

Fantasia Holdings Group Announces 2011 Interim Results

Contract sales for the first half of 2011 increased by nearly 150%

Gross profit margin increased to 52.5%

- In the first half of 2011, contract sales increased by 144.4% over the same period of last year to RMB 3,405 million
- Gross profit margin remained at a high level, increasing to 52.5% from 49.7% in the same period of last year
- In the first half of 2011, operating revenue amounted to RMB2,005 million, representing a year-on-year increase of 4.6%
- Profit attributable to the owners of Fantasia increased by 22.1% over the same period last year, reaching RMB502 million; net profit contributed by the core business of Fantasia increased by 44.3%, reaching RMB441 million
- Basic earnings per share for the first half of 2011 was RMB0.10, up 25% over the same period of last year
- On 30 June 2011, Fantasia held cash totaling RMB1,820 million, while the net gearing ratio was 74.5%, maintaining a strong and stable financial position

23 August 2011, Hong Kong - Fantasia Holdings Group Co., Limited (“Fantasia” or “the Company”, SEHK 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 the six months ended 30 June 2011.

Profitability continues to grow against a backdrop of increasingly stringent property policies

As of 30 June 2011, Fantasia recorded total revenue of RMB2,005 million, representing a year-on-year increase of 4.6% from last year’s RMB1,918. Revenue derived from property development was RMB1,915 million, representing a year-on-year increase of 3.3% from RMB1,854 million. This increase was primarily due to an increase in Gross Floor Area (“GFA”) and an increase in the average selling

price of properties sold to customers. Gross profit margin remained at a high level of 52.5%, more than the 49.7% achieved over the same period last year. The increase mainly resulted from the contribution of Shenzhen projects.

For the first half of 2011, the profit attributable to the owners of the Company increased by 22.1% to RMB502 million from RMB411 million over the same period of last year. This increase was mainly due to the implementation of taxation measures in the first half of 2011. The net profit contributed by the core business of the Company reached RMB441 million, up 44.3% on the first half of last year. Basic earnings per share for the first half of 2011 was RMB0.10, up 25.0% over the same period last year.

In order to tackle the austerity measures and focus on the development of the business in the second half of 2011, the board has recommended not to distribute an interim dividend.

Mr. PAN Jun, Chairman and CEO of Fantasia, commented, "During the first half of 2011, 'purchase-restriction, loan-restriction and price-restriction' have become three main topics prevailing in the real estate market in China. The Chinese government has a firm attitude towards the austerity measures on the real estate market, and these austerity measures are expected to prevail in the medium term. As such, the real estate market in China has experienced the following structural changes. Firstly, the investment demand for residential properties has been restricted, resulting in a relative growth in the investment demand for non-residential properties. Secondly, the over-heated market in first and second tier cities has been curbed, and these cities' share of area sold among all cities has decreased. In contrast, growth in area sales was maintained in third and fourth tier cities. In light of the opportunities and challenges presented by growing urbanization in China, we will continue to actively manage our business and the associated cycles, in order to counter potential risks. In the first half of 2011, guided by this prudent business principle, we achieved substantial business growth underpinned by strong sales performance."

Multi-product lines drive strong sales growth

On the back of the increasingly challenging market environment, Fantasia formulated its strategic deployment in core cities ahead of time. The Company closely monitored the market demand and adhered to its flexible sales strategy. Benefiting from its regional diversity and the competitive advantage of the Company's multi-product lines of "urban complexes and boutique upscale residence", Fantasia recorded an outstanding sales performance in the first half of 2011 with contract sales of RMB3,405 million and contract sales area of 351,203 square meters, representing a year-on-year growth of 144.4% and 198.0% respectively. Of this, RMB1,953 million and 149,351 square meters were attributable to the sales of urban complex projects,

representing a year-on-year increase of 88% and 96% respectively. In addition, RMB594 million and 62,014 square meters were attributable to the sales of boutique upscale residence projects, representing a year-on-year increase of 313% and 232% respectively.

In terms of regional distribution, the Pearl River Delta region and Chengdu-Chongqing Economic Zone were the key growth drivers of sales performance, in which contract sales accounted for 45% and 42% of the total contract sales respectively. Regarding project distribution in the first half of 2011, contract sales were mainly derived from 17 projects in eight core cities, in which two cities, namely Guilin and Wuxi, were newly added since 2010. Representing the first large-scale urban complex project in Guilin, the first batch of 90 retail shops of Guilin Fantasia Town were sold out on the debut day. Wuxi Love Forever launched multi-storey houses in its Phase One, which were also well received among the local customers, with its sales area ranking the second in that week in Wuxi City.

In the first half of 2011, Fantasia seized favorable sales opportunities and leveraged sales resources; adjusted its product portfolio in a timely manner; focused its sales on non-purchase-restricted products and urban complex products; continually enhanced the margins of multi-product lines and urban complex products; and accelerated the pace of sales launch of urban complex products in cities such as Shenzhen, Tianjin, Chengdu and Guilin. The contract sales contribution of the Company's urban complex products reached 57%, supporting the Company in achieving 57% of its annual sales target of RMB6 billion.

In the first half of 2011, the GFA of Fantasia's newly developed projects and completed projects were 1.27 million square meters and 60,000 square meters respectively. The GFA of projects under construction totaled 2.25 million square meters, providing GFA available for sales of 1.87 million.

Prudent expansion on land bank

Against the background of a tightening industry and financial policies, Fantasia has adopted a more prudent attitude to screening land investment opportunities and only carried out an acquisition of the Shenzhen TCL Shekou Project in the first half of 2011. In addition, the Company accelerated a faster sales pace to maintain its cash on hand at a secure level. As of 30 June 2011, Fantasia's cash on hand was RMB1,820 million with a net gearing ratio of 74.5%, maintaining a solid financial position.

As of 30 June 2011, the Company's total land bank in GFA amounted to approximately 13.82 million square meters, and the land bank in attributable GFA amounted to approximately 13.79 million square meters. The total GFA of the land bank includes a planned GFA of approximately 8.86 million square meters with land

use rights and a planned GFA of approximately 4.96 million square meters under framework agreements.

Continue to enhance the property service ability

In the first half of 2011, Color Life Property, a subsidiary of Fantasia, experienced continuous and rapid growth. It covers ten cities of high strategic importance across China and manages a total of 238 projects with a total area of 19.62 million square meters, representing a year-on-year growth of approximately 60%.

Fantasia aims to build a boutique hotel brand with unique characteristics and service quality. It is expected that five hotels will be fully operational by the end of 2011 and the Company will construct and operate more than 10 hotels in the next two years.

Adopting a flexible and active strategy to cope with future challenges

In the second half of 2011, further austerity measures to suppress inflation and the real estate market in the medium term are expected to sustain. In addition, the Chinese government emphasized that the construction of 10 million units of social security housing must be undertaken. The launch of such social security housing to the market may pose threats to the general residential housing market. As housing supply peaks and measures to suppress inflation continue, property developers are poised to encounter greater sales pressure.

Mr. PAN Jun concluded, "In the second half of 2011, we will continue to maintain a flexible and active strategy to boost sales and to strive to achieve or to exceed the annual sales target. The Company will continue to prudently acquire premium land parcels at competitive prices; reasonably expand the scale of the land bank; capture the opportunities to enter into one to three core cities; and continue to expand according to the Company's strategic penetration plans. We will also closely follow the schedule on project construction, and lay a solid foundation for next year's sustainable growth."

Fantasia Group

Founded in 1996, Fantasia Group is a leading property developer and property-related service provider in China, and is committed to providing customers with a full life cycle of housing products and services. 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". It is ranked as one of the Top 100 Real Estate Developers in China.

* * * * *

Media Contact:

Brunswick Group: fantasia@brunswickgroup.com

Ms. Crystal CHAN

Tel: (852) 3512-5032

Ms. Nina ZHAN

Tel: (852) 3512-5035