding period in 2016, which was primarily due to the reduced number of newly-recognised properties brought forward from the current period.

Property Investment

Revenue generated from property investment increased by approximately 24.8% to approximately RMB117 million for the six months ended 30 June 2017 from approximately RMB94 million for the corresponding period in 2016. The increase was primarily due to an increase in rental area.

Property Agency Services

Revenue derived from property agency services increased by approximately 349.4% to approximately RMB27 million for the six months ended 30 June 2017 from approximately RMB6 million for the corresponding period in 2016. The increase was primarily due to the transfer of Xingyanhang from Colour Life to Fantasia in the late 2016 and the corresponding expansion of the agency services business.

Property Operation Services

Revenue derived from property operation services increased by approximately 42.0% to approximately RMB978 million for the six months ended 30 June 2017 from approximately RMB689 million for the corresponding period in 2016. The increase was primarily due to the increased GFA of the properties managed by the Group and the extended scope of value-added services provided by the Group during the Period.

Hotel Operation and Related Services

Revenue derived from hotel operation and related services increased by approximately 58.5% to approximately RMB64 million for the six months ended 30 June 2017 from approximately RMB40 million for the corresponding period in 2016. The increase was primarily due to the enhanced popularity of Sheraton Guilin Hotel (桂林喜來登酒店) and the noticeable growth in its revenue since its opening in late 2016.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by approximately 25.0% to approximately RMB1,109 million for the six months ended 30 June 2017 from approximately RMB1,480 million for the corresponding period in 2016, while the Group's gross profit margin was approximately 30.5% for the six months ended 30 June 2017 as compared to a gross profit margin of approximately 27.6% for the corresponding period in 2016. The increase in gross profit margin was primarily due to the expansion of the Group's property management services, the enhanced operation capacity, the higher gross profit margin of the property management segment as compared to the corresponding period in 2016 resulting from the increased revenue and satisfactory cost control of the segment and the stronger overall gross profit margin driven by the bringing forward of two property projects with high gross profits, i.e. Shenzhen Lenian Villa (深圳樂年別墅) and Shenzhen Lung Kei Sea Apartment (深圳龍歧灣公寓) during the Reporting Period.

Other Income, Gain and Losses

Other income, gain and losses increased by approximately 207.3% to realise a net gain of approximately RMB185 million for the six months ended 30 June 2017 from a net loss of approximately RMB173 million for the corresponding period in 2016, which was due to an exchange gain of RMB248 million (the corresponding period in 2016: an exchange loss of RMB197 million) resulting from the appreciation of RMB against U.S. dollars during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by approximately 7.1% to approximately RMB113 million for the six months ended 30 June 2017 from approximately RMB122 million for the corresponding period in 2016. The decrease was due to the reduced promotional cost incurred for physical advertising and the lower sales agency fee.

Administrative Expenses

The Group's administrative expenses increased by approximately 22.0% to approximately RMB574 million for the six months ended 30 June 2017 from approximately RMB470 million for the corresponding period in 2016. The increase was primarily due to the higher management costs incurred for new acquisitions and establishment of companies. In particular, the expenses for acquisitions of ASIMCO (亞新科) and Chengdu Fantasia Commercial Management Company Limited in 2016 were approximately RMB55 million and approximately RMB12 million, respectively.

Finance Costs

The Group's finance costs increased by approximately 84.2% to approximately RMB610 million for the six months ended 30 June 2017 from approximately RMB331 million for the corresponding period in 2016. The increase in finance costs was mainly due to the increase in the average annual balance of interest-bearing liabilities.

Income Tax Expenses

The Group's income tax expenses decreased by approximately 7.6% to approximately RMB521 million for the six months ended 30 June 2017 from approximately RMB564 million for the corresponding period in 2016.The decrease was mainly due to the lower land value increment tax.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2017, the Group's total cash (including restricted/pledged bank deposits) was approximately RMB9,816 million (31 December 2016: approximately RMB11,134 million), representing a decrease of approximately 11.8% as compared to that as at 31 December 2016.

Net Gearing Ratio

The Net gearing ratio was approximately 89.0% as at 30 June 2017 (31 December 2016: 83.0%). The Net gearing ratio was calculated in terms of the total debt (aggregated borrowings, senior notes and bonds and asset-backed securities issued), net of bank balances and cash and restricted/pledged bank deposits over the total equity. The total debt (being aggregated borrowings, senior notes and bonds and asset-backed securities issued) over total assets ratio continued to be healthy, maintaining at approximately 43.7% as at 30 June 2017 (31 December 2016: 44.3%). Due to the fact that the Group optimized its equity structure and maintained a reasonable proportion of long-term and short-term debts as well as strictly implemented the budgeting for cash flows, the Net gearing ratio slightly increased as compared to that as at the end of last year.

Borrowings and Charges on the Group's Assets

As at 30 June 2017, the Group had aggregated borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB3,310 million (31 December 2016: approximately RMB3,367 million) in total, approximately RMB18,739 million (31 December 2016: approximately RMB18,380 million) in total and approximately RMB252 million (31 December 2016: approximately RMB275 million) in total, respectively. Amongst the borrowings, approximately RMB1,657 million (31 December 2016: approximately RMB929 million) will be repayable within one year and approximately RMB1,653 million (31 December 2016: approximately RMB2,438 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB5,286 million (31 December 2016: approximately RMB1,575 million) will be repayable within one year and approximately RMB13,452 million (31 December 2016: approximately RMB16,804 million) will be repayable after one year.

As at 30 June 2017, a substantial part of the bank borrowings was secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by the pledge of shares of certain subsidiaries of the Group.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, bank borrowings, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. For the six months ended 30 June 2017, the exchange rates of RMB against U.S. dollars and the Hong Kong dollars increased with an exchange gain of RMB248 million.

Contingent Liabilities

As at 30 June 2017, the Group had provided guarantees amounting to approximately RMB7,100 million (31 December 2016: approximately RMB6,258 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the six months ended 30 June 2017 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2017, excluding the employees of communities managed on a commission basis, the Group had approximately 29,366 employees (31 December 2016: approximately 29,038 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice. Apart from salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme on 27 October 2009. As at 30 June 2017, a total of 142,660,000 share options were granted. As at 30 June 2017, none of the share option was lapsed and 225,000 share options had been exercised. As at 30 June 2017, the outstanding share options were 85,101,000 in total.

INTERIM DIVIDEND

The Board had resolved that no interim dividend be paid for the Period (six months ended 30 June 2016: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange. During the Period of six months ended 30 June 2017, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code except for the following deviation:

In respect of the code provision E.1.2 of the CG Code, the chairman of the Remuneration Committee and other committee members were not present at the annual general meeting ("AGM") of the Company held on 24 May 2017 due to other business commitment and no delegate was appointed to attend the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all the Directors on whether the Directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2017 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Senior Notes

The Company has redeemed in full the 10.625% senior notes due 2019, which were listed on the Singapore Stock Exchange, at a redemption amount equals to 105.31250% of its principal amount plus accrued and unpaid interest of US$14,816,562.5. Please refer to the announcements of the Company dated 19 December 2016 and 24 January 2017 for details of the redemption.

On 13 June 2017, the Company issued the senior notes due 2018 with principal amount of US$350,000,000 at a coupon rate of 5.50% per annum (the "5.50% Notes due 2018") for the purposes of refinancing certain of the Group's indebtedness. Further details relating to the issue of the 5.50% Notes due 2018 are disclosed in the announcements of the Company dated 6 and 7 June 2017.

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

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

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

ACKNOWLEDGEMENT

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

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

Hong Kong, 24 August 2017

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