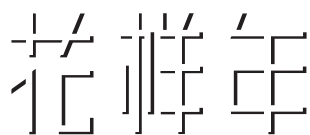


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FANTASIA

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: 1777)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- The Group's contracted sales for the period was approximately RMB13,169 million, representing a year-on-year increase of 16.5%.
- The Group's revenue for the period was approximately RMB8,577 million, representing a year-on-year increase of 65.1%.
- The Group's gross profit for the period was approximately RMB2,537 million, representing a year-on-year increase of 92.5%.
- The Group's gross profit margin for the period was approximately 29.6%, representing a year-on-year increase of 4.2 percentage points and maintaining relatively high level in the industry.
- The Group's net profit for the period was approximately RMB244 million, representing a year-on-year increase of 35.6%.
- Basic earnings per share was RMB1.77 cents (the corresponding period in 2018: RMB1.78 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 2019 (the “**Period**”) as follows:

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

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	<i>NOTES</i>	Six months ended 30 June	
		2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue			
Goods and services		8,373,206	5,069,750
Rental		203,650	125,761
		<hr/>	<hr/>
Total revenue	3	8,576,856	5,195,511
Cost of sales and services		(6,040,180)	(3,877,542)
		<hr/>	<hr/>
Gross profit		2,536,676	1,317,969
Other income		93,720	75,295
Other gains and losses		100,292	(257,804)
Impairment losses under expected credit losses model, net of reversal		(38,311)	(35,037)
Change in fair value of investment properties		161,525	195,009
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		64,266	236,744
Selling and distribution expenses		(154,934)	(157,181)
Administrative expenses		(644,194)	(689,868)
Finance costs		(810,694)	(814,317)
Share of results of associates		(13,893)	16,866
Share of results of joint ventures		(40,079)	(21,741)
Gains on disposal of subsidiaries		7,245	766,779
		<hr/>	<hr/>
Profit before tax		1,261,619	632,714
Income tax expense	4	(1,017,629)	(452,803)
		<hr/>	<hr/>
Profit for the period	5	243,990	179,911
		<hr/>	<hr/>

		Six months ended 30 June	
		2019	2018
<i>NOTE</i>		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
	Change in fair value of equity instruments designated at fair value through other comprehensive income (“FVTOCI”)	(1,892)	11,742
	Remeasurement of defined benefit obligations	–	(238)
	Deferred taxation effect	473	(2,876)
	Other comprehensive (expense) income for the period, net of income tax	(1,419)	8,628
	Total comprehensive income for the period	242,571	188,539
Profit for the period attributable to:			
	Owners of the Company	102,093	102,841
	Other non-controlling interests	141,897	77,070
		243,990	179,911
Total comprehensive income for the period attributable to:			
	Owners of the Company	100,674	111,541
	Other non-controlling interests	141,897	76,998
		242,571	188,539
Earnings per share (RMB cents)			
	– Basic	1.77	1.78
	– Diluted	1.76	1.77

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	<i>NOTE</i>	30 June 2019	31 December 2018
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		2,147,745	2,596,806
Right-of-use assets		759,821	–
Investment properties		11,201,837	10,515,977
Interests in associates		724,515	1,346,586
Interests in joint ventures		1,388,786	1,426,958
Equity instruments designated at FVTOCI		55,153	51,551
Goodwill		2,408,254	2,339,723
Intangible assets		1,198,770	1,188,896
Prepaid lease payments		–	206,743
Premium on prepaid lease payments		–	76,418
Other receivables	8	154,326	158,698
Amount due from a joint venture		81,505	81,505
Pledged bank deposits		316,000	558,457
Deposits paid for potential acquisition of subsidiaries		134,491	194,427
Deposit paid for acquisition of a property project		205,461	202,961
Deposits paid for acquisition of land use rights		125,023	228,703
Deferred tax assets		566,445	565,707
		<u>21,468,132</u>	<u>21,740,116</u>

		30 June	31 December
		2019	2018
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
CURRENT ASSETS			
Properties for sale		38,005,204	34,882,404
Inventories		274,918	544,407
Prepaid lease payments		–	6,750
Premium on prepaid lease payments		–	2,548
Contract assets		482,849	449,590
Contract costs		291,836	201,414
Trade and other receivables	8	5,931,379	5,938,028
Tax recoverable		303,699	105,212
Amounts due from non-controlling shareholders of the subsidiaries of the Company		378,764	319,230
Amounts due from joint ventures		948,790	101,272
Amounts due from associates		184,254	15,909
Financial assets at fair value through profit or loss ("FVTPL")		2,103,384	2,127,196
Derivative financial instruments		1,785	–
Restricted/pledged bank deposits		1,016,002	1,789,411
Bank balances and cash		23,732,184	26,222,584
		<u>73,655,048</u>	<u>72,705,955</u>

		30 June	31 December
		2019	2018
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables	9	8,111,025	10,393,583
Contract liabilities		19,037,697	13,039,071
Derivative financial instruments		1,254	–
Amounts due to joint ventures		29,303	368
Amounts due to associates		21,779	19,971
Amounts due to non-controlling shareholders of the subsidiaries of the Company		47,224	335,850
Tax liabilities		5,672,709	5,504,651
Borrowings due within one year		5,790,556	7,959,810
Lease liabilities		90,823	–
Obligations under finance leases		–	69,164
Senior notes and bonds		5,214,706	6,397,660
Asset-backed securities issued		215,421	208,636
Provisions		28,391	30,740
Other current liabilities		1,386	2,625
		<u>44,262,274</u>	<u>43,962,129</u>
NET CURRENT ASSETS		<u>29,392,774</u>	<u>28,743,826</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>50,860,906</u>	<u>50,483,942</u>

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,797,113	1,734,943
Borrowings due after one year	10,744,661	11,195,744
Lease liabilities	252,067	–
Obligations under finance leases	–	236,880
Senior notes and bonds	18,582,103	17,810,083
Asset-backed securities issued	–	51,783
	31,375,944	31,029,433
NET ASSETS	19,484,962	19,454,509
CAPITAL AND RESERVES		
Share capital	498,235	497,945
Reserves	12,372,330	12,465,583
Equity attributable to owners of the Company	12,870,565	12,963,528
Non-controlling interests	6,614,397	6,490,981
	19,484,962	19,454,509

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 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.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures set out in the condensed consolidated financial statements.

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 2019

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i> <i>(note)</i>	Reportable segment total <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE (UNAUDITED)									
External sales	5,731,008	203,650	15,173	2,142,292	67,408	417,325	8,576,856	-	8,576,856
Inter-segment sales	2,590	-	-	19,587	-	-	22,177	(22,177)	-
Total	<u>5,733,598</u>	<u>203,650</u>	<u>15,173</u>	<u>2,161,879</u>	<u>67,408</u>	<u>417,325</u>	<u>8,599,033</u>	<u>(22,177)</u>	<u>8,576,856</u>
Segment profit (loss)	<u>1,317,616</u>	<u>353,198</u>	<u>898</u>	<u>374,570</u>	<u>(6,402)</u>	<u>(1,848)</u>	<u>2,038,032</u>	<u>(8,159)</u>	<u>2,029,873</u>

Six months ended 30 June 2018

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i> <i>(note)</i>	Reportable segment total <i>RMB'000</i>	Eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
SEGMENT REVENUE (UNAUDITED)									
External sales	2,563,280	125,761	28,801	1,998,773	67,370	411,526	5,195,511	-	5,195,511
Inter-segment sales	6,716	-	-	54,361	-	-	61,077	(61,077)	-
Total	<u>2,569,996</u>	<u>125,761</u>	<u>28,801</u>	<u>2,053,134</u>	<u>67,370</u>	<u>411,526</u>	<u>5,256,588</u>	<u>(61,077)</u>	<u>5,195,511</u>
Segment profit (loss)	<u>451,090</u>	<u>253,425</u>	<u>1,665</u>	<u>285,639</u>	<u>(8,908)</u>	<u>(52,664)</u>	<u>930,247</u>	<u>(12,621)</u>	<u>917,626</u>

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

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of exchange loss, interest income, change in fair value of financial assets at FVTPL, finance costs, share of results of associates and joint ventures, gain on disposal of subsidiaries and an associate, gain (loss) on repurchase/early redemption of senior notes, central administration costs, directors' salaries and share-based payment expenses. 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	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Total segment profit	2,029,873	917,626
Unallocated amounts:		
Exchange loss	(38,351)	(270,146)
Interest income	46,847	75,019
Change in fair value of financial assets at FVTPL	7,160	–
Finance costs	(810,694)	(814,317)
Share results of associates	(13,893)	16,866
Share results of joint ventures	(40,079)	(21,741)
Gain on disposal of subsidiaries	7,245	766,779
Gain on disposal of an associate	111,575	–
Gain (loss) on repurchase/early redemption of senior notes	582	(3,372)
Other unallocated other income, gains and losses	4,938	3,975
Other unallocated expenses	(43,584)	(37,975)
	<hr/>	<hr/>
Profit before tax	<u>1,261,619</u>	<u>632,714</u>

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Property development	41,309,354	37,865,715
Property investment	11,305,660	10,652,307
Property agency services	20,348	18,808
Property operation services	7,675,395	7,565,411
Hotel operations	1,035,660	1,100,918
Others	2,484,448	2,741,429
	<hr/>	<hr/>
Total segment assets	63,830,865	59,944,588
Total unallocated assets	31,292,315	34,501,483
	<hr/>	<hr/>
Group's total assets	95,123,180	94,446,071
	<hr/> <hr/>	<hr/> <hr/>

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, equity instruments designated at FVTOCI, financial assets at FVTPL, amounts due from non-controlling shareholders of the subsidiaries of the Company, associates and joint ventures, derivative financial instruments, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current tax in the People's Republic of China (the "PRC")		
Enterprise income tax	617,450	228,836
Land appreciation tax	358,874	90,703
	<hr/>	<hr/>
	976,324	319,539
Deferred tax		
Charge to profit and loss	41,305	133,264
	<hr/>	<hr/>
	1,017,629	452,803
	<hr/> <hr/>	<hr/> <hr/>

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Net exchange loss	38,351	270,146
Interest income	(46,847)	(75,019)
(Gain) loss on repurchase/early redemption of senior notes	(582)	3,372
Gain on disposal of an associate	(111,575)	–
Release of prepaid lease payments	–	6,947
Release of premium on prepaid lease payments	–	9,616
Depreciation of property, plant and equipment	101,188	105,338
Depreciation of right-of-use assets	32,304	–
Amortisation of intangible assets	72,526	70,313
Staff costs	1,053,929	899,927

6. DIVIDENDS

During the six months ended 30 June 2019, a final dividend in respect of the year ended 31 December 2018 of HK4.00 cents, equivalent to RMB3.4 cents (2018: final dividend in respect of the year ended 31 December 2017 of HK7.00 cents, equivalent to RMB5.8 cents) per share was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to RMB195,940,000 (2018: RMB329,217,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: nil).

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	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	102,093	102,841
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	—	(80)
Earnings for the purpose of diluted earnings per share	<u>102,093</u>	<u>102,761</u>
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,764,516	5,762,546
Effect of dilutive potential ordinary shares:		
Share options	<u>28,342</u>	<u>36,047</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,792,858</u>	<u>5,798,593</u>

The computation of diluted earnings per share for the six months ended 30 June 2019 does not take into account the effect of the share option granted by Colour Life, a non wholly-owned subsidiary of the Company, since the exercise price of the share options was higher than the average market price of the Colour Life's share.

The computation of diluted earnings per share for both the six months ended 30 June 2019 and 2018 does not take into account the effect of the share options granted by Morning Star, a wholly owned subsidiary of the Company, since Morning Star was loss-making for both periods and the exercise of share options would result in an increase in earnings per share.

8. TRADE AND OTHER RECEIVABLES

	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	2,019,078	1,957,127
Other receivables	184,556	101,309
Loan receivables	253,045	247,211
Prepayments and other deposits	1,017,015	1,446,854
Prepayments to suppliers	284,001	229,926
Prepayments for construction work	347,406	641,626
Payment on behalf of residents	875,128	788,055
Consideration receivables on disposal of equity interests in subsidiaries and an associate	414,108	32,000
Amount due from Pixian Government	122,830	122,830
Other tax prepayments	568,538	529,788
	6,085,705	6,096,726
Less: Amount shown under non-current assets	(154,326)	(158,698)
Amounts shown under current assets	5,931,379	5,938,028

The following is an aged analysis of trade receivables of the Group net of allowance for impairment losses presented based on the date of delivery of the properties to the customers for property sale or the invoice date or date of demand note for rendering of services at the end of the period:

	30 June 2019	31 December 2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0 to 30 days	1,030,941	996,756
31 to 90 days	537,466	506,815
91 to 180 days	235,834	280,436
181 to 365 days	105,748	84,682
Over 1 year	109,089	88,438
	2,019,078	1,957,127

9. TRADE AND OTHER PAYABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	4,067,478	5,612,333
Deposit received	630,710	620,582
Other payables	394,193	872,599
Other tax payables	1,524,753	1,492,445
Accrued staff costs	518,178	848,205
Consideration payables for acquisition of subsidiaries and associates	898,711	869,397
Accruals	77,002	78,022
	8,111,025	10,393,583

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0 to 60 days	1,775,510	2,801,902
61 to 180 days	1,706,287	1,541,021
181 to 365 days	463,010	784,916
1 to 2 years	108,372	383,922
2 to 3 years	11,591	82,438
Over 3 years	2,708	18,134
	4,067,478	5,612,333

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

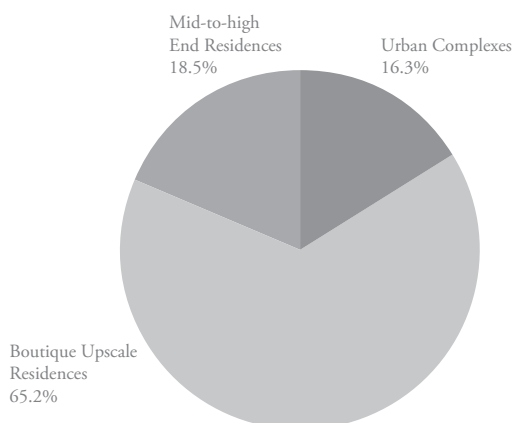
Contracted Sales

In the first half of 2019, China's real estate market adhered to the strategic direction guidelines of "houses are for living in, not for speculation", implementing city-specific policies and "stabilising housing prices, land prices and expectations". The real estate market has witnessed an overall stable trend.

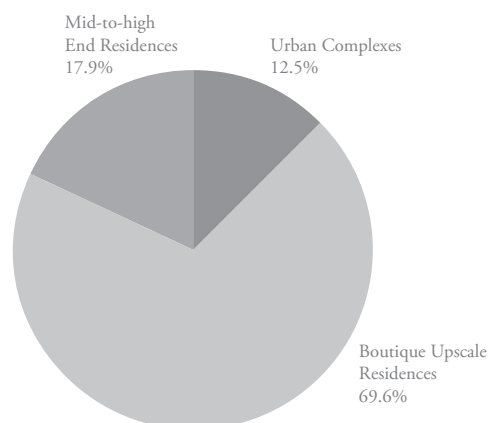
Facing such complicated domestic and overseas situation and increasingly reinforced control policies, the Group returned satisfactory results by proactively adjusting its strategies, firmly seizing the property market adjustment window period, adapting to the situation and accelerating destocking.

During the Period, the Group achieved total contracted sales of RMB13.169 billion and contracted sales area of 1,118,627 sq.m., of which, approximately RMB2.146 billion was derived from contracted sales of urban complexes with contracted sales area of 139,997 sq.m., representing approximately 16.3% and 12.5% of total contracted sales and total contracted sales area of properties of the Group in the first half of 2019, respectively; approximately RMB8.587 billion was derived from the contracted sales of boutique upscale residences with contracted sales area of 778,334 sq.m., accounting for 65.2% and 69.6% of the total contracted sales and total contracted sales area of properties of the Group in the first half of 2019, respectively; approximately RMB2.436 billion was derived from contracted sales of mid-to-high end residences with contracted sales area of 200,296 sq.m., representing approximately 18.5% and 17.9% of total contracted sales and total contracted sales area of properties of the Group in the first half of 2019, respectively.

Proportion of contracted sales value attributable to different product categories



Proportion of contracted sales area attributable to different product categories

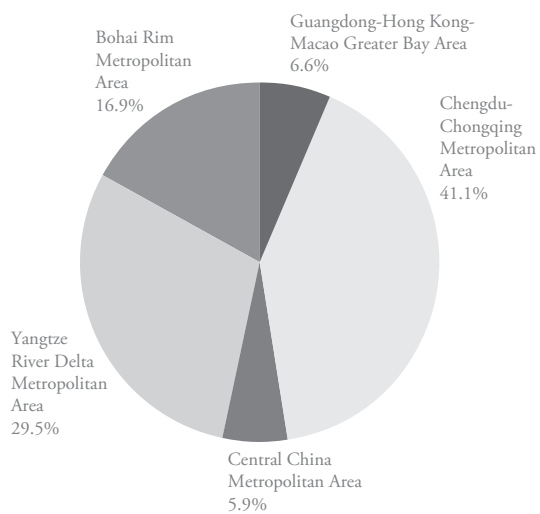


The proportion of contracted sales and contracted sales area attributable to different product categories in the first half of 2019

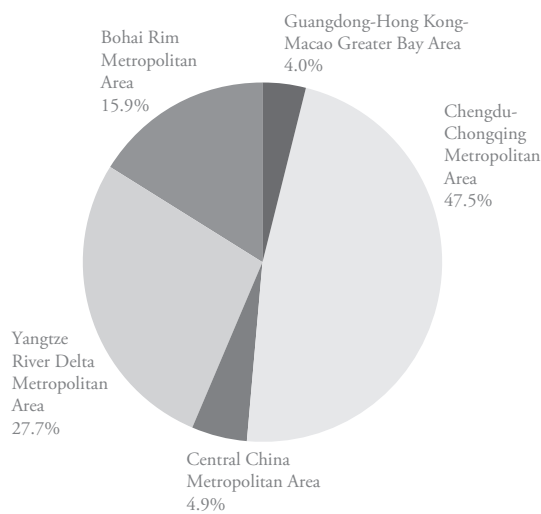
Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	2,146	16.3	139,997	12.5
Boutique Upscale Residences	8,587	65.2	778,334	69.6
Mid-to-high End Residences	2,436	18.5	200,296	17.9
Total	13,169	100.0	1,118,627	100.0

During the Period, the contracted sales contribution to the Group was mainly derived from sales in 14 cities, including Chengdu, Suzhou, Nanjing, Tianjin, Wuhan, Huizhou and Guilin, and also from 38 projects, including Jiatianxia at Chengdu, Jiatianxia at Nanjing, Nanjing Xinian Center, Tianjin Jiatianxia, Chengdu Zhihui City, Huayang Jinjiang at Chengdu, Suzhou Oriental Bay, Ci Xi Joy City at Suzhou and Guilin Lakeside Eden. The Group continued to extend its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area in order to continuously expand its vertical strategic move in each metropolitan area and focus on key cities to achieve sustainable development.

Contracted sales value distribution in five major regions for 2019



Contracted sales area distribution in five major regions for 2019



Breakdown of the Group's contracted sales in five major regions in the first half of 2019

Categories	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	870	6.6	45,122	4.0
Chengdu-Chongqing Metropolitan Area	5,417	41.1	530,207	47.5
Central China Metropolitan Area	777	5.9	54,820	4.9
Yangtze River Delta Metropolitan Area	3,885	29.5	310,232	27.7
Bohai Rim Metropolitan Area	2,220	16.9	178,246	15.9
Total	13,169	100.0	1,118,627	100.0

Guangdong-Hong Kong-Macao Greater Bay Area and the Peripheral Areas

As one of the most open and economically dynamic regions in China, Guangdong-Hong Kong-Macao Greater Bay Area has an important strategic position in China's overall development. In the first half of 2019, the Group closely followed the national strategy, sparing no effort to promote the project development in the Greater Bay Area at the critical moment when the construction of Guangdong-Hong Kong-Macao Greater Bay Area was fully launched. Seizing on the opportunity of urban renewal, the Group will extensively participate in the construction and development of the cities within the Greater Bay Area.

During the Period, the Group had 4 major projects on sale in Shenzhen and Huizhou, which are located in the Guangdong-Hong Kong-Macao Greater Bay Area. The Group recorded total contracted sales of RMB870 million and total contracted sales area of 45,122 sq.m., attributing to approximately 6.6% and 4.0% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.

Chengdu-Chongqing Metropolitan Area

As an important economic hub in South-western China, the Chengdu-Chongqing Metropolitan Area shows its robust market demand for real estate and is one of the earliest important strategic markets of the Group. The Group has become one of the most influential brand developers in the region. In the first half of 2019, the Group continued to extend its presence in the Chengdu-Chongqing Metropolitan Area. By fully integrating hardware, software and services, the Group focused on constructing harmonious communities and innovated prominent products, thus achieving good sales performance.

During the Period, the Group had 11 projects on sale in Chengdu, Ziyang, Kunming and Guilin, which are located in the Chengdu-Chongqing Metropolitan Area. The Group recorded total contracted sales of RMB5.417 billion and total contracted sales area of 530,207 sq.m., attributing to approximately 41.1% and 47.5% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.

Central China Metropolitan Area

As the geographical center of the country, Central China Metropolitan Area is increasingly becoming an important force for the rise of Central China with its advantages of convenient transportation and developed economy. In the first half of 2019, the Group actively promoted the development of new projects in the region, focused on product building and continued to improve its brand recognition and customer word of mouth in the regional market, laying a solid foundation for the Group's further development in the region.

During the Period, the Group had 6 projects on sale in cities such as Wuhan, which are located in the Central China Metropolitan Area. The Group recorded total contracted sales of RMB777 million and total contracted sales area of 54,820 sq.m., attributing to approximately 5.9% and 4.9% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.

Yangtze River Delta Metropolitan Area

The Yangtze River Delta Metropolitan Area is one of the most economically dynamic hubs in China. The Group has paid close attention to the core cities with high value-added potential in the region for a long time. In the first half of 2019, the Group emphasized the construction of residential scenes based on user needs, satisfied the owners' yearning for better living standards, and launched boutique projects that fully reflected the characteristics of Fantasia to the market, thus achieving remarkable market influence.

During the Period, the Group had 10 projects on sale in Suzhou, Shanghai and Nanjing, which are located in the Yangtze River Delta Metropolitan Area. The Group recorded total contracted sales of RMB3.885 billion and total contracted sales area of 310,232 sq.m., attributing to approximately 29.5% and 27.7% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.

Bohai Rim Metropolitan Area

Bohai Rim Metropolitan Area is the most important economic hub in Northern China, playing an agglomeration, radiation, service and mobilization role in the national and regional economy and possessing great development potential. In the first half of 2019, in line with the regional development trend, the Group rapidly promoted the project progress in the region, and sold projects rapidly, achieving good results.

During the Period, the Group had 5 projects on sale in cities such as Tianjin and Shijiazhuang, which are located in the Bohai Rim Metropolitan Area. The Group recorded total contracted sales of RMB2.22 billion and total contracted sales area of 178,246 sq.m., attributing to approximately 16.9% and 15.9% of the total contracted sales and total contracted sales area of properties of the Group respectively in the first half of 2019.

Newly Commenced Projects

During the Period, the Group commenced development of 9 projects or phases of projects with a total planned GFA of approximately 1,397,766 sq.m..

Breakdown of newly commenced projects in the first half of 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA of newly commenced projects (sq.m.)
Chengdu-Chongqing Metropolitan Area						
1	Phase 3.2 of Chengdu Zhihui City	Chongzhou, Chengdu	Residential land use	80%	2021	44,746
2	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	2021	231,796
3	Chengdu Jiastianxia	Shuangliu District, Chengdu	Residential land use	55%	Completion by phases between 2020 and 2023	196,213
4	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	2021	285,711
Central China Metropolitan Area						
5	Wuhan Huahaoyuan	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	218,367
6	Wuhan Gedian Jianshan	Gedian Hi-tech District, Wuhan	Residential and commercial land use	100%	2021	268,668
7	Wuhan Hankou Xingfu Wanxiang	Jiang'an District, Wuhan	Commercial land use	30.6%	2020	52,152
8	Wuhan Shahu Boyi Mingmen	Wuchang District, Wuhan	Commercial land use	67%	2020	35,588
Bohai Rim Metropolitan Area						
9	Baoding Mancheng	Mancheng District, Baoding	Residential land use	51%	2021	64,525

Completed Projects

During the Period, the Group completed 6 projects or phases of projects with a total GFA of approximately 692,238 sq.m..

Breakdown of completed projects in the first half of 2019

Region	Completed GFA (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area	64,870
Chengdu-Chongqing Metropolitan Area	537,408
Yangtze River Delta Metropolitan Area	89,960

Projects Under Construction

As at 30 June 2019, the Group had 29 projects or phases of projects under construction with a total GFA of 7,393,805 sq.m.

Breakdown of projects under construction as at 30 June 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area						
1	Shenzhen Jiatianxia	Dapeng New District, Shenzhen	Residential and commercial land use	10%	Completion by phases between 2020 and 2021	262,940
2	Huizhou Huahaoyuan	Huiyang District, Huizhou	Residential and commercial land use	100%	2021	80,396
3	Huizhou Jiatianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	2021	241,091

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Chengdu-Chongqing Metropolitan Area						
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	Completion by phases between 2019 and 2021	390,740
5	Chengdu Dragon Era International Center	Pidu District, Chengdu Commercial land use	Commercial land use	100%	2020	63,449
6	Chengdu Xiangmendi (southern zone)	Pidu District, Chengdu Residential and commercial land use	Residential and commercial land use	100%	2020	353,631
7	Chengdu Xiangmendi (western zone)	Pidu District, Chengdu Residential and commercial land use	Residential and commercial land use	50%	2021	109,662
8	Chengdu Zhihui City	Chongzhou, Chengdu	Residential and commercial land use	80%	Completion by phases between 2020 and 2021	707,510
9	Chengdu Kanjinzhao	Xinjin County, Chengdu	Residential and commercial land use	100%	2021	136,151
10	Chengdu Jiatianxia	Shuangliu District, Chengdu	Residential and commercial land use	55%	Completion by phases between 2019 and 2021	909,139
11	Chengdu Qingbaijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	2021	251,486
12	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	2020	241,227
13	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	Completion by phases between 2019 and 2021	502,860
14	Lands F and I of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	Completion by phases between 2019 and 2022	531,067
15	Land H of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	Completion by phases between 2019 and 2022	248,680

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA under construction (sq.m.)
Central China Metropolitan Area						
16	Wuhan Guanggu Love Forever	Gedian Development District, Wuhan	Residential and commercial land use	10%	2020	191,939
17	Wuhan Huahaoyuan	Jiang'an District, Wuhan	Residential and commercial land use	100%	2021	218,367
18	Wuhan Gedian Jianshan	Gedian Hi-tech District, Wuhan	Residential and commercial land use	100%	2021	268,668
19	Wuhan Hankou Xingfu Wanxiang	Jiang'an District, Wuhan	Commercial land use	30.6%	2020	52,152
20	Wuhan Shahu Boyi Mingmen	Wuchang District, Wuhan	Commercial land use	67%	2020	35,588
Yangtze River Delta Metropolitan Area						
21	Lishui Jiatianxia	Lishui Economic Development District, Nanjing	Residential and commercial land use	100%	2020	316,507
22	Nanjing Gaochun Love Forever	Gaochun District, Nanjing	Residential and commercial land use	100%	2019	165,801
23	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	49%	2021	233,911
24	Suzhou Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou	Residential land use	100%	2020	137,381
25	Cixi Seasonal Mansion Project	Cixi, Ningbo	Residential land use	11%	2020	253,594
Bohai Rim Metropolitan Area						
26	Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	60%	Completion by phases between 2020 and 2021	326,792
27	Baoding Mancheng	Mancheng District, Baoding	Residential land use	51%	2021	64,525
28	Tangshan Huayang Yuwan	International Tourism Island, Leting County, Tangshan	Residential and commercial land use	51%	2021	69,289
Overseas						
29	Parkwood Collection	Singapore	Residential land use	40%	2021	29,262

Projects Held for Development

As at 30 June 2019, the Group had 22 projects or phases of projects held for development with a total GFA of approximately 4,655,732 sq.m..

Breakdown of projects held for development as at 30 June 2019

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA of projects held for development (sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area					
1	Phase 1 of Pingshan World Plastic Plant Project	Pingshan District, Shenzhen	Residential and commercial land use	100%	328,541
2	Huizhou Kangcheng Siji	Zhongkai District, Huizhou	Residential and commercial land use	100%	76,259
3	Huizhou Jiatianxia	Huiyang District, Huizhou	Residential and commercial land use	100%	36,721
Chengdu-Chongqing Metropolitan Area					
4	Chengdu Grande Valley	Pujiang County, Chengdu	Residential land use	70%	389,543
5	Chengdu Mont Conquerant	Xinjin County, Chengdu	Residential and commercial land use	100%	130,642
6	Chengdu Qingbaijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial land use	100%	213,152
7	Ziyang Love Forever	Yanjiang District, Ziyang	Residential and commercial land use	91%	283,468
8	Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	680,228
9	Land D2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	70%	135,493
10	Lands G and A2 of Guilin Lakeside Eden	Lingui District, Guilin	Residential and commercial land use	100%	189,337
Central China Metropolitan Area					
11	Wuhan Blue Sky	Dongxihu District, Wuhan	Residential and commercial land use	100%	184,734
12	Wuhan Hanzheng Street	Qiaokou District, Wuhan	Residential and commercial land use	50%	360,331
13	Wuhan Jinshanghua	Jiang'an District, Wuhan	Residential and commercial land use	100%	58,735

Project serial number	Project name	Project location	Nature of land	Company's interest	GFA of projects held for development (sq.m.)
Yangtze River Delta Metropolitan Area					
14	Shanghai Guobang Garden	Xuhui District, Shanghai	Commercial land use	100%	6,627
15	Suzhou Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou	Hotel land use	100%	73,691
16	Hangzhou Bay Jingcheng Mingshi	Hangzhou Bay New District, Ningbo	Residential land use	90%	76,769
Bohai Rim Metropolitan Area					
17	Tianjin Love Forever	Wuqing District, Tianjin	Residential land use	60%	62,831
18	Tianjin Nanhu Project	Wuqing District, Tianjin	Residential land use	100%	136,117
19	Tianjin Yingcheng Lake Project	Hangu District, Tianjin	Residential, tourism and commercial land use	100%	168,339
20	Zhangjiakou Huailai Project	Huailai County, Zhangjiakou	Commercial service land use	55%	527,622
21	Shijiazhuang Linghang Guoji	Yuhua District, Shijiazhuang	Commercial land use	51%	63,740
22	Tangshan Huayang Erwan	Tangshan International Tourism Island, Leting County, Tangshan	Residential and commercial land use	51%	472,812

Land Bank

As at 30 June 2019, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 12,049,537 sq.m..

Details of Land Bank

Region	Projects under construction	Projects held for development	Aggregate GFA of land bank
	(sq.m.)	(sq.m.)	(sq.m.)
Guangdong-Hong Kong-Macao Greater Bay Area	584,427	441,521	1,025,948
Shenzhen	262,940	328,541	591,481
Huizhou	321,487	112,980	434,467
Chengdu-Chongqing Metropolitan Area	4,445,602	2,021,863	6,467,465
Chengdu	2,921,768	733,337	3,655,105
Ziyang	241,227	283,468	524,695
Kunming	502,860	680,228	1,183,088
Guilin	779,747	324,830	1,104,577
Central China Metropolitan Area	766,714	603,800	1,370,514
Wuhan	766,714	603,800	1,370,514
Yangtze River Delta Metropolitan Area	1,107,194	157,087	1,264,281
Nanjing	482,308	–	482,308
Hangzhou	233,911	–	233,911
Suzhou	137,381	73,691	211,072
Ningbo	253,594	76,769	330,363
Shanghai	–	6,627	6,627
Bohai Rim Metropolitan Area	460,606	1,431,461	1,892,067
Tianjin	326,792	367,287	694,079
Baoding	64,525	–	64,525
Tangshan	69,289	472,812	542,101
Shijiazhuang	–	63,740	63,740
Zhangjiakou	–	527,622	527,622
Overseas	29,262	–	29,262
Singapore	29,262	–	29,262
Total	7,393,805	4,655,732	12,049,537

Colour Life

During the Period, Colour Life relied on its own brand effect, and continued to obtain a large amount of contracted management property area through discretionary entrustments. Benefiting from the continuous improvement on service capability and market competitiveness, the management area of Colour Life maintained rapid growth. As at 30 June 2019, the total contracted GFA under the management of Colour Life reached 563.5 million sq.m., servicing 2,824 communities, which increased by 9.8 million sq.m. and 115 communities, respectively, as compared to the end of 2018.

While actively expanding the management area, Colour Life continued its technology-oriented approach and adhered to its efficiency revolution in fundamental property services. Based on the long-term intensification, platform-oriented and standardization transformation of fundamental property services, Colour Life further put forward the “Big Dipper” strategy. By dividing the traditional property management services into evaluable and traceable orders, it could achieve the goal of individual accountability and more rewards for more work, and also enhanced service efficiency in the seven aspects of safety, maintenance, cleaning, parking, payment, energy and complaints.

Moreover, Colour Life established connections with excellent partners in the industry through platform output and exported its underlying technology of Caizhiyun (彩之雲) to help them exploring new source of value-added services without separating the profits of fundamental property services owned by cooperative partners at the same time. Since it launched the platform output model, Colour Life has received receptive responses from industry cooperative partners. As at 30 June 2019, the service area under Colour Life’s platform reached 1,205.5 million sq.m., which includes 563.5 million sq.m. for contracted area, 392.0 million sq.m. for cooperation area and 250.0 million sq.m. for alliance area.

With continuous expansion in service scale of the platform, as at 30 June 2019, the number of eco-system registered users of Colour Life had exceeded 32.0 million, of which 16.4 million were active users with a high activity level of 51.3%. The breakthrough in growth of registered users was mainly derived from the rapid development of ecosystem and homeowners in the cooperation communities who registered as online users. In the future, Colour Life will continue to gradually turn more registered users into active users and then consumer users eventually through online plus offline operating strategy to fuel the growth of trading volume and revenue from value-added business.

While users scale was growing steadily, the construction of Colour Life's ecosystem also achieved tremendous progress. For the six months ended 30 June 2019, the Gross Merchandise Volume (GMV) of Colour Life's online platform amounted to RMB5,546.5 million, representing a YoY growth of 27.3%. In particular, with increasingly enriching of core products in Colour Life's ecosystem, the revenue from online promotion services reached RMB84.1 million. In addition, Colour Life achieved cooperation with developers in various means by assisting them in selling inventory assets, namely parking spaces. During the Period, the cumulative sales over 2,000 parking spaces, which drove the revenue from sales and rental assistance of RMB91.8 million. Driven by the aforesaid core products, in the first half of 2019, the revenue from value-added business of Colour Life amounted to RMB200.4 million with a high gross profit margin. Such revenue significantly contributed to Colour Life's profit and was the second largest source of revenue and profit in the business distribution.

In addition, Colour Life continued to promote the strategic product – Colour Benefit Life (彩惠人生), enabling it to integrate into the daily life of more community residents. The community residents can deduct property management fee and parking fee which they need to pay through purchasing commodities and services for their daily needs on Colour Benefit Life. Due to the precise understanding of community residents' demand by our frontline staff, as well as the trust of residents on Colour Life, Colour Benefit Life can reduce the generic expensive marketing expenses of commodities and service suppliers, and at the same time, suppliers return a portion of reduced marketing expenses to residents as property management fee. By virtue of Colour Benefit Life, homeowners can enjoy reduced and exempted property management fee benefits, quality shops can have direct access to the community retail channel, and Colour Life can improve the collection rates of property management fee, thereby achieving a win-win situation among them. During the Period, Colour Life successfully reached strategic cooperation with jd.com, 58 daojia (58到家) and other mature platforms, enabling them to launch their products and services on Colour Benefit Life. For the six months ended 30 June 2019, Colour Benefit Life achieved a total of approximately 622,000 transactions with total transaction amount of RMB121.0 million, which offset property management fee for approximately 300,000 households. Colour Life took practical actions to achieve win-win situation in community service.

Based on its active exploration on community scenarios and business models in the early days, Colour Life reached strategic cooperation agreements on capital and business levels with JD Group and 三六零安全科技股份有限公司 in July 2019 respectively, and will integrate business innovations in areas including “community + business”, “community + logistics”, “community + safety” and “community + technology” in the future, optimizing owners' experiences and building warm “intelligent community”.

Home E&E

In the first half of 2019, Home E&E aimed to build a light luxury property service system and created a new lifestyle with exquisite, sensation, taste and fashion through super powerful intelligence and sense of technology, so as to bring customers supremely interactive, trustworthy and personalized living experience. Fantasia International Property, a subsidiary of Home E&E, focused on the property management services of high-end office buildings, complexes, villas, etc., and its business continued to grow during the Period. Aerospace Property (航天物業), another Home E&E's subsidiary, focused on the property management of government office buildings, corporate headquarters, commercial office buildings, science and technology parks, higher education institutions, apartments, residences, etc., possessing unique market competitiveness.

Business Management Business

In the first half of 2019, the Group's business management business continued to implement comprehensively and actively participated in the operation, planning and investment solicitation of several large projects within the Group. Projects including Nanjing OMG Mall, Guilin OMG Mall, "Fantasia World Outlets" in Chengdu, which had commenced operation, continued to maintain strong growth momentum in the first half of this year. Most of the projects' opening rate was near to 100%. In the first half of this year, Fantasia's high-end shopping center brand, "Hongtang", was launched spectacularly in Suzhou. The preparation works for opening the business for projects including Chengdu Hongtang, Suzhou Hongtang, Taicang Zhimatang (太倉芝麻唐) and Nanjing Lishui Hongtang (南京溧水紅唐) and Nanjing Hailrun OMG Mall (南京喜年花生唐) are underway in full swing. As for light-asset business expansion, Fantasia undertook entrusted asset management projects in a more active manner. By doing so, Fantasia gradually established strategic presence in four major regions, namely Eastern China, Southern China, Central China, and Southwestern China, and has undertaken over 60 such projects in such provinces as Tibet, Jiangxi, Jiangsu, Sichuan, Guangdong, Guangxi, Hunan, Yunnan, Guizhou and Anhui.

Cultural and Tourism Business

As for the cultural and tourism business, the Group is committed to providing high-end travel services and community tourism services for customers in the first half of 2019. During the Period, FuNian Jet Aviation stepped into its first year of official operation, achieving excellent results in the corporate aircraft industry. As for tourism, Morning Star Travel Services implemented integration of internal institutions and businesses, adjusted and optimized product structure, induced various resources to improve volume of business and increase sales revenue, and achieved steady growth in performance.

Retirement Life Service Business

In the first half of 2019, Futainian continued to promote the retirement life service business and made good progress. As for institutional retirement life service, we further improved the operational system of retirement life service institutions, including the preparation and development system, the operation and management system, and the risk control system, so as to improve the service level, optimize customer experience, and win reputation with excellent service. Futainian has operated three mid to high-end retirement life institutions, namely Fulin Elderly Service Apartment (福鄰養老公寓), so far, of which, the occupancy rate of Shuangqiao Shop (雙橋店) maintains at 100%, the occupancy rate of Kehua Shop (科華店) increases steadily to above 70%, the occupancy rate of Shuncheng Shop (順城店), which commenced operation last year, continues to rise, and Longnian Shop (龍年店), which is under renovation, is also progressing well. As for home-based retirement life service, Futainian continues to actively participate in undertaking home-based service projects procured by the government. Fantasia secured the bidding of Guixi Street (桂溪街道) home-based service project in the first half of this year, and is proactively following up other home-based service projects.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of developed properties and construction of properties, (ii) the lease of investment properties, (iii) the provision of property agency services, (iv) the provision of property operation services, (v) the provision of hotel accommodation services and (vi) the provision of travel agency and other services. For the six months ended 30 June 2019, revenue of the Group amounted to approximately RMB8,577 million, representing an increase of 65.1% from approximately RMB5,196 million for the corresponding period in 2018. The profit attributable to owners of the Company for the Period amounted to approximately RMB102 million, representing a decrease of 0.7% from approximately RMB103 million for the corresponding period in 2018.

The table below sets forth the total revenue derived from each of the projects and the aggregate gross floor area (“GFA”) of properties sold in the first half of 2019 and 2018.

	For the six months ended 30 June 2019			For the six months ended 30 June 2018		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	sq. m.	RMB/sq. m.	RMB'000	sq. m.	RMB/sq. m.
Sichuan Meinian Plaza (四川美年廣場)	3,246,887	142,752	22,745	–	–	–
Ci Xi Joy City (慈溪悅城)	705,149	49,551	14,231	–	–	–
Guilin Lakeside Eden (桂林麓湖)	701,608	148,305	4,731	626,758	110,517	5,671
Sichuan Jiatianxia (四川家天下)	322,579	44,152	7,306	–	–	–
Chengdu Longwu (成都龍吾)	297,227	42,541	6,987	–	–	–
Huizhou TCL Kangchengsiji (惠州TCL康城四季)	117,385	6,415	18,299	30,471	3,114	9,785
Suzhou Hailun Plaza (蘇州喜年廣場)	38,016	1,936	19,636	1,114	59	18,881
Chengdu Longnian Building (成都龍年中心)	34,289	8,616	3,980	10,137	1,996	5,079
Huizhou Love Forever (惠州花郡)	7,452	1,225	6,083	1,650	300	5,500
Huizhou Fantasia Special Town (惠州別樣城)	26,460	2,161	12,244	5,497	623	8,823
Suzhou Lago Paradise (蘇州太湖天城)	11,109	1,122	9,901	17,696	2,572	6,880
Guilin Fantasia Town (桂林花樣城)	10,600	2,167	4,892	1,029	194	5,304
Shenzhen Lenian (深圳樂年)	10,421	478	21,801	45,020	1,351	33,323
Wuhan Love Forever (武漢花郡)	7,526	1,060	7,100	128,590	14,153	9,086
Chengdu Grande Valley (成都大溪谷)	5,436	924	5,883	195,151	17,061	11,438
Chengdu Xiangmendi (成都香門第)	3,394	290	11,703	–	–	–
Wuhan Fantasia Town (武漢花樣城)	2,636	1,046	2,520	89,767	9,566	9,384
Dongguan Wonderland (東莞江山)	1,358	100	13,580	413	84	4,917
Shenzhen Longnian Building (深圳龍年大廈)	–	–	–	14,633	1,021	14,332
Tianjin Love Forever (天津花郡)	–	–	–	137,240	10,248	13,392
Ningbo Love Forever (寧波花郡)	–	–	–	1,257	256	4,910
Dali Human Art Wisdom (大理藝墅花鄉)	–	–	–	64,582	7,131	9,057
Nanjing Fantasia Town (南京花樣城)	–	–	–	876,017	120,070	7,296
Subtotal	5,549,532	454,841		2,247,022	300,316	
Others	181,476			316,258		
Total	5,731,008			2,563,280		

Property Development

The Group recognises revenue from the sale of a property at a point in time when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable. Revenue from property development represents the proceeds from sales of properties held for sales by the Group. Revenue derived from property development increased by 123.6% to approximately RMB5,731 million for the six months ended 30 June 2019 from approximately RMB2,563 million for the corresponding period in 2018, which was primarily due to the increase in recognised income as a result of the additional properties of the Group brought forward to this year as compared to the corresponding period last year.

Property Investment

Revenue generated from property investment increased by 61.9% to approximately RMB204 million for the six months ended 30 June 2019 from approximately RMB126 million for the corresponding period in 2018. The increase was primarily due to an increase in rental area.

Property Agency Services

Revenue derived from property agency services decreased by 48.3% to approximately RMB15 million for the six months ended 30 June 2019 from approximately RMB29 million for the corresponding period in 2018. The decrease was due to the slowdown of second-hand house transactions.

Property Operation Services

Revenue derived from property operation services increased by 7.2% to approximately RMB2,142 million for the six months ended 30 June 2019 from approximately RMB1,999 million for the corresponding period in 2018.

Hotel Operation Services

Revenue derived from hotel operation and related services amounted to approximately RMB67 million for the six months ended 30 June 2019, almost the same as that for the corresponding period in 2018 (the corresponding period in 2018: approximately RMB67 million).

Others

This mainly represent the revenue derived from tourism development business acquired in 2015.

Gross Profit and Gross Profit Margin

Gross profit of the Group increase by 92.5% to approximately RMB2,537 million for the six months ended 30 June 2019 from approximately RMB1,318 million for the corresponding period in 2018, while the Group's gross profit margin was approximately 29.6% for the six months ended 30 June 2019 as compared to a gross profit margin of approximately 25.4% for the corresponding period in 2018. The increase in gross profit margin was mainly due to the higher gross profit of the projects derived from the Group's revenue that brought forward to current period.

Other Gains and Losses

The Group recorded net other gains for the six months ended 30 June 2019 of approximately RMB100 million (the corresponding period in 2018: net other losses of approximately RMB258 million), which was due to the disposal of an associate for the period. Meanwhile, the generated currency exchange loss for the six months ended 30 June 2019 amounted to approximately RMB38 million and that for the corresponding period in 2018, which was caused by currency exchange rate decrease, amounted to approximately RMB270 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended 30 June 2019 amounted to approximately RMB155 million, almost the same as that for the corresponding period in 2018 (the corresponding period in 2018: approximately RMB157 million).

Administrative Expenses

The Group's administrative expenses decreased by 6.6% to approximately RMB644 million for the six months ended 30 June 2019 from approximately RMB690 million for the corresponding period in 2018. The decrease was primarily due to the the Group's effort in controlling cost.

Finance Costs

The Group's finance costs for the six months ended 30 June 2019 amounted to approximately RMB811 million, almost the same as that for the corresponding period in 2018 (the corresponding period in 2018: approximately RMB814 million).

Income Tax Expense

The Group's income tax expense increased by 124.7% to approximately RMB1,018 million for the six months ended 30 June 2019 from approximately RMB453 million for the corresponding period in 2018. The increase was mainly due to simultaneous increase in enterprise income tax and land appreciation tax due to the relatively higher gross profit of property sales during the Period as compared to the corresponding period last year.

Liquidity, Financial and Capital Resources

Bank balances and Cash Position

As at 30 June 2019, the Group's bank balances and cash was approximately RMB25,064 million (31 December 2018: approximately RMB28,570 million), representing a decrease of 12.3% as compared to that as at 31 December 2018. A part of our bank balances is restricted bank deposits and is for property development purposes only. Such restricted bank deposits will be discharged upon the completion of the respective property development relevant to such deposits.

Net Gearing Ratio

The net gearing ratio was 79.5% as at 30 June 2019 (31 December 2018: 77.4%). The net gearing ratio was calculated based on net debt (the total of its borrowings, senior notes and bonds and assets backed securities ("ABS") net of bank balances and cash (including restricted/pledged bank deposits)) over total equity. Through optimizing its equity structure and the stringent implementation measure for cash flow budget, the Group was able to maintain a reasonable proportion of long-term and short-term debt and the net gearing ratio only 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 2019, the Group had borrowings, senior notes and bonds and ABS of approximately RMB16,535 million (31 December 2018: approximately RMB19,156 million) in total, approximately RMB23,797 million (31 December 2018: approximately RMB24,208 million) in total and approximately RMB215 million (31 December 2018: approximately RMB260 million) in total, respectively. Amongst the borrowings, approximately RMB5,791 million (31 December 2018: approximately RMB7,960 million) will be repayable within one year and approximately RMB10,745 million (31 December 2018: approximately RMB11,196 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB5,215 million (31 December 2018: approximately RMB6,398 million) will be repayable within one year and approximately RMB18,582 million (31 December 2018: approximately RMB17,810 million) will be repayable after one year.

As at 30 June 2019, a substantial part of the Group's 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, borrowings, lease liabilities and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During the Period, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange effect to its operation.

Contingent Liabilities

As at 30 June 2019, the Group had provided guarantees amounting to approximately RMB11,255 million (31 December 2018: approximately RMB9,790 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 2019 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2019, excluding the employees of communities managed on a commission basis, the Group had approximately 25,877 employees (31 December 2018: approximately 21,251 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 to the mandatory provident fund (for employees of Hong Kong Special Administrative Region) and state-managed retirement pension scheme (for employees of Mainland China), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme on 27 October 2009. During the Period, a total of 142,660,000 share options were granted. During the Period, none of the share options had lapsed and 3,380,000 share options had been exercised. As at 30 June 2019, the number of outstanding share options was 80,648,000.

INTERIM DIVIDEND

The Board had resolved that no interim dividend be paid for the Period (the corresponding period in 2018: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

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

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, the Board is of the view that the Company has complied with all the code provisions under the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code ("**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 2019 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) in compliance with the Listing Rules 3.21 and 3.22 to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Audit Committee on 22 December 2015 and 27 March 2019 respectively. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee of the Company currently comprises four independent non-executive Directors, including Mr. Ho Man, 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 Period. The external auditors of the Company have also reviewed the unaudited interim results for the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

Senior Notes

On 31 January 2019, the Company issued additional 15% senior notes due 2021 with principal amount of USD100,000,000 (the “**15% Additional Notes due 2021**”), which is consolidated and form a single series with the 15% Original Notes due 2021, for the purpose of refinancing certain of its existing indebtedness. Further details relating to the issue of the Original Notes due 2021 are disclosed in the announcement dated 8 February 2019.

On 11 February 2019, the Company has redeemed the USD300,000,000 7.25% senior notes due 2019.

On 11 March 2019, the Company issued senior notes due 2020 with principal amount of CNY1,000,000,000 at a coupon rate of 11.875% per annum (the “**11.875% Senior Notes due 2020**”) for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Issuance of 11.875% Senior Notes due 2020 are disclosed in the announcement of the Company dated 13 March 2019.

On 17 April 2019, the Company issued senior notes due 2022 with principal amount of USD200,000,000 at a coupon rate of 11.75% per annum (the “**11.75% Senior Notes due 2022**”) for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Issuance of 11.75% Senior Notes due 2022 are disclosed in the announcement of the Company dated 23 April 2019.

On 28 June 2019, the Company repurchased part of the outstanding senior notes due 2022 in an aggregate principal amount of approximately USD2,500,000 in the open market. Further details relating to the repurchase of senior notes due 2022 are disclosed in the announcement of the Company dated 28 June 2019.

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 2019 interim report containing all the information required by the Listing Rules will be available at the aforementioned websites and will be dispatched to the Company’s shareholders thereafter in due course.

ACKNOWLEDGEMENT

In times of vigorous ups and downs of the real estate market, the Company is persistently pursuing greater business objectives for a win-win ecosystems. The Group hereby wishes to express its sincere gratitude to all its stakeholders for their support to create greater wealth value of the Group. Last but not least, the Group would also like to extend our gratitude to all the customers, employees, partners and shareholders for their efforts and support to the Group along the road.

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

Hong Kong, 20 August 2019

As at the date of this announcement, the Executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Ke Kasheng, Mr. Zhang Huiming and Mr. Chen Xinyu; the Non-executive Directors are Mr. Li Dong Sheng and Mr. Liao Qian; and the Independent Non-executive Directors are Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu.