

## Fantasia Holdings Group Announces 2010 Interim Results

### Urban complexes fuel sales growth

#### Total revenue and net profit increase 42.8% and 74.5% respectively

- In the first half of 2010, total sales and net profit attributable to the owners of the Company reached RMB 1,918 million and RMB 411 million, up 42.8% and 74.5% respectively over the same period last year.
- Gross profit margin increased steadily to 49.7% from 41.4% of the same period last year, as a result of effective control on land costs.
- Basic earnings per share for the first half of 2010 was RMB 0.08, up 33.3% over the same period last year.
- As of 30 June 2010, Fantasia held cash totaling RMB 3,631 million, while net gearing ratio (net debt over the equity attributable to owners of the Company) was 42.0%.

26 August 2010, Hong Kong - Fantasia Holdings Group Co., Limited ("Fantasia" or "the Company", HKSE stock code 1777), a leading property developer and property related services provider in China, is pleased to announce the unaudited financial results of the Company and its subsidiaries for six months ended 30 June 2010.

China's macro-control policies over the real estate industry were reinforced further in the first half of 2010. Chinese Central government and local authorities have introduced stringent measures on lending and land appreciation tax to regulate the real estate sector. Thus, the property market especially in the first-tier cities has contracted and transaction volumes declined. The residential and commercial property markets experienced contrasting structural changes with the commercial property market suffering less under the adjustment. Benefiting from multi-product lines of urban complex plus boutique upscale residence, its flexible sales strategies and the ongoing ability to acquire high-quality land bank at low cost, the Company managed to withstand the shocks seen in the property industry and achieved substantial sales growth.

## **Solid financial results**

For the first half of 2010, Fantasia's total revenue and net profit reached RMB 1,918 million and RMB 411 million respectively, representing a year-on-year increase of 42.8% and 74.5%. Benefiting from strong sales of urban complexes and boutique upscale residences, such as Shenzhen Future Plaza, Chengdu Hailrun Plaza, Yixing Town on the Water and Dongguan Mont Conquerant, combined with a substantial increase in ASP, revenue derived from property development increased by 44.0% to RMB 1,854 million for the first half of 2010.

As of 30 June 2010, gross profit increased by 71.2% to RMB 952 million for the first half of 2010. On the back of its increase in total revenue and effective adjustment of its product portfolio, gross profit margin improved to 49.7% in the first half of 2010 from 41.4% over the corresponding period in 2009.

Net profit margin increased to 21.5% from 17.5% over the same period last year. For the first half of 2010, basic earnings per share was RMB 0.08, up 33.3% over the same period last year.

While the Company is expanding rapidly, it maintains adequate working capitals, with a proven credit profile and a greatly reduced leveraging ratio. In addition, Fantasia anticipated forthcoming market trends and made capital planning in advance. The successful issuance of USD 120 million guaranteed senior notes within the reporting period enhanced Fantasia's cash reserve, optimized its capital structure and further strengthened liquidity. The Company maintains a solid financial position with a gearing ratio of 42.0%.

In order to cope with macro control policy and further focus on development in the second half of 2010, the board has recommended that no interim dividend be paid for the six months ended 30 June 2010.

## **Urban complexes boost sales growth; revenue sources further diversified and more balanced development among four regions**

In the first half of 2010, Fantasia realized contract sales of RMB 1,393 million and a contract sales area of 117,861 square meters. The contract sales were derived from 11 projects across 4 cities. The high-end value of urban complexes which takes up 74.4% of the total contract sales, has allowed the Company to achieve year-on-year growth of 29.0% in the value of contract sales, notwithstanding the year-on-year decrease of 17.0% in contract sales area.

In the first half of 2010, Fantasia's contract sales are mainly from Shenzhen Love Forever, Shenzhen Future Plaza, Chengdu Meinian International Plaza, Chengdu

Hailrun Plaza and Tianjin Hailrun Plaza. In particular, the outstanding sales performance of projects in Chengdu and Tianjian highlights the improvement in Fantasia's brand attractiveness in regions outside of Shenzhen. The share of the revenue of contract sales from the Yangtze River Delta and Beijing-Tianjin Metropolitan Area has increased to 17.0% in the first half of 2010 from 11.0% of the same period last year. In addition, the revenue contribution from the four regions became more balanced.

During the reporting period, Fantasia had an area of 75,824 square meters for new development projects and an area of 60,743 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 2010) was 1,384,584 square meters and provided 1,248,545 square meters of saleable areas.

### **Sustained high quality land bank at low cost**

The Company continued to implement a prudent land acquisition strategy to acquire quality land at a low cost and further extend the regional coverage of its land bank in key locations. During the first half of 2010, Fantasia acquired a total of eight land plots in Dali, Wuxi, Tianjin, Dongguan and Guilin. The above projects with confirmed rights and under framework agreements are expected to provide saleable area of approximately 3.35 million square meters. The land cost is at only approximately RMB 750 per square meter of planned floor area. The average land cost in the first half of 2010 was maintained at a relatively low level and was only 11.1% of the ASP.

As at 30 June 2010, the total area of the Company's land bank totaled 13.47 million square meters, in which a planned GFA of 6.81 million square meters with land use right certificates, and a planned GFA of 6.66 million square meters under framework agreements entered into with relevant third parties. Fantasia's land bank is sufficient for further development over the next three to five years.

### **Enhancing property agency and management business**

In the first half of 2010, Fantasia continued to strengthen its property agency and management business. Nine boutique hotels will be developed under boutique upscale residences and urban complexes projects developed by the Company within next three years. Meanwhile, the Company has kicked off the planning and establishment of multi-brands of property service. It has also set up a management branch in Shanghai and officially expanded property management services in the Yangtze River Delta.

## **Strategy in place to turn market challenges into opportunities**

The development of China's real estate market in the second half of 2010 doesn't give any ground for optimism. However, Fantasia is confident of turning these challenges into opportunities. The Company will further leverage its leading business development strength in urban complexes and boutique upscale residences, and enhance a balanced development plan across the four regions. The management are confident that areas of newly launched projects, completed projects and available for sale will reach 900 thousand square meters, 486 thousand square meters and 700 thousand square meters respectively, in the second half of 2010.

Chairman Mr. Pan commented: "We remain optimistic about the prospect of China's real estate market since the general trend of urbanization in China remains unchanged. We are well prepared for market adjustment that may last for a year or more by managing our financial position and business with our consistently sound and prudent approach. Meanwhile, we will maintain a relatively rapid pace of development according to our established strategic targets; furthermore, we will carry on acquiring low-cost premium lands in the strategic regions carefully. We will continue to make timely adjustment to our business strategies in response to market changes so that we develop in a healthy way and deliver better results."

## Fantasia Group

Founded in 1996, Fantasia Group is a leading property developer and property-related service provider in China. Fantasia's property development portfolio of urban complexes and boutique upscale residences is strategically distributed across four of China's most economically prosperous regions, namely the Chengdu-Chongqing Economic Zone, the Pearl River Delta, the Yangtze River Delta and the Beijing-Tianjin metropolitan area.

Fantasia was successfully listed on the Stock Exchange of Hong Kong in November 2009 under the stock code "1777". Fantasia has created an operating model of bringing property development, property management and property agency businesses under one roof. It is the only property company in China ranked by the China Real Estate Top 10 Research Team as being among the Top 100 Real Estate Developers in China (2010), the Top 100 Real Estate Agencies in China (2010) and the Top 100 Property Management Companies in China (2009).

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