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FANTASIA

## Fantasia Holdings Group Co., Limited

(Stock code: 1777)

### Fantasia announces annual results for 2015 China's community service industry supercarrier taking shape

#### Financial and Business highlights

- **Sped up inventory clearance and hit record-high results for the property group**
  - ✓ The Group achieved contracted sales of RMB11.272 billion, up 10.4% year on year and met the RMB11 billion target set that the beginning of the year, making the Group among the “National 10 Billion Club of Real Estate Enterprises” for three consecutive years
- **Robust financial health to ample cash in hand to support enterprise expansion**
  - ✓ Achieved revenue of RMB8.164 billion for 2015, up 11.4% year on year. Gross profit margin stood at 30.9% and net margin at 17.2%, among the highest in the industry.
  - ✓ Cash and bank balance as at end-2015 was RMB4.22 billion. Net gearing ratio declined substantially by 11.1 percentage points to 75.6%.
- **Edge in scale continued to expand, community service “supercarrier” for China taking shape**
  - ✓ By end-2015, Colour Life, a unit under Fantasia, expanded the GFA under its management aggregated 322 million sq. m., thereby maintained its position as the world's largest residential community service enterprise by GFA covered
  - ✓ Colour Life achieved revenue of RMB828 million in 2015, up 112.6% year on year. Adjusted profit<sup>(1)</sup> grew 50.7% year on year to approximately RMB 327.7 million. It achieved a net cash inflow from operating activities of RMB238 million, up 317.5% year on year.
  - ✓ Launched during the year residential projects under the Colour Life brand, migrating the earnings driver of property enterprises to services; integrated “internet + community + property” resources to enrich community O2O commercial ecosystem
- **Listed Home E&E on NEEQ, attracted huge following with outstanding results and unique business model**
  - ✓ Home E&E was listed on the National Equities Exchange and Quotations System (“NEEQ”). With industry leading profitability, it achieved outstanding results which when coupled with its unique business model of online rental and resort operations, attracted a huge following of renowned capital and investment institutions.
  - ✓ Home E&E seeks to speed up establishment of its online/offline retail sharing resort property management system to achieve value reinvention and reassessment
- **Gradually completed a community finance close-loop and struck initial success for Fantasia financial close-loop**

- ✓ The community finance group expanded further its various business lines around offline micro-credit and online P2P finance, insurance brokerage to establish a rich community-based financial product pipeline
- ✓ Acquired during the year a full-licensed third-party payment platform, providing effective payment instrument and payment platform backing to achieve business integration and management transition, thereby initially completed a Fantasia community financial close-loop.

- **Acquired Morning Star travel service of Hong Kong and completed establishment of Fantasia travel segment**

- ✓ Acquired Morning Star travel service of Hong Kong, set to identify customers and expand into the community travel sub-segment
- ✓ Shifted demand focus of the world's largest community service platform to outbound travel, continue to integrate internal and external travel resources of different kinds to explore a new and unique model for community customized tour, enhancing stickiness and activity of community residents.

*(1) Note: Defined as profit for the year + listing expenses+ option expenses + allowance for doubtful debt + depreciation & amortization*

(3 March 2016, 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 2015.

During the year under review, the macroeconomic landscape in China was complex and subject to many changes. A new normal was established for economic growth expectations. The property market experienced intensifying structural differentiation. Fantasia persistently adhered to implementing its strategic transformation plan decided on since 2012. Positioning itself as a community service operator, Fantasia proactively spread its presence in many community service areas and achieved phenomenal accomplishments, winning recognitions and endorsements from the industry and capital markets. The Group continued to provide high-quality, good value-for-money residential services and delivered stable results performance. Fantasia achieved contract sales of approximately RMB11.272 billion and contracted sales gross floor area (“GFA”) of 1.289 million sq. m. for 2015, which exceeded its annual sales target of RMB11 billion again, thereby secured its position among the “National 10 Billion Club of Real Estate Enterprises”

Fantasia achieved revenue of RMB8,164 million for the year ended 31 December 2015, up 11.7% year on year. Profit for the year was RMB1,403 million, up 2.2% from last year. Basic earnings per share for 2015 were RMB0.21. The Board of Directors of the Company has resolved to recommend payment of a final dividend of 5 HK cents.

Cash and bank balance as at end-2015 was RMB4,218 million, down 9.3% from end-2014. Net gearing ratio declined substantially by 11.1 percentage points to 75.6%.

Mr. Pan Jun, Chairman of the Board and Chief Executive Officer of Fantasia, said: “The year 2015 concluded the first stage of Fantasia’s strategic planning for 2012-2020. Surrounding the integrated service operator as the theme, the Group completed transformation and incubation of its various industry segments, and established the financial service growth driver, established and enhanced the two service platforms of Colour Life and Home E&E, completed strategic transformation of the property, hotel and commercial segments, nurtured and established Fantasia’s unique culture and tourism and senior living business models.

**Surpassed the RMB11 billion sales target for the year again, secured its position among the “National 10 Billion Club of Real Estate Enterprises”**

During the year, the Group recorded achieved sales of RMB11,272.21 million and contracted sales GFA of 1,289, 423 sq. m. of these, about RMB4,858.62 million or 43.1% were derived from Urban Complexes, and

RMB4,526.76 million or 40.2% were derived from Boutique Upscale Residences projects.

According to the China Property Enterprises Sales League 2015 by China Index Academy and 2015 China Property Enterprises Sales Top100 by CRIC, Fantasia has been included in both top 100 leagues. The Group has been included among the “National 10 Billion Club of Real Estate Enterprises” for the third consecutive year.

The Group’s contracted sales for the year were mainly derived from 13 cities, including Wuhan, Chengdu, Huizhou and Suzhou, and 39 projects, including Wuhan Love Forever, Suzhou Fantasia Special Town, Meinan Plaza in Tianjin, Chengdu Longnian International Centre, Guilin Fantasia Town and Huizhou Fantasia Special Town, etc. The Group used Wuhan city as a strategic centre for the Central China market; and Tianjin as a strategic centre for the North China market, and earned good reputation and impact in the local markets there. In addition, there were more projects in first tier cities of Shenzhen and Guangzhou, etc., resulting in a more balanced distribution of projects in first and second tier cities for its real estate business.

In 2015, 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 2015, the planned GFA of the Group’s land bank amounted to approximately 15.91 million sq. m., and the planned GFA of properties with framework agreements signed amounted to 8.90 million sq. m..

### **Edge in having the largest community service industry scale continued to expand, community service “supercarrier” for China taking shape**

Colour Life, a Fantasia subsidiary, continue to expand the scale of properties under its management through acquisitions since its listing in Hong Kong. By end-2015, Colour Life expanded the GFA under its management aggregated 322 million sq. m., thereby completed its national layout and maintained its position as the world’s largest residential community service enterprise by GFA covered

Colour Life achieved revenue of RMB828 million in 2015, up 112.6% year on year. Adjusted profit<sup>(1)</sup> grew 50.7% year on year to approximately RMB 327.7 million. It achieved a net cash inflow from operating activities of RMB238 million, up 317.5% year on year.

Colour Life have been seeking to connect seamlessly its online and offline businesses, exploring and forging vertical application cooperation with many supporting vendors, and exploring new models of community financial services. As at 31 December 2015, Caizhiyun had more than 2.003 million active users, of which 858,000 are active users. Its E-repair service saw average daily order count reaching 6,000, up 200% from mid-2015, thereby established as successful model for community value-add services.

Building on the rapid growth in Caizhiyun registered users, Colour Life launched in communities under its management Colour Wealth Life Value-added Plan that offers homeowners property services for free, attracting following from almost 10,000 households. In June 2015, celebrating its first listing anniversary, Colour Life launched for the first time in the industry Colour Life branded residential projects, thereby migrated profit driver of the property industry to services. Through integrating resources under the “internet + community + property” model, Colour Life unrelentingly enriched its community O2O commercial ecosystem. The community service industry supercarrier is taking shape.

### **Listed Home E&E on NEEQ, attracted huge following with outstanding results and a unique business model**

Shenzhen Home E&E Commercial Services Group Co., Ltd. (“Home E&E”), an indirect subsidiary of Fantasia, received on 25 November 2015 an approval to list its shares on the National Equities Exchange and Quotations System (“NEEQ”), making it the first listed company in in the business of short-term rentals and resort property operation.

With industry leading profitability, it achieved outstanding results which when coupled with its unique business model of online rental and resort operations, Home E&E’s landing on the capital market attracted a huge

following of renowned capital and investment institutions. Tapping this momentum, Home E&E seeks to speed up establishment of its online/offline retail sharing resort property management system and integrate its online and offline resources. Through provision of asset management, custodian and resort property integrated management services, Colour Life seeks to activate the dormant segment of resort properties through market means and achieve value reinvention and reassessment

### **Gradually completed a community finance close-loop and struck initial success for Fantasia financial close-loop**

During the year, the community finance group expanded further its various business lines around offline micro-credit and online P2P finance, insurance brokerage to establish a rich community-based financial product pipeline. It struck phenomenal progress in online community P2P financial products in terms of product concept and flow experience. Capitalizing on community resources and a unique model, Fantasia made numerous productive explorations in community wealth management and community credit and achieved many encouraging outcomes. As part of the community financial solutions, the Group introduced insurance brokerage business in collaboration with many mainstream domestic and overseas insurers, thereby enriched its community financial product line. During the year, according to the Group's overall strategic planning, Fantasia acquired a full-licensed third-party payment platform, providing effective payment instrument and payment platform backing to achieve business integration and management transition, thereby initially completed a Fantasia community financial close-loop.

### **Acquired Morning Star travel service of Hong Kong and completed establishment of Fantasia travel segment**

Through a subsidiary, Fantasia acquired the entire interests in Morning Star Group Limited ("Morning Star") of Hong Kong. Established in Hong Kong for more than 43 years, Morning Star is among the six largest outbound tourism service providers in the city. It has won good feedback in the Hong Kong and Macau market with its high quality tourism service experiences delivered and has been named the best travel agency for Korea tours for many years. Leveraging this acquisition, Fantasia identified customers in its communities and has made a major stride in its expansion into the community travel sub-segment. It seeks to shift the demand focus of the world's largest community service platform to outbound travel, continue to integrate internal and external travel resources of different kinds to explore a new and unique model for community customized tour, enhancing stickiness and activity of community residents. Leveraging Morning Star, Fantasia has landed its foothold on the community culture and travel value chain.

Fantasia completed an acquisition of the entire interests in Morning Star Group Limited ("Morning Star") through its indirect subsidiary. This move allowed the Company to tap tourism and get connected with its cultural tourism industry chain, which will help develop its community tourism business and strengthen the competitive advantages of the Group's community service platform.

### **Innovation breakthrough in commercial management model**

Following years of accumulation and preparation, the commercial management segment of the property market in China is adopting a fast development track. In 2015, Fantasia's OMG Malls in Nanjing project received favorable response from the market with encouraging results in commercial tenant recruitment, achieving record rental income. On the other hand, Fantasia Commercial struck major breakthroughs in community commercial and management models, thereby established a service model of management subcontracting and provision of commercial operation management services for the industry. During the year, the commercial management group secured light-asset management contracts on 7 projects, and there are 10 more light-asset projects in a contract-negotiation stage. These projects are located in key cities and provinces of Shenzhen, Chengdu, Xi'an, Lhasa, Suzhou and Foshan, etc. Fantasia's commercial management segment has adopted a fast track of expansion in management subcontracting across the country.

### **Tapped the domestic financing channel, earning support for subsequent stable development**

In 2015 Fantasia successfully tapped the domestic financing channel and issued two tranches of five-year domestic corporate bonds of RMB3.1 billion in aggregate. The two tranches were divided into a RMB2 billion

tranche and a RMB1.1 billion tranche respectively. These two issues were at among the lowest costs in Fantasia's debut issuance history. Fantasia's finance cost is set to lower further in the future, lending further support to its sustaining stable development.

Looking ahead, Mr. Pun concluded: "2016 marks the first year of development and expansion for Fantasia. We strengthen our foothold in business structure adjustments and seek to achieve light-asset transformation further. Through integrating internal and external enterprise resources, we establish an organic ecosystem based on our integrated community and financial services. We have achieved deepened improvements in our business systems and expanded our exploration in commercial model innovation and service value discovery. In future, as the largest community service provider in China, Fantasia will continue its establishment efforts in the four community platforms, namely residential community, commercial community, business community and senior living community. We continue to dig deep in community manufacturing, community financial, community culture and tourism, and community education, establishing gradually an organic "Community + Ecosystem", bring the Group closer to its goal of becoming an integrated financial holding group based on community services."

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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.

Currently, Fantasia is progressing with its international business expansion plan by setting up branches in Hong Kong, Taipei, Singapore and Tokyo as well as investing a property development project in Singapore, the United States and Taiwan. It commits to be the leader which provides a joyful, colourful and meaningful living space and experience and aims to deliver a unique and inspiring living space and experience to value-oriented customers.

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