Fantasia Holdings Group Co., Limited

花樣年控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01777)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

– The Group's contract sales for the period increased by 144.4% to RMB3,405 million from RMB1,393 million in the corresponding period in 2010

– The Group's gross profit margin for the period increased to 52.5% from 49.7% in the corresponding period in 2010. The average selling price increased by 44.8% to RMB18,369 from RMB12,689 in the corresponding period in 2010

– The Group's net profit margin for the period increased to 25.0% from 21.5% in the corresponding period in 2010

– The Group's profit attributable to the owners of the Company for the period increased to RMB502 million from RMB411 million in the corresponding period in 2010. Excluding the revenue contributed by the movement of fair value of investment properties and net of the effect on relevant taxation and minority interests, the net profit contributed by the core business of the Group increased by 44.3% to RMB441 million from RMB305 million in the corresponding period in 2010

The Board of Directors (the "Board") of Fantasia Holdings Group Co., Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Six months ended 30 June	
		2011	2010
		RMB'000	RMB'000
	Notes	**(unaudited)**	(unaudited)
Revenue	3	**2,005,234**	1,917,520
Cost of sales		**(952,369)**	(965,244)
Gross profit		**1,052,865**	952,276
Other income, gains and losses	4	**55,609**	4,843
Change in fair value of investment properties		**70,837**	133,861
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		**8,543**	–
Selling and distribution expenses		**(130,536)**	(57,811)
Administrative expenses		**(143,115)**	(121,046)
Finance costs	5	**(76,948)**	(67,576)
Share of results of associates		**201**	–
Profit before taxation		**837,456**	844,547
Income tax expense	6	**(369,694)**	(414,875)
Profit for the period	7	**467,762**	429,672
Other comprehensive income (expense)			
Surplus on revaluation of properties		**11,795**	–
Deferred taxation liability arising from revaluation of properties		**(2,949)**	–
Other comprehensive income for the period (net of tax)		**8,846**	–
Total comprehensive income for the period		**476,608**	429,672
Profit for the period attributable to:			
Owners of the Company		**502,266**	411,324
Non-controlling interests		**(34,504)**	18,348
		467,762	429,672
Total comprehensive income attributable to:			
Owners of the Company		**511,112**	411,324
Non-controlling interests		**(34,504)**	18,348
		476,608	429,672
Earnings per share – Basic (RMB)	9	**0.10**	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	Notes	**30 June 2011** **RMB'000** **(unaudited)**	31 December 2010 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**352,132**	374,434
Investment properties		**1,957,853**	1,697,677
Interests in associates		**1,107**	17,795
Advance to an associate		**–**	72,041
Prepaid lease payments		**614,016**	346,045
Premium on prepaid lease payments		**356,152**	359,203
Prepayment		**27,783**	43,370
Land development expenditure		**983,434**	393,849
Deposits paid for acquisition of a subsidiary		**112,000**	–
Deposits paid for acquisition of a property project		**70,000**	37,000
Deferred tax assets		**182,755**	157,504
Goodwill		**451**	–
		4,657,683	3,498,918
CURRENT ASSETS			
Properties for sale		**8,910,078**	7,644,582
Prepaid lease payments		**13,392**	6,881
Premium on prepaid lease payments		**6,101**	6,101
Deposits paid for acquisition of land use rights		**–**	763,095
Trade and other receivables	10	**1,293,135**	977,179
Prepayment to a related party for construction work		**185**	7,500
Amounts due from customers for contract works		**9,825**	15,939
Tax recoverable		**29,750**	5,580
Restricted bank deposits		**564,884**	85,161
Bank balances and cash		**1,254,754**	2,371,452
		12,082,104	11,883,470
Assets held for sale		**89,467**	–
		12,171,571	11,883,470
CURRENT LIABILITIES			
Trade and other payables	11	**1,542,177**	1,686,718
Deposits received for sale of properties		**3,016,947**	1,834,067
Amount due to a related party		**–**	100,549
Tax payable		**1,225,669**	1,104,147
Borrowings-due within one year		**2,188,449**	2,132,381
		7,973,242	6,857,862
NET CURRENT ASSETS		**4,198,329**	5,025,608
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,856,012**	8,524,526

	30 June 2011	31 December 2010
	RMB'000	RMB'000
	(unaudited)	(audited)
NON-CURRENT LIABILITIES		
Borrowings-due after one year	**2,711,662**	2,642,605
Senior notes	**771,058**	787,330
Deferred tax liabilities	**110,998**	128,121
	3,593,718	3,558,056
	5,262,294	4,966,470
CAPITAL AND RESERVES		
Share capital	**457,093**	429,389
Reserves	**4,713,209**	4,072,745
Equity attributable to owners of the Company	**5,170,302**	4,502,134
Non-controlling interests	**91,992**	464,336
	5,262,294	4,966,470

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 17 October 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 25 November 2009.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except as described below.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary or an associate, all of the assets and liabilities of that subsidiary or associate are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary or associate after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Transfer of property, plant and equipment to investment property

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

In the current interim period, the Group has applied the following new and revised standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK (IFRIC) – INT 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs has had no material effect on amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

The Group has not early applied the new and revised standards and amendments that have been issued but are not yet effective. The following new and revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]

1 Effective for annual periods beginning on or after 1 January 2013

2 Effective for annual periods beginning on or after 1 July 2012

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with in the consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from it's involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment. The directors consider that the application of HKFRS 10 will have no material impact on the results and the financial position of the Group.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The directors consider that the application of HKFRS 11 will have no material impact on the results and the financial position of the Group.

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

3. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties	**1,914,662**	1,853,722
Rental income from investment properties	**11,848**	8,402
Agency fee from provision of property agency services	**9,909**	12,310
Management fee and installation services from provision of property operation services	**60,742**	40,122
Hotel operations	**8,073**	2,964
	2,005,234	1,917,520

The segment information reported externally was analysed on the basis of their products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

Inter-segment revenue are eliminated on consolidation.

The Group has five reportable and operating segments as follows:

Property development – developing and selling of properties in the PRC
Property investment – leasing of investment properties
Property agency services – provision of property agency and other related services
Property operation services – provision of property management, installation of security systems and other related services
Hotel operations – provision of hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, imputed interest income on non-current interest-free advance to an associate, exchange gain or loss, share of results of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

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

Six months ended 30 June 2011 (unaudited)

	Property development RMB'000	**Property investment RMB'000**	**Property agency services RMB'000**	**Property operation services RMB'000**	**Hotel operations RMB'000**	**Total RMB'000**
External segment revenues	**1,914,662**	**11,848**	**9,909**	**60,742**	**8,073**	**2,005,234**
Inter-segment revenue	**3,795**	**–**	**3,636**	**14,040**	**866**	**22,337**
Segment result	**789,203**	**87,873**	**16,139**	**16,696**	**(15,634)**	**894,277**

Inter-segment revenues are charged at prevailing market rate.

3. REVENUE AND SEGMENT INFORMATION (continued)

Six months ended 30 June 2010 (unaudited)

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Total RMB'000
External segment revenues	1,853,722	8,402	12,310	40,122	2,964	1,917,520
Inter-segment revenues	4,329	–	16,467	7,736	5	28,537
Segment result	785,531	137,706	3,996	17,777	(2,912)	942,098

Inter-segment revenues are charged at prevailing market rate.

Reconciliation:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit or loss:		
Segment result	**894,277**	942,098
Elimination of inter-segment result	**(111)**	(1,142)
Unallocated amounts:		
Unallocated income	**33,633**	7,048
Unallocated corporate expenses	**(13,596)**	(35,881)
Finance costs	**(76,948)**	(67,576)
Share of results of associates	**201**	–
Profit before taxation	**837,456**	844,547

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

	30 June 2011	31 December 2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Assets:		
Property development	**12,366,307**	10,522,812
Property investment	**1,958,392**	1,703,856
Property agency services	**267**	10,959
Property operation services	**144,521**	105,042
Hotel operations	**315,466**	329,400
Total segment assets	**14,784,953**	12,672,069
Total unallocated assets	**2,044,301**	2,710,319
Group's total assets	**16,829,254**	15,382,388

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	**4,405**	5,252
Imputed interest income on non-current interest-free advance to an associate	**537**	1,796
Forfeiture income on deposits received	**202**	–
Government grant (Note)	**3,371**	2,958
Net foreign exchange gain (loss)	**28,691**	(5,272)
Gain on disposal of property, plant and equipment	**21**	209
Gain on disposal of a subsidiary	**16,228**	–
Others	**2,154**	(100)
	55,609	4,843

Note: The amount represents the grants received from the relevant PRC government to encourage the development of real estate industry. The subsidies are unconditional and granted on a discretionary basis to the Group during the period.

5. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on:		
– borrowings wholly repayable within five years	**149,879**	128,562
– borrowings not wholly repayable within five years	**7,977**	–
– senior notes	**57,361**	15,771
– amount due to a related party	**2,015**	3,526
Less: Amount capitalised in properties under development for sale and investment properties under development	**(140,028)**	(72,864)
Amount capitalised in construction in progress under property, plant and equipment	**(256)**	(7,419)
	76,948	67,576

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The income tax expenses comprise:		
PRC taxes		
Enterprise income tax	**230,577**	204,894
Land appreciation tax	**184,440**	234,555
	415,017	439,449
Deferred tax		
Current year	**(44,752)**	(20,465)
Underprovision of deferred tax assets	**(571)**	(4,109)
	(45,323)	(24,574)
	369,694	414,875

For the six months ended 30 June 2011, the relevant tax rates for the Group's subsidiaries in the PRC ranged from 24% to 25% (six months ended 30 June 2010: ranged from 22% to 25%).

No provision for Hong Kong Profits Tax has been made in the condensed consolidated statement of comprehensive income as the Group had no assessable profit arising in Hong Kong for both periods.

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Release of prepaid lease payments	**5,031**	3,056
Release of premium on prepaid lease payments	**3,051**	1,878
Depreciation of property, plant and equipment	**16,299**	4,211

8. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final dividend for 2010 of HK$4.00 cents per share (2009: HK$1.75 cents)	**165,888**	75,100
Dividend paid to non-controlling shareholders (Note)	**4,010**	–

Note: The amount represents dividends paid by the PRC subsidiaries to their non-controlling shareholders.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**RMB502,266,000**	RMB411,324,000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,875,740,600**	4,873,888,750

No diluted earnings per share is presented as the Company did not have any potential ordinary shares in issue during both periods or at the end of the reporting period.

10. TRADE AND OTHER RECEIVABLES

	30 June 2011	31 December 2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables	**437,593**	116,301
Other receivables	**99,313**	90,403
Prepayments and other deposits	**59,554**	44,733
Prepayments for suppliers	**215,926**	336,598
Prepayment for construction work	**377,542**	339,971
Other tax prepayment	**103,207**	49,173
	1,293,135	977,179

Other than cash sales, the Group generally allows an average credit period of 30 days to 90 days to its trade customers.

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

	30 June 2011	31 December 2010
	RMB'000	RMB'000
	(unaudited)	(audited)
0 – 30 days	**232,634**	87,063
31 – 90 days	**150,784**	10,229
91 days – 180 days	**31,746**	5,544
181 days – 365 days	**15,761**	10,576
Over 1 year	**6,668**	2,889
	437,593	116,301

11. TRADE AND OTHER PAYABLES

	30 June 2011	31 December 2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade payables	**1,146,576**	1,319,641
Other payables	**285,156**	220,721
Other taxes payables	**46,569**	36,520
Payroll payable	**11,264**	20,192
Welfare payable	**395**	2,895
Retention payable	**19,366**	16,442
Consideration payable	**–**	63,900
Deposits received for disposal of an associate	**28,800**	–
Accruals	**4,051**	6,407
	1,542,177	1,686,718

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

	30 June 2011	31 December 2010
	RMB'000	RMB'000
	(unaudited)	(audited)
0 – 60 days	**926,385**	881,583
61 – 180 days	**88,482**	346,243
181 days – 365 days	**92,588**	67,903
1 – 2 years	**48,205**	37,944
2 – 3 years	**8,531**	1,272
Over 3 years	**1,751**	1,138
	1,165,942	1,336,083

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contract Sales

During the reporting period, more stringent policies were further promulgated by the Chinese government to control the real estate market, resulting in a more severe external environment. However, the Group formulated the layouts for its core cities in advance, closely monitored the market demand and adhered to its swift and flexible sales strategy. Benefited from the regional diversity and the edges on the Group's multi product lines of "boutique upscale residences and urban complexes", the Group recorded an outstanding sales performance. In the first half of 2011, the Group recorded contract sales of RMB3,405 million and contract sales area of 351,203 square meters, representing an increase of 144% and 198% respectively over the same period in the last year, in which RMB1,953 million and 149,351 square meters were attributable to the sales of urban complexes projects, representing an increase of 88% and 96% respectively over the same period in the last year, and RMB594 million and 62,014 square meters were attributable to the sales of boutique upscale residences projects, representing an increase of 313% and 232% respectively over the same period in the last year.

During the reporting period, the number of regions that provided sales contribution increased. In the first half of 2011, the contract sales was mainly derived from 17 projects in 8 core cities, two more cities were added as compared with 2010, namely Guilin and Wuxi. As the first large-scale urban complex project in Guilin, Guilin Fantasia Town launched the first batch of 90 retail shops along the street, which were sold out on the debut day. Wuxi Love Forever launched multi-storey houses in its phase one, which were also well received among the local consumers, with its sales area ranking the second in that week in Wuxi City.

Project Development

In the first half of 2011, the Group strictly followed the three-level project management and control system to ensure the smooth progress in the project development. The Group had an area of 1.27 million square meters for newly developed projects and an area of 60,000 square meters for completed projects. The total gross floor area of projects under construction (representing the projects under construction or completed in the first half of 2011) was 2.25 million square meters, whose saleable area amounted to approximately 1.87 million square meters in total.

Newly Developed Projects

In the first half of 2011, the Group had 8 projects or phases of projects which were newly developed, with a total gross floor area of 1.27 million square meters.

Completed Projects

In the first half of 2011, phase 2 of Shenzhen Love Forever project was completed with a gross floor area of approximately 60,000 square meters.

Projects Under Construction

As at 30 June 2011, the Group had 15 projects or phases of projects under construction, with a total planned gross floor area of approximately 2.19 million square meters and a planned gross saleable area of approximately 1.82 million square meters. As at 30 June 2011, the Group has recorded cumulated contract sales of approximately 490,000 square meters with respect to the above projects, and contract sales area sold during the first half of 2011 was approximately 290,000 square meters.

Projects to be Developed

As at 30 June 2011, the Group had 14 projects or phases of projects to be developed, with a planned gross floor area of approximately 6.67 million square meters, of which, the total planned gross floor area of 4 projects in the Pearl River Delta was approximately 2.65 million square meters, with a proportion of approximately 40%; and the total planned gross floor area of 4 projects in Chengdu-Chongqing Economic Zone was approximately 2.48 million square meters, with a proportion of approximately 37%; and the 4 projects in Yangtze River Delta had a total planned gross floor area of approximately 0.83 million square meters, with a proportion of approximately 12% and the 2 projects in Beijing-Tianjin Metropolitan Area had a total planned gross floor area of approximately 0.71 million square meters, with a proportion of approximately 11%.

Land Bank

As at 30 June 2011, the total planned gross floor area of the Group's land bank amounted to approximately 13.82 million square meters, and planned gross floor area of attributable land bank amounted to approximately 13.79 million square meters. The total gross floor area of the land bank includes a planned gross floor area of approximately 8.86 million square meters with land use right and a planned gross floor area of approximately 4.96 million square meters with framework agreements.

The breakdown of land bank by regions as at 30 June 2011

Region	Projects under construction	Projects to be developed	Projects under frame work agreements	Aggregate planned gross floor area of land bank	Proportion
	sq.m	*sq.m*	*sq.m*	*sq.m*	
Chengdu-Chongqing Economic Zone				**8,400,308**	**61%**
Chengdu	930,038	2,479,106	3,917,332	7,326,476	
Dali	77,301	–	996,531	1,073,832	
The Pearl River Delta				**3,503,883**	**25%**
Shenzhen	61,219	–	–	61,219	
Huizhou	72,418	682,127	–	754,545	
Dongguan	283,122	173,261	–	456,383	
Guilin	440,931	1,790,805	–	2,231,736	
Beijing-Tianjin Metropolitan Area				**849,027**	**6%**
Tianjin	138,369	710,658	–	849,027	
The Yangtze River Delta				**1,070,072**	**8%**
Suzhou	91,799	441,322	49,246	582,367	
Wuxi	94,793	326,415	–	421,208	
Nanjing	–	66,497	–	66,497	
Total	**2,189,990**	**6,670,191**	**4,963,109**	**13,823,290**	**100%**

Property Operation Business

Color Life Property, a subsidiary of the Group, experienced continuous and rapid growth during the reporting period. It has managed a total of 238 projects with a total area of 19.62 million square meters, a year-on-year increase of approximately 60%, in ten core cities of high strategic importance, including Shenzhen, Huizhou, Dongguan, Zhongshan, Zhuhai, Shanghai, Xi'an, Chengdu, Tianjin and Shenyang. Color Life Property aims to be the most outstanding modern community services company that owns unique business model and value in China, and under such guide, Color Life Property, through a community electronic business platform that combines the community itself with electronic business, continuously increased and expanded the community value-added services, such as commodity group-buying and delivery, housing agency, commercial services and community resources integration, in its core cities of high strategic importance on the basis of the rapid growth in the scale of its management. So far, it has developed into a scientific and integrative modern community service group with a preliminarily established strategic layout throughout all core cities in China. As for the team development, Color Life Property has been continuously building a stronger platform of human resources through active cooperation between the Company and the universities and the implementation of other comprehensive talent cultivation and development programs, such as the Colorful Life Program for the new comers and the training camp for supervisors. Color Life Property is also building a nationwide customer service call and response system and an intelligent community management and service system of greater efficiency to better satisfy the service needs of the customers.

As a high-end property service brand of the Group and with the preparation work undertaken for more than 1 year, Fantasia Property Management International obtained the ISO9000 quality control system certification, the ISO14000 environment management system certification and the OHSAS18000 occupational health and safety management system certification in the first half of 2011. The scale of the Company has been continuously expanding, the corporate management system has been constantly improving and the brand influence has been increasingly enhancing.

Commercial Management Business

During the reporting period, the commercial management subsidiary of the Group completed the establishment of the database on the information of the major commercial players in China and regional commercial players in the core cities of high strategic importance, signed strategic cooperation agreements with domestic and foreign renowned commercial players and initiated the commercial planning and investment invitation work for certain projects, including Shenzhen Meinian International Complex, Guilin Fantasia Town, Chengdu Meinian International Plaza and Shenzhen Love Forever. With the rapid increase in the commercial area of the Group in the future, we believe that our returns from the commercial operation will be stably and continuously improved.

Hotel Management Business

The Group aims to build a boutique hotel brand with unique characteristics and service connotations. During the reporting period, the Group constantly integrated the design, construction and management resources of famous domestic and international hotels, and two hotels in Shenzhen and Chengdu were already under interior decoration. It is expected that the number of the hotels open for the public will reach five by the end of 2011, and in the coming two years, we will construct and operate more than 10 hotels in Shenzhen, Tianjin, Chengdu, Suzhou and Guilin etc., reflecting the gradual maturity of the Group's hotel business.

Financial Review

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services and (v) the provision of hotel management and related services. For the six months ended 30 June 2011, turnover of the Group amounted to approximately RMB2,005 million, representing an increase of 4.6% from approximately RMB1,918 million for the corresponding period in 2010. Profit and total comprehensive income for the period attributable to the equity holders of the Company was approximately RMB502 million, representing an increase of 22.1% from approximately RMB411 million for the corresponding period in 2010. Excluding the revenue contributed by the movement of fair value of investment properties and net of the effect on taxation and minority interests, the net profit contributed by the core business of the Group reached RMB441 million, up 44.3% as compared to the first half of last year.

Property Development

We recognize revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, i.e., when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of our properties held for sales. Revenue derived from property development increased by 3.3% to approximately RMB1,915 million for the six months ended 30 June 2011 from approximately RMB1,854 million for the corresponding period in 2010. This increase was due primarily to an increase in total gross floor area ("GFA") and an increase in the average selling price of properties sold to our customers.

Property Investment

Revenue generated from property investment increased by 41% to approximately RMB12 million for the six months ended 30 June 2011 from approximately RMB8 million for the corresponding period in 2010. The increase was due primarily to the continuing growth of the investment properties.

Property Agency Services

Revenue derived from property agency services decreased by 19.5% to approximately RMB10 million for the six months ended 30 June 2011 from approximately RMB12 million for the corresponding period in 2010. Due to the restructuring of the Company's business, the property agency services business has been disposed of in January 2011 in order for the management to concentrate on the major business, but we maintained the property agency services business in the second hand market as a value-added service in the property operation business team.

Property Operation Services

Revenue derived from property operation services increased by 51.4 % to approximately RMB61 million for the six months ended 30 June 2011 from approximately RMB40 million for the corresponding period in 2010. This increase was due primarily to an increase in the GFA of properties that we managed during the first half of 2011.

Hotel Services

Revenue derived from hotel services increased by 172.4% to approximately RMB8 million for the six months ended 30 June 2011 from approximately RMB3 million for the corresponding period in 2010. This increase was due primarily to an increase in occupancy rate of the hotel during the first half of 2011.

Gross Profit and Margin

Gross profit increased by 10.6% to approximately RMB1,053 million for the six months ended 30 June 2011 from approximately RMB952 million for the corresponding period in 2010, while our gross profit margin increased to 52.5% for the six months ended 30 June 2011 from 49.7% for the corresponding period in 2010. This increase in gross profit was in line with the increase in the total revenue for the six months ended 30 June 2011 while the increase in our gross margin was resulted from the contribution from our Shenzhen projects, which remained at a high level.

Other Income, Gain and Losses

Other income, gain and losses increased by 1,048.2% to approximately RMB56 million for the six months ended 30 June 2011 from approximately RMB5 million for the corresponding period in 2010. The increase was due primarily to the exchange gain resulting from the translation of our US senior notes and a gain from the disposal of a subsidiary.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 125.8% to approximately RMB131 million for the six months ended 30 June 2011 from approximately RMB58 million for the corresponding period in 2010. This increase was due primarily to an increase in general selling, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold in the first half of 2011 as compared to that in the same period of 2010. Our contract sales in the first half of 2011 was approximately RMB3,405 million while that in the same period of 2010 was approximately RMB1,393 million.

Administrative Expenses

Our administrative expenses increased by 18.2% to approximately RMB143 million for the six months ended 30 June 2011 from approximately RMB121 million for the corresponding period in 2010. This increase was due primarily to the increase in number of offices and staff cost in new locations due to our expansion.

Finance Costs

Our finance costs increased by 13.9% to approximately RMB77 million for the six months ended 30 June 2011 from approximately RMB68 million for the corresponding period in 2010. This increase was due primarily to an increase in bank loans and senior notes to finance the business operation and development, which in turn increased the interest expenses.

Income Tax Expenses

Our income tax expenses decreased by 10.9% to approximately RMB370 million for the six months ended 30 June 2011 from approximately RMB415 million for the corresponding period in 2010. This decrease was due primarily to a tax planning to reduce income tax and land appreciation tax implemented in the first half of 2011.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by 22.1% to approximately RMB502 million for the six months ended 30 June 2011 from approximately RMB411 million for the corresponding period in 2010. This increase was due primarily to a tax planning implemented in the first half of 2011. Our net profit margin maintained at a satisfactory level of 25.0% in the first half of 2011 as compared to 21.5% in the same period of 2010.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2011, the Group's bank balances and cash was approximately RMB1,820 million (31 December 2010: approximately RMB2,457 million), representing a decrease of 25.9% as compared to that as at 31 December 2010. A portion of our cash are restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As at 30 June 2011, the Group's restricted cash was approximately RMB565 million (31 December 2010: approximately RMB85 million), representing an increase of 563.3% as compared to that as at 31 December 2010.

Current Ratio and Gearing Ratio

As at 30 June 2011, the Group has current ratio (being current assets over current liabilities) of approximately 1.53 compared to that of 1.73 as at 31 December 2010. The gearing ratio was 74.5% as at 30 June 2011 compared to that of 69.0% as at 31 December 2010. The gearing ratio was measured by net debt (aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash) over the equity attributable to owners of the Company. The total debt (being aggregated bank borrowings and senior notes) over total assets ratio continued to be healthy, maintaining at 33.7% (31 December 2010: 36.2%) as of 30 June 2011.

Borrowings and Charges on the Group's Assets

As at 30 June 2011, the Group had an aggregate bank borrowings and senior notes of approximately RMB4,900 million (31 December 2010: approximately RMB4,775 million) and approximately RMB771 million (31 December 2010: approximately RMB787 million), respectively. Amongst the bank borrowings, approximately RMB2,188 million (31 December 2010: approximately RMB2,132 million) will be repayable within 1 year, approximately RMB2,431 million (31 December 2010: approximately RMB2,537 million) will be repayable between 2 to 5 years and approximately RMB281 million (31 December 2010: approximately RMB106 million) will be repayable after 5 years. The senior notes were repayable between 2 to 5 years.

As at 30 June 2011, a substantial part of the bank borrowings were secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiary companies of the Group and by pledge of their shares.

Exchange Rate Risk

The Group mainly operates in the PRC. Other than the foreign currency denominated bank deposits, bank borrowings and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings and senior notes. During the six months ended 30 June 2011, though the exchange rates of RMB against U.S. dollar and the Hong Kong dollar kept on increasing, the directors of the Company (the "Directors") expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 30 June 2011, the Group had committed payment for construction amounting to approximately RMB3,322 million (31 December 2010: RMB1,765 million). The Group had committed payment for the acquisition of a subsidiary of approximately RMB204 million. As at 31 December 2010, the Group had committed payment for the land premium on land acquisition amounting to approximately RMB140 million.

Contingent Liabilities

As at 30 June 2011, the Group had provided guarantees amounting to approximately RMB2,041 million (31 December 2010: approximately RMB1,690 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 2011 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2011, the Group had approximately 5,897 employees (31 December 2010: approximately 4,199 employees), of which 668 employees (31 December 2010: approximately 607 employees) involved in the property development sector, 47 employees (31 December 2010: approximately 417 employees) in the property agency services sector, 4,740 employees (31 December 2010: approximately 2,794 employees) in the property operation services sector and 442 employees (31 December 2010: approximately 381 employees) in the hotel services sector. Total staff costs, including directors' emoluments, for the six months ended 30 June 2011 amounted to approximately RMB87 million (six months ended 30 June 2010: approximately RMB88 million). Remuneration is determined by reference to their performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for PRC employees), a discretionary bonus program and a share option scheme.

As at 30 June 2011, no options had been granted, exercised or cancelled under the share option scheme adopted on 27 October 2009.

INTERIM DIVIDEND

The Directors had resolved that no interim dividend be paid for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except for the following deviation:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding directors' securities transactions during the six months ended 30 June 2011 and all Directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The audit committee of the Company currently comprises four independent non-executive Directors, including Mr. Ho Man, Mr. Liao Martin Cheung Kong JP, Mr. Huang Ming and Mr. Xu Quan, while Mr. Ho Man is the chairman of the audit committee. The audit committee is to review important accounting policies, supervise the Company's financial reporting processes, monitor the performance of the external auditor and the internal audit department, review and evaluate the effectiveness of the Company's financial reporting procedures and internal control and ensure the compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board.

The audit committee together with the management of the Company has reviewed the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2011.

In addition, the independent auditors of the Company, Deloitte Touche Tohmatsu, have reviewed the unaudited interim results for the six months ended 30 June 2011 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in compliance with the Listing Rules. The remuneration committee currently comprises an executive Director, Mr. Pan Jun, and four independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Mr. Liao Martin Cheung Kong JP and Mr. Xu Quan, while Mr. Huang Ming is the chairman of the committee. The remuneration committee is responsible for advising the Board on the remuneration policy and framework of the Company's Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company's objectives from time to time.

NOMINATION COMMITTEE

The Company has established a nomination committee in compliance with the Listing Rules. The nomination committee currently comprises two executive Directors, Ms. Zeng Jie, Baby and Mr. Pan Jun, and four independent non-executive Directors, Mr. Ho Man, Mr. Liao Martin Cheung Kong JP, Mr. Huang Ming and Mr. Xu Quan, while Ms. Zeng Jie, Baby is the chairman of the committee. The nomination committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable laws of the Cayman Islands and its articles of association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares during the six months ended 30 June 2011.

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.hkex.com.hk) and the Company (www.cnfantasia.com). The interim report of the Company for the six months ended 30 June 2011 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

Notwithstanding that we have to encounter the recession and stagnation of the Chinese real estate industry, we firmly believe that our employees, shareholders, investors and partners are commited to work with us faithfully. This shows their confidence towards the prospects of Fantasia. We would like to express our respect and gratitude to them. Under the dream of "Blossoming China", we are looking forward to more enormous achievements, which will constantly motivate us to devote ourselves to our business while earning fruitful rewards.

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

Hong Kong, 22 August 2011

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Feng Hui Ming and Mr. Chan Sze Hon; the independent non-executive Directors are Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan.