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Fantasia Holdings Group Co., Limited

(Stock code: 1777)

**Fantasia announces annual results for 2014
Light-asset transformation to accomplish
the largest integrated community service platform in China**

Financial and Business highlights

- **Faced with rapid changes in the market environment, Fantasia had been adhering to its prudent business strategy. While maintaining safe management of its cashflow and capital, the Group stayed close to the market pulse and responded swiftly to changes. It grasped windows of opportunities to launch inventories for sale via various channels and strategies, and achieved breakthroughs in results.**
 - ✓ Achieved contracted sales of approximately RMB10.214 billion and contracted GFA of 1,380,125 sq.m. for 2014, which exceeded its annual sales target of RMB10 billion, making the Group once again one of the companies among the “National 10 Billion Club of Real Estate Enterprises”.
- **Robust financial health to ample cash in hand**
 - ✓ Achieved revenue of RMB7,306 million for 2014, up 0.4% year on year. Gross profit margin stood at 38.4%, level to 2013 and still relatively high by industry standard. Net profit for 2014 was RMB 1,372 million, up 18.8% year on year. Basic earnings per share for 2014 were RMB0.22. As a token of appreciation for the support from shareholders, the Board has resolved to recommend payment of a final dividend of 5.39 HK cents.
 - ✓ Cash and bank balance as at end-2014 was RMB4,653 million, up 28.1% from end-2013. Net gearing ratio declined substantially by 18.1 percentage points to 86.7%.
- **Proactively pursued light-asset transformation**
 - ✓ Colour Life (stock code: 1778), a subsidiary of Fantasia, was successfully listed on the Main Board of The Stock Exchange of Hong Kong, thereby established an era of twin capital platforms fueling the Group’s expansion of its community service business
 - ✓ Established the largest community service platform in China, comprising eight major businesses including Property Development, Colour Life Residential Community Services, Community Financial Services, International Commercial Property, Community Business Management Services, Community Cultural Tourism Services, Community Retirement Life Services and Community Education Industry

(3 March 2015, Hong Kong) **Fantasia Holdings Group Co., Limited** (“Fantasia”, or the “Company”, together with its subsidiaries, the “Group”; HKEx stock code: 1777, the largest community service platform in China, today announced its audited consolidated results for the year ended 31 December 2014.

During the year under review, faced with rapid changes in the market environment, the Group had been adhering to its prudent business strategy. While maintaining safe management of its cashflow and capital, the Group stayed close to the market pulse and responded swiftly to changes. It grasped windows of opportunities to launch inventories for sale via various channels and strategies, and achieved breakthroughs in results. It achieved contract sales of approximately RMB10.214 billion and contracted sales gross floor area (“GFA”) of

1,380,125 sq.m. for 2014, which exceeded its annual sales target of RMB10 billion, making it once again one of the companies among the “National 10 Billion Club of Real Estate Enterprises”

Fantasia achieved revenue of RMB7,306 million for 2014, up 0.4% year on year. Gross profit margin stood at 38.4%, level to 2013 and still relatively high by industry standard. Net profit for 2014 was RMB 1,372 million, up 18.8% year on year. Basic earnings per share for 2014 were RMB0.22. As a token of appreciation for the support from shareholders, the Board has resolved to recommend payment of a final dividend of 5.39 HK cents.

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Mr. Pan Jun, Chairman of the Board and Chief Executive Officer of Fantasia, said: “The year 2014 marked the third year since Fantasia implemented strategic transformation. The Group achieved tremendous progress in shifting towards light-asset based business while maintaining stable growth in property sales. With the full onset of eight sectors of the Group, namely Property Development, Colour Life Residential Community Services, Community Financial Services, International Commercial Property, Community Cultural Tourism, Community Business Management Services, Community Retirement Life Services and Community Education, Fantasia has developed a community services operation platform, which is the largest of its kind in China, thereby established our ‘Fantasia Model’ the exemplar in transformation among real estate developers.”

Surpassed the RMB10 billion sales target for the year, enlisted again among the “National 10 Billion Club of Real Estate Enterprises”

During the year, the Group recorded achieved sales of RMB10,213.60 million and contracted sales GFA of 1,380,125.46 sq.m. Of these, about RMB4,618.78 million or 45.2% were derived from Urban Complexes, and RMB3,729.37 million or 36.5% were derived from Boutique Upscale Residences projects.

The Group’s contracted sales for the year were mainly derived from 14 cities, including Chengdu, Guilin and Huizhou, and 33 projects, including Chengdu Fantasia Town, Chengdu Longnian International Centre, Guilin Fantasia Town, Huizhou Fantasia Special Town, Suzhou Fantasia Special Town and Wuhan Love Forever. The Group used Wuhan city as a strategic location to enter the Central China market and earned good reputation and impact in the local market there, a move that resulted in a more balanced portfolio for its real estate business and the successful implementation of the strategic plan.

In 2014, 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 December 2014, the planned GFA of the Group’s land bank amounted to approximately 14.55 million sq.m., and the planned GFA of properties with framework agreements signed amounted to 5.63 million sq.m..

Started an era of dual funding platforms and continue to expand its leading scale advantage in the community services industry

On 30 June 2014, Colour Life Services Group Limited, (“Colour Life”), a subsidiary of Fantasia, has successfully listed on the Main Board of the Stock Exchange of Hong Kong under the ticker 1778. Colour Life shares were highly sought after by leading internet companies such as Qihoo 360, as well as public investors. The market capitalization of Colour Life exceeds a number of property developers listed in Hong Kong. The successful listing of Colour Life marked the beginning of an era of dual funding platforms for Fantasia and significantly the Group’s capital utilization efficiency and its ability to maximize brand premium. At the same time, Colour Life took the opportunity to accelerate its expansion through mergers and acquisitions. By the end of 2014, Colour Life developed and managed a total property area of over 200 million sq.m., and was on its way to expand a leading scale advantage in the industry. Colour Life entered the overseas community property services for the first time through the acquisition of Steadlink Asset, a company based in Singapore, in November 2014. The acquisition also brought about experiences in overseas property management and allowed Colour Life to expand the operation of its online services platform. Currently, the Caizhiyun APP has over 1,000,000 registered

users and thereby expanded its online service platform. In February 2015 Colour Life signed with Qihoo 360 a strategic cooperation framework under which the two parties will establish an integrated smart home security system. Qihoo360 has also agreed to extend the lock-up period for disposal of its Colour Life shares for another 12 months. In February 2015, Colour Life announced an acquisition into 100% interest in the industry-leading property manager Shenzhen Kaiyuan International for RMB330 million, the largest acquisition in the property management industry in China to date.

Rapid enhancement of contracting ability and gradual establishment of commercial community platform

In the area of high-end commercial property services, Fantasia's international property sector has strived to be the best in commercial property management through continuous development of innovative fundamental services and enhancing its service capabilities on value-added services. Its business development capability also expanded rapidly. During the year, the Company had gradually established a preliminary commercial community platform by taking on more than 10 large-scale contracting projects, including Chongqing Tencent, Chang Fu Jin Mao Tower in Shenzhen, Tiansheng No.1 Center in Chengdu, Kaili Eastern Culture Building in Guiyang, Zhongtai Urban Complex in Lhasa, Coast Tangning in Tianjin, Hangzhou New World, Est Mall, Songshan Lake Creative Life City in Shenzhen and developing an area of approximately 3,000,000 sq. m.. The projects under the Group's management spread out in 16 cities in China; together with 16 branches, thereby formed a nationwide strategic layout covering the key regions that embrace the economic zones in the southwest, northwest, northern and eastern regions of China.

Established primarily an advantageous industry position in the light-asset model

The Nanjing Yuhuatai Project have commenced operation. The Guilin Huashengtang Project, the Chengdu Pixian Huashengtang Project, Chengdu Hongtang Project and Suzhou Hongtang Project are at the stage of active investment invitation. In 2014, the team building and development of the business management sector gathered speed. As the sector shouldered the responsibilities of developing business product lines and operational management, it began to employ its strong capital resources and expertise in the exploration of the new light-asset-based business development model which focuses on management and brand export. As of 31 December 2014, the Group has secured 5 light-asset management projects located in Chengdu, Hefei, Changsha and Yangzhou, and developed the integrated ability to provide "one-stop" services that covered from design, planning, investment invitation to operation, as well as the "modularised" marketing planning services. With implementation of its business model that focuses on light-assets, the Group has differentiated itself more distinctively from other market players.

Community retirement sector gathered momentum and service models achieved significant results and

The Chengdu Fulin Retirement Home, which was the first serviced apartment for seniors invested and operated by the Group, opened on 28 December 2014. Its commencement of operation celebrated Fantasia's outstanding progress in developing the "3-in-1" senior healthcare model. Meanwhile, the Group operated 6 homecare centres located at Chengdu Love Forever, Chengdu Guojielou, Chengdu Jiangjun Jie and Shenzhen Yueliangwan, as well as two day-care centres at Shuangqiaozi, Chengdu and Gulou District, Nanjing. In 2014, the Group rapidly progressed on other projects in relation to elderly services and provided services to nearly 10,000 customers in aggregate. Its community retirement sector started to achieve steady growth and it is dedicated to develop the fourth community: community for senior citizens. As of end-2014, Futainian operated 6 home-care centres, 2 day-care centres and one retirement home in 9 communities with over 6,000 senior citizens having registered on its retirement service database.

Community finance sector achieved significant results in penetrating the community

Community finance sector, one of the four major aspects of Fantasia, pioneered in penetrating into the communities through the adoption of internet finance model. It was also the first to establish a financial value chain between various sectors of the Group and to realize the integration across the industrial and financial sectors with significant results. Currently, Fantasia's finance sector has developed into three main business models, namely the micro-credit, P2P internet finance platform and finance lease business models. Its micro

credit business now operates 20 branches and the P2P internet finance platform also experienced rapid growth in 2014 after launching various services and products, including “E-Finance” and “Prepaid property management fee with guaranteed principal and return” respectively. Meanwhile, its financial leasing business achieved ground-breaking progress in providing community automobile maintenance, community beauty grooming, community logistics, community medical care as well as community elderly services. In the future, the Group plans to promote related businesses such as factoring, consumer finance, insurance and payment.

The emergence of community cultural tourism business accelerated and expanded globally

In 2014, Fantasia accelerated development of its cultural tourism sector. Tianjin U Hotel and Chengdu U Hotel commenced operation while Arcadia Resort Hotel in Yixing reopened. The construction of Guilin Lingui Fantasia Four Points by Sheraton was also completed on 16 December 2014. Meanwhile, the Group completed the acquisition of Hotel 373 Fifth Avenue at New York City, the USA, and invested in Taiwan U Hotel and a hotel in Tsim Sha Tsui, Hong Kong, respectively, leaving a solid footprint in the strategic global expansion of its hotel business. In addition, the grand opening of the “Zhi – Museum of Art” invested by the Group provided a solid platform for the exchange, exhibition and study of arts in the country, which at the same time serves as the centre of arts education.

Looking ahead, Mr. Pun concluded: “We believe as the golden era of China’s real estate industry has been over, the market has entered the stage of in-depth development of customer value and integration of resources across different levels. The real estate market in China will see its “second spring”, as a result of stocked properties replacing new supply properties to be the market focus. Fantasia will build a coordinative organic ecosphere based on the financial services and the Internet, actively promote the globalisation of our development strategies and step by step shift towards light-asset-based businesses. We will also gradually adopt an organisation structure that separates the operation of front and back offices and supervise their coordination, so as to establish ourselves as an integrated strategic investment holding group.”

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About Fantasia

Founded in 1998, Fantasia was successfully listed on the main board of the Stock Exchange of Hong Kong in November 2009. Fully completed its business strategic layout under the upcoming era of mobile internet and client database, Fantasia Group is a leading financial holding group in China, with a business model driven by financial operations, anchored on services, and supported by property development. Fantasia conducts all-rounded real estate financial operations, investments, developments, operations and community services, covering eight major areas of value-added services, namely Property Development, Colour Life Residential Community Services, Community Financial Services, International Commercial Property, Community Business Management Services, Community Cultural Tourism Services, Community Retirement Life Services and Community Education Industry.

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