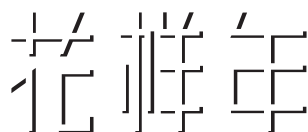


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FANTASIA

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 2015**

HIGHLIGHTS

- The Group's contracted sales for the Period increased by approximately 125% to approximately RMB4,047 million from approximately RMB1,800 million for the corresponding period in 2014.
- The Group's revenue for the Period was approximately RMB3,630 million, which increased by 24.4% from approximately RMB2,917 million for the corresponding period in 2014.
- The Group's gross profit margin for the Period maintained at a relatively high level of 32.0%.
- The Group's profit for the Period was approximately RMB279 million (the corresponding period in 2014: RMB123 million).
- The Group's net gearing ratio (being aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash over the total equity) as at 30 June 2015 was 79.0%, which substantially decreased by 7.7 percentage points from 86.7% as at 31 December 2014.
- In May 2015, the Company issued senior notes in the amount of US\$200 million at an interest rate of 11.50% due 2018, to optimize the overall maturity profile of debts.
- Basic earnings per share was RMB3.61 cents (the corresponding period in 2014: RMB1.77 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 2015 (the “**Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended 30 June	
	<i>NOTES</i>	2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	3	3,629,667	2,916,567
Cost of sales and services		(2,469,368)	(1,905,864)
Gross profit		1,160,299	1,010,703
Other income, gains and losses		5,491	(57,756)
Change in fair value of investment properties		175,115	35,144
Selling and distribution expenses		(122,962)	(99,923)
Administrative expenses		(371,457)	(279,798)
Finance costs		(160,094)	(155,087)
Share of results of associates		165	346
Share of results of joint ventures		(3,491)	(3,984)
Profit before tax		683,066	449,645
Income tax expense	4	(403,957)	(326,600)
Profit and total comprehensive income for the period	5	279,109	123,045
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		207,640	101,420
An owner of perpetual capital instrument		31,850	–
Other non-controlling interests		39,619	21,625
		279,109	123,045
Earnings per share (RMB cents)			
– Basic	7	3.61	1.77
– Diluted	7	3.59	1.76

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015

	<i>NOTES</i>	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,680,392	1,541,882
Investment properties		7,030,141	6,642,075
Interests in associates		6,328	1,753
Interests in joint ventures		413,877	609,981
Available-for-sale investment		–	38,910
Goodwill		444,522	133,918
Intangible assets		121,300	26,850
Prepaid lease payments		870,917	884,550
Premium on prepaid lease payments		174,008	175,847
Land development expenditure		–	667,965
Other receivables		488,876	376,841
Deposits paid for acquisition of subsidiaries		196,889	262,550
Deposit paid for acquisition of a property project		139,238	136,648
Deposit paid for acquisition of land use rights		1,025,583	1,005,685
Deferred tax assets		461,476	498,714
		13,053,547	13,004,169
CURRENT ASSETS			
Properties for sale		21,977,907	19,442,516
Prepaid lease payments		34,274	34,274
Premium on prepaid lease payments		3,678	3,678
Trade and other receivables	8	4,342,091	3,873,362
Amount due from a joint venture		156,316	149,855
Amounts due from customers for contract works		60,391	59,460
Tax recoverable		60,206	34,130
Financial assets designated at fair value through profit or loss		54,158	–
Restricted/pledged bank deposits		2,417,136	914,596
Bank balances and cash		2,067,272	3,738,040
		31,173,429	28,249,911

	<i>NOTES</i>	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and other payables	9	8,000,285	5,516,143
Deposits received for sale of properties		4,248,207	3,386,888
Amounts due to customers for contract works		6,016	8,195
Amount due to a non-controlling shareholder		379,683	419,960
Amounts due to joint ventures		1,988,022	996,467
Tax liabilities		3,118,996	3,016,193
Borrowings – due within one year		2,210,328	4,122,925
Obligations under finance leases		20,808	20,826
Senior notes		999,895	746,051
		<u>20,972,240</u>	<u>18,233,648</u>
NET CURRENT ASSETS		<u>10,201,189</u>	<u>10,016,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,254,736</u>	<u>23,020,432</u>
NON-CURRENT LIABILITIES			
Borrowings – due after one year		4,009,236	3,651,475
Amount due to a non-controlling shareholder		323,123	686,667
Obligations under finance leases		106,430	119,749
Senior notes		6,230,180	6,022,081
Deferred tax liabilities		1,203,168	1,096,155
Provision		32,884	31,931
		<u>11,905,021</u>	<u>11,608,058</u>
		<u>11,349,715</u>	<u>11,412,374</u>
CAPITAL AND RESERVES			
Share capital		497,610	497,485
Reserves		8,908,222	8,955,574
Equity attributable to owners of the Company		<u>9,405,832</u>	<u>9,453,059</u>
Perpetual capital instrument		710,500	710,500
Other non-controlling interests		1,233,383	1,248,815
Total non-controlling interest		<u>1,943,883</u>	<u>1,959,315</u>
		<u>11,349,715</u>	<u>11,412,374</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied for the first time, the following new and revised interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the above new and revised amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these 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 2015

	Property development RMB’000	Property investment RMB’000	Property agency services RMB’000	Properties operation services RMB’000	Hotel operations RMB’000	Reportable segment total RMB’000	Eliminations RMB’000	Total RMB’000
SEGMENT REVENUE (UNAUDITED)								
External sales	3,116,395	96,784	8,623	333,251	74,614	3,629,667	–	3,629,667
Inter-segment sales	53,289	–	–	23,113	–	76,402	(76,402)	–
Total	<u>3,169,684</u>	<u>96,784</u>	<u>8,623</u>	<u>356,364</u>	<u>74,614</u>	<u>3,706,069</u>	<u>(76,402)</u>	<u>3,629,667</u>
Segment profit (loss)	<u>645,843</u>	<u>155,033</u>	<u>8,472</u>	<u>143,073</u>	<u>(7,480)</u>	<u>944,941</u>	<u>–</u>	<u>944,941</u>

Six months ended 30 June 2014

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Properties operation services RMB'000	Hotel operations RMB'000	Reportable segment total RMB'000	Eliminations RMB'000	Total RMB'000
SEGMENT REVENUE (UNAUDITED)								
External sales	2,598,854	60,235	7,552	207,360	42,566	2,916,567	-	2,916,567
Inter-segment sales	56,396	-	-	32,743	-	89,139	(89,139)	-
Total	<u>2,655,250</u>	<u>60,235</u>	<u>7,552</u>	<u>240,103</u>	<u>42,566</u>	<u>3,005,706</u>	<u>(89,139)</u>	<u>2,916,567</u>
Segment profit (loss)	<u>608,755</u>	<u>36,269</u>	<u>6,500</u>	<u>101,854</u>	<u>(4,586)</u>	<u>748,792</u>	<u>-</u>	<u>748,792</u>

Segment profit (loss) represents the profit earned or loss incurred by each segment without allocation of central administration costs and directors' salaries, interest income, exchange gain (loss), share of results of associates and joint ventures, 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.

Reconciliation:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Segment profit	944,941	748,792
Unallocated amounts:		
Unallocated income, gains and losses	26,088	(64,324)
Unallocated corporate expenses	(124,543)	(76,098)
Finance costs	(160,094)	(155,087)
Share of results of associates	165	346
Share of results of joint ventures	(3,491)	(3,984)
Profit before tax	<u>683,066</u>	<u>449,645</u>

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

	30 June	31 December
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(audited)
Property development	27,930,027	26,161,619
Property investment	6,783,641	6,875,227
Property agency services	11,098	11,731
Property operation services	1,228,208	1,203,359
Hotel operations	1,150,899	955,256
Total segment assets	<u>37,103,873</u>	<u>35,207,192</u>
Total unallocated assets	<u>7,123,103</u>	<u>6,046,888</u>
Group's total assets	<u>44,226,976</u>	<u>41,254,080</u>

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, amount due from a joint venture, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Current tax in the People's Republic of China (the "PRC")		
Enterprise Income Tax ("EIT")	217,843	155,513
Land Appreciation Tax ("LAT")	73,223	161,104
	<u>291,066</u>	<u>316,617</u>
Deferred tax:		
Current period	112,891	9,983
	<u>403,957</u>	<u>326,600</u>

5. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 June	
	2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Profit and total comprehensive income for the period has been arrived at after charging:		
Net exchange (gain) loss	(27,024)	83,779
Interest income	(18,739)	(19,455)
Release of prepaid lease payments	13,633	12,742
Release of premium on prepaid lease payments	1,839	5,426
Depreciation of property, plant and equipment	78,092	39,459
Amortisation of intangible assets	3,598	454
Allowance for doubtful debts on trade and other receivables	44,188	5,294
Staff costs (included in administrative expenses)	157,060	97,701

6. DIVIDENDS

During the current interim period, a final dividend of HK5.39 cents per share in respect of the year ended 31 December 2014 (2014: HK6.68 cents) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current period amounted to RMB245,012,000 (2014: RMB306,054,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015.

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	
	2015 <i>RMB'000</i> (unaudited)	2014 <i>RMB'000</i> (unaudited)
Earnings:		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	207,640	101,420
Effect of dilutive potential ordinary shares:		
Share options — Colour Life	(98)	–
Earnings for the purpose of diluted earnings per share	207,542	101,420
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	5,757,887,526	5,738,142,711
Effect of dilutive potential ordinary shares:		
Share options	24,585,063	15,804,453
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,782,472,589	5,753,947,164

8. TRADE AND OTHER RECEIVABLES

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

	30 June 2015 <i>RMB'000</i> (unaudited)	31 December 2014 <i>RMB'000</i> (audited)
Trade receivables	1,043,672	1,034,555
Prepayments and other deposits	249,876	103,146
Prepayments to suppliers	213,041	187,386
Prepayments for construction work	1,303,748	1,262,129
Consideration receivable on disposal of a subsidiary	–	286,446
Consideration receivable on disposal of partial interests in subsidiaries resulting in loss of control	–	206,410
Consideration receivables on disposal of partial interests in subsidiaries without loss of control	–	162,250
Amount due from Pixian Government	135,989	135,989
Amount due from Chengdu Government	480,000	–
Loan receivables (<i>note</i>)	181,647	154,714
Other tax prepayments	212,103	173,613
Other receivables	522,015	166,724
	4,342,091	3,873,362

Note: At 30 June 2015, the Group has loan receivables of RMB181,647,000, which is unsecured, interest bearing at fixed rate at 15.6% and repayable within one year.

The following is an aging 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 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
0 to 30 days	607,766	617,505
31 to 90 days	91,716	101,979
91 days to 180 days	86,071	72,856
181 to 365 days	162,180	141,341
Over 1 year	95,939	100,874
	<hr/> 1,043,672 <hr/>	<hr/> 1,034,555 <hr/>

9. TRADE AND OTHER PAYABLES

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

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
0 to 60 days	2,333,134	2,774,979
61 to 180 days	894,974	260,645
181 days to 365 days	1,261,971	507,270
1 to 2 years	659,242	118,654
2 to 3 years	98,654	11,014
Over 3 years	4,644	40,855
	<hr/> 5,252,619 <hr/>	<hr/> 3,713,417 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Property Development

Contracted Sales and Project Development

From January to June in 2015, the investment in the domestic property development in general continued to see a slowdown that had occurred since 2013, and the accumulative year-on-year growth rate kept hitting a new low. However, the rate of slowdown began to decrease in May, showing signs of bottoming out of the industry. As for the sales, being continually affected by favorable macro policies, property sales in China considerably improved and the rate of fall in property sales narrowed down since the implementation of “330 Policy”. Led by one and two tier cities, the fundamentals in the real estate market also began to pick up while the sales of commercial housing in non-major cities were still slow, marking the differentiation of the real estate market.

In a highly competitive market environment, property companies in the first and second tier remained stable. Property companies with property values of over RMB5 billion increased significantly in the first half of the year, and entry barriers have raised. However, property companies in the third and fourth tier achieved similar results as compared with that of the previous year in general. As a whole, the large number of enterprises, the intensive market competition and the frequent transactions have put the market under great pressure and made the inventories and cashflow as the main fundamentals.

Taking the market performance in the first half of the year into account, the Group adhered to its steady business strategies in order to vigorously reduce inventories. With the unsatisfactory inventory structure, the Group inspired the team spirit through system reform, and recorded significantly improved results as compared with previous year.

During the Period, the Group recorded contracted sales of RMB4,047 million and contracted sales area of 548,011 square meters (“**sq.m.**”). RMB1,527 million of the total contracted sales was derived from urban complexes projects, which accounted for 37.7% of contracted sales, and RMB1,542 million of the total contracted sales was derived from boutique upscale residences projects, which accounted for 38.1% of contracted sales.

Chengdu-Chongqing Economic Zone

Chengdu-Chongqing Economic Zone is one of the most important drivers for economic growth in China. Driven by its systematic planning for transport development, Chengdu will become the strategic economic region for modern service industry and new and high-technology industry. The Group entered the Chengdu market in early 2001. With the brand reputation that the Group has accumulated over the past 14 years, the Group has become one of the strongest property developers in Chengdu. In the first half of 2015, the Group has been aiming to actively expand the development of the Group’s projects in Chongqing and strive to complete comprehensive expansion of Chengdu-Chongqing Economic Zone.

During the Period, the Group recorded contracted sales area of approximately 124,268 sq.m. in Chengdu-Chongqing Zone and contracted sales of approximately RMB648 million, attributing 22.7% and 16.0% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 30 June 2015, the Group had seven projects or phases of projects under construction in Chengdu-Chongqing Economic Zone, with a total planned gross floor area (“GFA”) of approximately 1,083,467 sq.m. and a saleable area of approximately 885,778 sq.m.. Excluding projects under construction, the Group also had five projects or phases of projects to be developed in Chengdu-Chongqing Economic Zone, with a total planned GFA of approximately 1,099,433 sq.m..

Pearl River Delta Region

Pearl River Delta Region has always been one of the most important drivers for economic growth in China, and the area in which Fantasia undertook strategic transformation. The Group has put Shenzhen as the center of development and Huizhou and Dongguan as the radiated regions while accelerating the business development in Guilin market.

During the Period, the Group recorded contracted sales area of approximately 192,061 sq.m. in Pearl River Delta Region; and recorded contracted sales of approximately RMB1,196 million, attributing 35.0% and 29.6% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 30 June 2015, the Group had 15 projects or phases of projects under construction in Pearl River Delta Region, with a total planned GFA of approximately 1,563,746 sq.m. and an estimated saleable area of approximately 1,228,520 sq.m.. The Group also had five projects or phases of projects to be developed in Pearl River Delta Region, with a total planned GFA of approximately 1,651,668 sq.m..

Beijing-Tianjin Metropolitan Area

Beijing-Tianjin Metropolitan Area, which is the third pole for China’s economic growth as well as the core of the Capital Economic Circle and the hinterland of Bohai Economic Rim Region, enjoys a prominent strategic position. This area, being a national political, economic and cultural center, is one of the most attractive areas in China. During the Period, on top of its existing projects, the Group actively expanded industry projects, which is the core direction of real estate transformation in the first-tier cities.

During the Period, the Group recorded contracted sales area of approximately 43,474 sq.m. and contracted sales of approximately RMB363 million in Beijing-Tianjin Metropolitan Area, attributing 7.9% and 9.0% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 30 June 2015, the Group had four projects or phases of projects under construction in Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 191,138 sq.m. and an estimated saleable area of approximately 124,765 sq.m.. The Group also had four projects or phases of projects to be developed in Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 667,189 sq.m..

Yangtze River Delta Region

Yangtze River Delta Region is the region which enjoys the strongest integrative strength and the most-balanced development in China. Due to its extensive geographic coverage and strategic development, cities in the region has become important focuses for the growth of China's real estate industry. The Group paid continuous attention to its current projects as well as key cities that have great growth potential within the region. During the Period, the Group has basically completed the housing industrialization project in Suzhou Fantasia Special Town Project and succeeded in the sales of housing industrialization projects.

During the Period, the Group recorded contracted sales area of 102,063 sq.m. and contracted sales of approximately RMB1,139 million in the Yangtze River Delta Region, attributing 18.6% and 28.1% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 30 June 2015, the Group had seven projects or phases of projects under construction in Yangtze River Delta Region, with a total planned GFA of approximately 985,162 sq.m. and an estimated saleable area of approximately 663,830 sq.m.. The Group also had four projects or phases of projects to be developed in Yangtze River Delta Region, with a total planned GFA of approximately 510,614 sq.m..

Central China

Central China is one of the regions in China that has high economic growth potential. It is the centre of industry and agriculture as well as a transport hub of the country. The region plays an important role of linking the eastern, southern, western and northern parts of China and hence is of strategic significance. During the Period, the Group gradually strengthened its strategic layout in the region, and with Wuhan city as its base, it actively developed newly added projects.

During the Period, the Group recorded contracted sales area of 85,302 sq.m. and contracted sales of approximately RMB614 million in Central China, attributing 15.6% and 15.2% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 30 June 2015, the Group had four projects or phases of projects under construction in Wuhan, with a total planned GFA of approximately 402,795 sq.m. and an estimated saleable area of approximately 315,889 sq.m.. The Group also had one project or phase of project to be developed in Wuhan, with a total planned GFA of approximately 114,883 sq.m..

Overseas

Singapore is one of the United States dollar centres and one of the most important financial, service and shipping centres in Asia. As the first stop for the Group to advance into overseas real estate market, Singapore has an important strategic meaning to the international development of the Group.

During the Period, the Group recorded contracted sales area of 843 sq.m. and contracted sales of approximately RMB87 million overseas, attributing 0.2% and 2.1% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 30 June 2015, the Group had one overseas project to be developed, with a total planned GFA of approximately 22,904 sq.m. and an estimated saleable area of approximately 11,551 sq.m..

Newly Commenced Projects

During the Period, the Group had three projects or phases of projects which were newly commenced, with a total planned GFA of approximately 318,544 sq.m..

Completed Projects

During the Period, the Group completed seven projects or phases of projects, with a total GFA of approximately 844,825 sq.m..

Projects Under Construction

As at 30 June 2015, the Group had 38 projects or phases of projects under construction, with a total planned GFA of 4,249,212 sq.m. and a total planned gross saleable area of 3,230,332 sq.m., among which the accumulated contracted area was 1,308,361 sq.m..

Projects Held for Development

As at 30 June 2015, the Group had 18 projects or phases of projects held for development, with a total planned GFA of approximately 4,043,787 sq.m..

The Group's Land Bank

During the Period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai and Shenzhen, which enjoy strong market potential and are capable of delivering prosperous return. As at 30 June 2015, the planned GFA of the Group's land bank amounted to approximately 14.71 million sq.m. and the planned GFA of properties with framework agreements signed amounted to 6.42 million sq.m..

Colour Life

During the Period, the community services business of the Group maintained rapid growth. Colour Life Services Group Co., Limited ("**Colour Life**"), a non-wholly owned subsidiary of the Group, continued to expand its management areas through undertaking engagement and acquisition. As of 30 June 2015, Colour Life had contracted management area of 270 million sq.m., and contracted management projects of over 1,700 in total. Currently, projects managed by Colour Life cover a total of 147 cities, including provincial capitals such as Beijing, Tianjin, Shenyang, Harbin, Changchun, Shanghai, Hangzhou, Nanjing, Xi'an, Yinchuan, Taiyuan, Guiyang, Changsha, Wuhan, Zhengzhou, Guangzhou, Nanchang, Chengdu, Nanning and Haikou, and cities in the Yangtze River Delta such as Suzhou, Wuxi and Yangzhou, as well as cities in the Pearl River Delta such as Foshan, Zhuhai, Zhongshan and Huizhou, initially forming a regional layout covering Eastern China, Southern China, Northwest China, Southwest China, Northeast China, Northern China, Central China and Singapore. By now, Colour Life has developed into a large-scale community service group, comprising 17

corporations with National Class 1 Aptitude on Property Management certification and 35 corporations with National Class 2 Aptitude on Property Management certification, marking further enhancement and expansion of the brand influence of the community services provided by Colour Life. In the meantime, according to the 2015 China Top 100 Property Service Companies report published by the China Index Academy, among the ten leaders in the category of top 100 property service enterprises with highest satisfaction, Colour Life ranked the sixth, going up one rank as compared to last year. This was a clear evidence that, while maintaining the rapid growth of operational scale, Colour Life also succeeded in improving customer satisfaction, thereby laying a solid foundation for the roll-out of value-added services.

In recent years, the labour cost of the services sector continued to rise. In order to tackle the challenges posed by such increase and further enhance the efficiency of property management services, Colour Life from time to time implemented Internet-technology-based modifications and operation to the projects that it managed. In 2015, the intelligent community model of Colour Life experienced the upgrade from version 2.2 to version 2.3, which further enhanced the model in areas such as business initiatives, budgeting system, intelligent devices, construction inspection and acceptance, registration of APP and vertical application of ecosphere (including E Maintenance, E Rental, E Wealth Management and micro-business circle). In the first half of 2015, Colour Life has completed the hardware modifications for 345 communities, building a strong foundation for enhancing centralised management and safeguarding the quality of fundamental property services. It also allowed residents of the communities to enjoy more convenient community life services.

Furthermore, the online platform of Colour Life, Caizhiyun APP, also developed rapidly in the first half of 2015. Apart from satisfying basic needs such as paying property management charges and handling complaints on services, Caizhiyun APP also added in functions which are frequently used such as “Opening Gate with a Swipe” (掃一掃開社區大門), so as to strengthen the interaction and communication between residents in the community and Colour Life, and increase reliance of residents to the Caizhiyun APP. It is believed that this would further boost Colour Life’s capability in exploring and constructing entry points to and setting in communities, thereby facilitating the seamless integration between its online and offline businesses. As of 30 June 2015, for E Master, a vertical application platform Colour Life operated jointly with a third party, the order per day exceeded 2,000 whilst the order per day for E Wealth Management reached over 4,000, with an accumulated total investment of RMB231 million. These outstanding operating statistics showed that the construction of Colour Life ecosphere was gradually taking shape.

In the future, Colour Life will focus more on word of mouth marketing. It will use cities with established presence as its bases and further refine its work practices and operation plans. At the same time, it will endeavour to develop strong relationship of trust with residents and partners so as to rapidly expand its market share and launch its O2O business by capitalising on the reputation and trust it gained. With the prevalence of “Internet Plus”, enterprises which cannot keep abreast of time will eventually fade out, therefore, Colour Life must adopt progressive thinking in planning the development of the Company and push forward the optimisation and evolvement of internal structure and external cooperation. Meanwhile, Colour Life must continue its in-depth research on entry point to and setting of communities to diversify service offerings with its partners of the environment, so as to serve as a better entry point to the community.

Financial Group

As one of the key sectors of the Group, the community financial sector of Fantasia has been operating on China's largest social platform exclusively owned by the Group since its kick-start in 2013. The sector innovatively adopts the Internet finance model and focuses on the development of large scale financial holding system, financial platform and financial ecosystem of the Group in establishing the financial value chain between major sectors of the Group and paving its way towards a distinctive model of "community finance". In terms of business model, the financial sector of Fantasia commenced the operation of new business, namely the insurance brokerage business in the first half of the year. Together with P2P Internet finance, micro credit business and finance leasing business, this new business formed the four major business modules of the financial sector of Fantasia.

Amidst the launching of contextual products such as "Jia Xin Bao"(加薪寶), "Ai Ding Bao"(愛定寶) and pension finance products by Hehenian Internet Finance Platform in the first half of the year to accommodate users in the communities, the platform managed to achieve a 200% growth in the first half of 2015 despite the intense competition in the external investment environment. On top of being the first to launch Internet loan business in the industry, it has achieved tremendous results in that it has granted micro-credit loans with an accumulated value of over RMB70 million and recorded zero overdue and bad debts. Hehenian Internet Finance Platform not only established excellent reputation among users, but also attracted great attention and compliments from other industry players. Following the adjustment to the business direction and the change of focus from corporate loans to payroll loans as its centre of promotion, the platform carried out innovative modification to its existing payroll loans products in the first half of the year and introduced two new products named "Hehe Dai"(合和貸) and "Jing Ying Dai" (精英貸), which were well-received in the market. Meanwhile, it also attained breakthrough in its cooperation with the PBOC and is close to offer automatic credit information enquiry service in its system. Going forward, Hehenian Micro-credit will adhere to its core of business and product innovation while seeking to boost competitiveness and expand market share.

The finance leasing business leveraged on the growth of industry and policy advantages of Qianhai District. It is devoted to financial innovation by making use of the community resources of the Group and has successfully developed models for the community financial leasing and Qianhai cross-border financial leasing business, allowing it to gain foothold in Qianhai and provide services across the country. Up to June 2015, the leasing business recorded a balance of RMB686 million. Under its professional and stringent management system on risks on financial lease, the finance leasing business maintained sufficient provisions, excellent assets quality and had no overdue payments, allowing it to stay ahead in the industry.

Insurance brokerage business is a key business area newly commenced in the year in view of the overall strategic planning of the Group. It makes use of the "four major communities (settings) of the Group: residential community, commercial community, business community and retirement community" as the means to satisfy the "demand for financial insurance by community customers". Through the integration of business models including O2O, B2F, B2C and B2B, it has built the first community insurance platform in China using advanced technology such as modern Internet and big data.

The financial sector of Fantasia will carry on to develop an innovative O2O service platform for community finance. It will integrate its resources to realise synergy between industry and finance, and provide comprehensive financial services that accommodate the daily needs of online and offline customers, so as to become the largest community financial service provider in China.

Property International

Established in 2010, the international property sector specialises in providing assets management services for high-end commercial properties and is one of the major business sectors of Fantasia. With an international perspective, the Group has constructed an ultimate online and offline service platform with the unique traits of Fantasia through constant innovation to focus on the operation of high-end commercial properties in the property market of China. In the first half of 2015, the international property sector of Fantasia was renamed as Home E&E Group (美易家商務服務集團). It also accomplished the formulation of business proposal for Home E&E Group, which adjusted its mode of development. In regards to business performance, the sector organized the “Go Freely” (走就走) sales campaign which boosted the sales performance of the Grande Valley Project. Meanwhile, the promotion of “+ Wealth Management” micro-credit financial business in various projects under Home E&E has also borne fruit. In terms of growth in scale, the sector has newly obtained nine projects with a contracted area of 1,600,000 sq.m. in the first half of 2015.

Based on the development trend in the first half of the year, by the end of 2015, the area newly put under the management of Home E&E Group will reach 5,000,000 sq. m.. At the same time, the maturing of “+ Wealth Management” micro-credit financial service, assets management and contracting service, among other operating businesses, will provide additional sources of profit for Home E&E Group.

Business Management

Urban complex is one of the important product categories offered by the real estate sector of the Group. With the experience accumulated over the past 17 years, the Group adheres to its mission to pursue innovative business model and diversified business offerings. In attaining its goal, Fantasia Business Management Company Limited, a subsidiary of the Group, successfully recruited much industry talents and actively participated in the operational planning, business solicitation as well as investment invitation for certain large scale projects of the Group during the Period. Meanwhile, it also engaged in the provision of various services which are light assets in nature, such as agency service, consultation service as well as entrusted operation and management for commercial projects operated by external parties.

Since its opening on 28 September 2014, Nanjing Yuhuatai, a project developed and operated by Fantasia Business Management Company Limited has been under stable operation, with an occupancy rate of over 85% and an accumulated rental income of over RMB7 million. It is now a landmark shopping mall in Banqiaopian District, Nanjing, providing leisure, catering, entertainment and shopping experience. At the same time, it enjoys strong brand recognition and reputation locally, and is the preferred leisure and shopping venue for Nanjing citizens. Another major project developed by Fantasia Business Management Company Limited is Guilin Huashengtang, which has a total area of approximately 90,000 sq.m. and

has successfully opened on 19 June 2015. It was also the first one-stop international shopping centre in Guilin. A wide range of business models can be found in Guilin Huashengtang, allowing it to harness the synergy from the three business models, namely leasing, joint operation and self-operation. A number of well-known and top-tier brands in China, such as YINER, PSALTRE, KALTENDIN, VERSINO, BELLE, Suning and YUYUTO has set up businesses in Guilin Huashengtang as well, hence during the first three days of its opening, the project attracted over 100,000 visits and the positive feedbacks from Guilin citizens. Meanwhile, the preparation work of “Fantasia World Outlet” Project in Chengdu, which adopts innovative business models, offers unique experience, provides wider range of brands and is more internationalized, and the Suzhou and Chengdu Hongtang Projects, which are larger in scale, more diverse in terms of business activities and positioned at higher-end, are well underway. Fantasia Business Management Company Limited also actively expanded its commercial light assets projects and was contracted to three light assets management projects in the first half of 2015. By now, it has penetrated and expanded into Yangzhou, Chengdu, Shenzhen, Ganzhou as well as Changchun, and in the future, it will continue to provide quality service to homeowners in order to generate fruitful returns.

The brand image and recognition of business projects operated by Fantasia have improved significantly and the Group has gained unique brand influence in the industry. The Group believes that Fantasia Business Management Company Limited will earn a stable and growing return in the future.

Cultural and Tourism Group

The cultural tourism sector covers hotels, golf courses, high-end urban clubhouses, private clubs, theme parks, art museums and construction works. After the integration period of over a year, Fantasia Cultural Tourism Management Holdings Group Co., Limited and its subsidiaries (collectively the “Cultural and Tourism Group”) have initially developed a framework centering on light assets business model. Through the consolidation and accumulation of resources related to cultural tourism and the integration of internal and external resources, the company achieved steady growth in performance.

In the first half of 2015, each of the business units within the Cultural and Tourism Group strived to attain various goals orderly by adhering the business direction of “focusing on sales targets, promoting art and aesthetics, creating new brand, encouraging the utilisation of the Internet”. For instance, our hotel management subsidiary focuses on capturing market shares in the boutique hotels segment and the exploration of overseas projects while the hotel business which operated under our own brands recorded improving operating results. Our golf courses provided enhanced golfing experience and organized a series of activities and campaigns to maximize media exposure, and our construction consulting subsidiary undertook the construction works of hotels, Qiutang (七二唐, a brand name of our high-end clubhouse) and tourist spots, as well as the research and development of standards for self-own hotel brands, while also actively implementing the marketing and launching of “Wechat Mall”. Our Zhi – Museum of Art held exhibition on Facebook to gain attention and influence in the industry, and our tourist spots management subsidiary obtained the Group’s approval for the construction of phase one of the theme park, resulting in its strategic plan based on the light assets-oriented development model beginning to take shape.

In the second half of 2015, each of the business units within the Cultural and Tourism Group will mainly focus on deriving more revenue from operating activities and increasing profits gained as its performance targets. At the same time, it will also monitor the implementation and progress of projects to be developed. The Cultural and Tourism Group will continue to develop its light assets business module through proactively expanding the market for its hotel brands, advancing the technology management for domestic and overseas construction projects, commencing the implementation and construction of Phase I of Grande Valley Resort and rolling out its plan on expanding external tourism resources through innovative projects and exclusive products. It will also establish a community-based tour company to commence the related works on community tourism and revitalize assets to boost performance of the community tourism business. In 2015, the Cultural and Tourism Group will adopt “Community Cultural and Tourism” as the main theme and integrate internal and external resources to customize community tourism products. It will pool capital via the platform and attract customers by offering experience.

Futainian

In view of the research and analysis conducted on retirement life service in communities, in the first half of 2015, two new projects and services, namely sales of senior products and purchasing agency designed for senior citizens, were added in on top of the eight major products and services already offered in 2014. Apart from that, the sector also set to improve and enhance the education services for senior citizens provided in Ziyue University and the products offered under the nutritious diets programme for them in the first half of the year. Such improvement and enhancement received instant market recognition and the service volume grew by 102% since the implementation of such improvement and enhancement plans. In order to provide better services to senior citizens and to safeguard their interests, the sector established standards for retirement life services offered by Futainian and formulated the “Futainian Retirement Life Services Standard System”, which covers standards for various retirement life services including homecare and day-care centres, retirement home and rehabilitation therapy.

In the second half of 2015, Futainian plans to open 20 retirement life service centers in Chengdu and Nanjing in order to capture market share. Meanwhile, it will also develop a flagship product and put boosting service volume and revenue as its highest priority in the second half of the year. Futainian will continue to put its belief in “Professionalism leads to an ever-greener life; customized service makes a happier family” into practice and provide professional, customized community-based retirement services that bring senior citizens joy and happiness.

Education

To match the needs of rapid business growth, the education sector of the Group seeks to build an innovative industrial platform based on the long-term planning and the strategic layout of the eight major business sectors of the Company. In the future, the sector will bring impetus to all business sectors of the Group in the form of human resources and provide a platform for our key modern education service segment. Following nearly a year of exploration and research, the education sector has built an excellent team in the first half of the year and established the basic operating model comprising three components, namely community education, services sector education and overseas education.

Services sector education: The education sector of Fantasia will integrate resources on vocational skills education and high quality business resources of the Company to build a talent training platform for modern services sector. It offers the services staff who can perform tasks with high standard, quality and skills to enterprises and the services sector. At the same time, it also focuses on study of “community service” and develops the industry servicing standards and the occupational qualification certification standards. Our education sector aims at leading the industry in moving towards internationalisation and standardisation and strives to become the most authoritative and influential exporter of services staff in China. In the first half of 2015, the education sector set up a team of top notch lecturers within the Group and designed a series of training programme for services sector. In addition, the education sector started to provide training targeting four aspects, namely physical, mental, behavioural and skills, to service staff of the Group.

Community education: For the purpose of examining feasible ways to serve the communities by introducing the concept of quality education and the related products, in the first half of 2015, the education sector established connections with a number of pioneers in the education industry. Through combining business research by the Group and drawing reference from industry experience, the sector succeeded in identifying a promising business model which will be put into trial operation in the second half of the year.

Overseas education: The education sector launched its summer study tour project and finished serving its first batch of customers. In addition, it established connections with a number of top institutions in the industry and captured significant advantage in such cooperation. Based on this experience, the education sector will introduce better products and promote its overseas education business through more effective commercial practice in the future. It will also continue to develop more innovative business model for the overseas education segment to better interact with other sectors of the Group.

The education sector of Fantasia will focus on providing occupational training for modern services sector, community education and modern overseas education in different ways and directions, so as to constantly promote the positive development of society, enterprise and individuals.

Financial Review

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services and (v) hotel operation and related services. For the six months ended 30 June 2015, turnover of the Group amounted to approximately RMB3,630 million, representing an increase of 24.4% from approximately RMB2,917 million for the corresponding period in 2014. The increase in turnover was primarily attributable to the increase in GFA managed under the Group’s property management sector in the first half of the year, resulting in an increase in the revenue arising from property management of approximately RMB126 million as compared to the corresponding period in last year. Meanwhile, the GFA of developed properties delivered increased, attributing an increase in the revenue arising from sales of properties of RMB518 million.

Property Development

The Group recognises revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, 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 properties held for sales. Revenue derived from property development increased by 19.9% to approximately RMB3,116 million for the six months ended 30 June 2015 from approximately RMB2,599 million for the corresponding period in 2014. It was primarily due to the increase in the GFA of properties delivered.

Property Investment

Revenue generated from property investment increased by 62.3% to approximately RMB97 million for the six months ended 30 June 2015 from approximately RMB60 million for the corresponding period in 2014. The increase was primarily due to an increase in rental area.

Property Agency Services

Revenue derived from property agency services increased by 14.2% to approximately RMB9 million for the six months ended 30 June 2015 from approximately RMB8 million for the corresponding period in 2014. The increase was primarily due to the increase in the number of communities the Group managed in which it provided agency service.

Property Operation Services

Revenue derived from property operation services increased by 60.7% to approximately RMB333 million for the six months ended 30 June 2015 from approximately RMB207 million for the corresponding period in 2014. This increase was primarily due to a substantial increase in the GFA of properties that the Group managed during the first half of 2015.

Hotel Operation and Related Services

Revenue derived from hotel operation and related services increased by 75.3% to approximately RMB75 million for the six months ended 30 June 2015 from approximately RMB43 million for the corresponding period in 2014. This increase was primarily due to an increase in number of hotels operated by the Group.

Gross Profit and Margin

Gross profit of the Group increased by 14.8% to approximately RMB1,160 million for the six months ended 30 June 2015 from approximately RMB1,011 million for the corresponding period in 2014, while the Group's gross profit margin was 32.0% for the six months ended 30 June 2015 as compared to a gross profit margin of 34.7% for the corresponding period in 2014. The decrease in gross profit margin was primarily due to the fact that the commercial properties delivered represented a larger proportion of the total properties delivered during the first half of 2014, while the proportion of residential properties delivered increased during the first half of 2015, and the residential properties have a lower gross profit margin than commercial properties. Though, the gross profit margin maintained at a reasonable level.

Other Income, Gain and Losses

Other income, gain and losses improved to a net gain of approximately RMB5 million for the six months ended 30 June 2015 from a net loss of approximately RMB58 million for the corresponding period in 2014, which was due to an exchange gain of RMB27 million (the corresponding period in 2014: an exchange loss of RMB84 million) resulting from the increase in the exchange rate of RMB against U.S. dollars during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 23.1% to approximately RMB123 million for the six months ended 30 June 2015 from approximately RMB100 million for the corresponding period in 2014. The increase was mainly due to the amount of the Group's contracted sales during the Period, which increased drastically as compared to that during the corresponding period in 2014. Expenses such as advertising and marketing expenses as well as salaries of sales personnel for the Period were closely related to the amount of contracted sales, and hence the selling expenses increased significantly.

Administrative Expenses

The Group's administrative expenses increased by 32.8% to approximately RMB371 million for the six months ended 30 June 2015 from approximately RMB280 million for the corresponding period in 2014. This increase was primarily due to the increase of the number of staff as the Group expanded, which resulted in an increase in the staff cost, and the fact that some of the staff bonus were rescheduled to pay on monthly basis.

Finance Costs

The Group's finance costs increased by 3.2% to approximately RMB160 million for the six months ended 30 June 2015 from approximately RMB155 million for the corresponding period in 2014, with no notable growth.

Income Tax Expenses

The Group's income tax expenses increased by 23.7% to approximately RMB404 million for the six months ended 30 June 2015 from approximately RMB327 million for the corresponding period in 2014. This increase was mainly due to the increase in profit before tax.

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2015, the Group's total cash (including restricted bank deposits) was approximately RMB4,484 million (31 December 2014: approximately RMB4,653 million), representing an decrease of 3.6% as compared to that as at 31 December 2014.

Gearing Ratio

The gearing ratio was 79.0% as at 30 June 2015 (31 December 2014: 86.7%). 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 total equity. The total debt (being aggregated bank borrowings and senior notes) over total assets ratio continued to be healthy, maintaining at 30.4% as at 30 June 2015 (31 December 2014: 37.7%). Due to the unfavorable property market during the Period, the Group optimized its equity structure and maintained a reasonable proportion of long-term and short-term debts as well as strictly implemented the budget for cash flows so that the Group had a relatively substantial decrease in its gearing ratio for the Period as compared to that as at the end of last year.

Borrowings and Charges on the Group's Assets

As at 30 June 2015, the Group had an aggregate bank borrowings and senior notes of approximately RMB6,220 million (31 December 2014: approximately RMB7,774 million) and approximately RMB7,230 million (31 December 2014: approximately RMB6,768 million), respectively. Amongst the bank borrowings, approximately RMB2,210 million (31 December 2014: approximately RMB4,123 million) will be repayable within one year and approximately RMB4,009 million (31 December 2014: approximately RMB3,651 million) will be repayable after one year. Amongst the senior notes, approximately RMB1,000 million (31 December 2014: approximately RMB746 million) will be repayable within one year and approximately RMB6,230 million (31 December 2014: approximately RMB6,022 million) will be repayable after one year.

As at 30 June 2015, 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 its business in China. 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. For the six months ended 30 June 2015, though the exchange rates of RMB against U.S. dollars and the Hong Kong dollars increased, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Contingent Liabilities

As at 30 June 2015, the Group had provided guarantees amounting to approximately RMB5,619 million (31 December 2014: approximately RMB4,778 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 2015 as the default risk is low.

Employees and Remuneration Policies

As at 30 June 2015, excluding the employees of communities managed on a commission basis, the Group had approximately 9,079 employees (31 December 2014: approximately 5,990 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice. Apart from salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted a share option scheme on 27 October 2009. Up to 30 June 2015, a total of 142,660,000 share options were granted. Up to 30 June 2015, a total of 14,108,000 share options were lapsed and 1,584,000 options had been exercised. As at 30 June 2015, the outstanding share options were 93,298,000.

INTERIM DIVIDEND

The Board had resolved that no interim dividend be paid for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (“**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules on the Stock Exchange. For the period throughout the six months ended 30 June 2015, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code save for the following deviation:

- Code A.2.1 of the Corporate Governance Code 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 of the Board 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 conducive 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.
- Under Code A.6.7, the independent non-executive Directors and the non-executive Directors, as equal Board members, should attend the general meetings of the Company. However, due to other business commitment, Ms. Zeng Jie, Baby, the executive Director, Mr. Li Dong Sheng and Mr. Yuan Hao Dong, the non-executive Directors, and Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen and Mr. Guo Shaomu, the independent non-executive Directors, did not attend the annual general meeting of the Company held on 14 May 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all Directors whether the Directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2015 and all Directors confirmed that they have complied with the Model Code throughout such period.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rules 3.21 and 3.22 of the Listing Rules with specific written terms of reference in compliance with the Corporate Governance Code. The audit committee of the Company currently comprises five independent non-executive Directors, including Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Ho Man is the chairman of the audit committee. The audit committee is responsible for the engagement of external auditor, review of the Group's financial information and oversight of the Group's financial reporting system and internal control and risk management procedures and reviewing the Group's financial and accounting policies and practices. The audit committee together with the management of the Company 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 2015. The external auditors of the Company has also reviewed the unaudited interim results for the six months ended 30 June 2015.

REMUNERATION COMMITTEE

The Company has established a remuneration committee in compliance with Rules 3.25 and 3.26 of the Listing Rules with specific written terms of reference in compliance with the Corporate Governance Code. The remuneration committee currently comprises an executive Director, Mr. Pan Jun, and five independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Huang Ming is the chairman of the remuneration committee. The remuneration committee is responsible for making recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

NOMINATION COMMITTEE

The Company has established a nomination committee with specific written terms of reference in compliance with the Corporate Governance Code. The nomination committee currently comprises two executive Directors, Mr. Pan Jun and Ms. Zeng Jie, Baby, and five independent non-executive Directors, Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Pan Jun is the chairman of the committee. The nomination committee is responsible for reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment and re-appointment of Directors.

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 of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2015.

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

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnfantasia.com). The interim report of the Company for the six months ended 30 June 2015 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

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

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

Hong Kong, 13 August 2015

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