



Fantasia Holdings Group Co., Limited

(Stock code: 1777)

Fantasia Sets Contracted Sales Target for 2017 at RMB15.0 billion, up by 25%

**Revenue increased significantly by 33.8% in 2016
EBITDA increased 30.3% y-o-y
Steady Financial Development with Optimized Debt Structure
Development into Industrial Financial Group Accelerates**

Financial and business highlights:

- **Completed the Group's contract sales target and results met expectations**
 - The Group achieved contracted sales of RMB12.21 billion in 2016, up by 8.3%;
 - The Group's total revenue increased significantly by 33.8% to RMB10.92 billion;
 - Gross margin maintained at 32.3%, which was higher than the industry's average;
 - EBITDA amounted to RMB5.14 billion, increased 30.3% year on year;
 - Suggested final dividend of 5 HK cents per share, cash dividend for 8 consecutive years.
- **The Group sets contract sales target for 2017 at RMB15.0 billion, 25% more when compared with the contracted sales in 2016, reflecting the Group's optimism about the prospect.**
- **Steady financial development with fairly strong cash flows**
 - The Group successfully capitalized on the conditions of the foreign capital market by issuing RMB1.6 billion worth of domestic senior notes and USD500 million worth of foreign senior notes, to raise fund through rational financing leverage for the Group's business development. In January 2017, the Group redeemed in advance the USD300 million bonds which will mature in 2019. The debt structure and interest level continued to be optimized.
 - Net gearing ratio was 83% at the end of 2016 (at the end of 2015: 75.6%) which was led by the Group's repayment of a perpetual capital instrument of RMB710 million and the Group's acquisition of a number of promising property development projects in Beijing, Shanghai, Wuhan and Chengdu in the second half of the year, which bode well for the Group's financial performance and earnings in the future.
 - Maintained a fairly strong cash flow with the bank balance and cash of more than RMB11.13 billion at the end of the year.
- **"Community Plus" strategy progressed well and capitalization accelerated; the Group's transformation into an industrial finance Group began to take shape**
 - **Colour Life** expanded the GFA under its management to 395 million sq.m. in aggregate in 2,339

projects, and thus maintained its position as the world's largest residential community service enterprise by GFA covered. During the year, the Group and Shanghai Yinwan (上海銀灣) entered into strategic cooperation, and thus started the mode of operation in which the Group took a minority stake in a property projects and was in charge of its development. During the year, GFA under Colour Life platform's management amounted to 770 million sq.m. The revenue from value-added services rose by 48.1% to RMB157 million with the gross profit recorded 91.9%, which contributes to 30.2% of the distributed profit.

- **Home E&E's** projects were located in 38 cities across the country, with 18.80 million sq.m. in GFA under management. During the year, it assisted Fantasia Group to take over Wanda Property and became the property management consultant of Wanxiangmei Property Management (萬象美物業管理). It acquired the equity in Aerospace Property and became its largest shareholder in December.
- Achieved breakthroughs in other business segments, including the **Financial Group, Business Management, the Culture and Tourism Group, Futainian** and the **Education Group** with business development meeting the management's expectations.
- Fantasia's company incorporated in Singapore successfully acquired a 70% equity interest in SunProp, a property management company, and thus became one of the three biggest property management companies in Singapore.

(17 March 2017, Hong Kong) **Fantasia Holdings Group Co., Limited** ("Fantasia", or the "Company", which together with its subsidiaries, is referred to as the "Group"; HKEx stock code: 1777), the largest community service platform in China, today announced its annual results for the year ended 31 December 2016.

During the year, Fantasia's revenue rose by 33.8% to RMB10.92 billion. The gross profit margin was 32.3%, which was higher than the industry's average. EBITDA recorded RMB5.14 billion with y-o-y increase of 30.3%, the compound growth rate of the past four years achieved 23.2%. The net profit increased by 5.7% to RMB1,730 million after excluded the foreign exchange loss (Exchange loss after capitalization is a non-cash loss and an accounting method, not a loss of actual cash flow). The basic earnings per share were 14 RMB cents.

The Board of the company proposed the payment of a final dividend of 5 HK cents per share. The group maintained steady financial conditions in the course of its development. By the end of 2016, the Group's bank balances and cash totalled RMB11.13 billion, 6.91 billion more than that at the end of 2015.

Exceeding the target and achieving steady growth in property development

During 2016, Fantasia's real estate business sold 1,325,320 sq.m. of gross floor area ("GFA") under contracts and its contracted sales increased by 8.3% to RMB12.21 billion, achieved the sales target for the year.

The Group's contracted sales in 2016 were mainly derived from 13 cities, including Wuhan, Chengdu, Guilin, Huizhou, Suzhou, and 37 projects, including Wuhan Fantasia Town, Suzhou Lago, Tianjin Meinian, Chengdu Longnian International Center, Guilin Lakeside Eden and Huizhou Kangchensiji. Regarding land acquisitions, the Group maintained its prudent strategies which was geared towards property developments in first-tier and second-tier cities with great market potential and attractive returns, including Beijing, Shenzhen, Wuhan and Chengdu. As at 31 December 2016, the planned GFA of the Group's land bank totaled approximately 14.98 million sq.m. and the planned GFA of properties under framework agreements signed totaled 7.98 million sq.m. Of these projects, five are urban renewal projects in Shenzhen over which the Group have signed framework agreements. Kuichong project is expected to put 250,000 sq.m. of GFA up for sales in the second half of this year and will maintain the supply of 500,000 sq.m. to 600,000 sq.m. per year afterwards, thus laying the solid foundations for the growth in contracted sales in the next three to five years.

The Group sets contracted sales target for 2017 at RMB15.0 billion, up by 25% compared to the contracted sales target of 2016, which reflects the Group's optimistic attitude of 2017.

The Group's advantage of being the largest community service provider continued to be consolidated; the establishment of Colour Life's business ecosystem was taking shape

Colour Life (HKEx code: 1778), a Fantasia subsidiary, continued to expand the area of properties under its management and maintained rapid growth through receiving carte and acquisitions. By the end of 2016, the area of properties under Colour Life's contracted management totalled 395 million sq.m., which belonged to a total of 2,339 property projects under management in 209 cities. As a result, the Group has built up nationwide business presence, covering such regions as eastern China, southern China, north-western China, south-western China, north-eastern China, northern China, central China, Singapore and Hong Kong.

By the end of 2016, registered users of Caizhiyun increased by 51.1% to 3.03 million, of which 1.74 million were active users, which represented an increase of 102.4% compared with the corresponding figures at the end of 2015. The active users accounted for 57.4% of the registered users. The revenue from value-added services rose by 48.1% to RMB157 million with the gross profit recorded 91.9%, which contributes to 30.2% of the distributed profit, became the second largest source of income and profit contribution, which is a sign of the results of Colour Life's transformation and upgrading. "Double Colours", the core products for Colour Life, made a breakthrough in 2016. The accumulated newly-added investment to "Colour Wealth Life Value-added Plan" amounted to RMB1.82 billion. Meanwhile, Colour Life Residence signed agreements with 27 property developers, and achieved annual sales of 4,513. "Meal coupons", as the connection of the commercial ecosystem, will also further promote the improvement of the ecosystem.

In November 2016, Colour Life and Shanghai Yinwan Technology Limited Company announced their strategic cooperation. Residents living in the area 370 million sq.m. in GFA which is managed by Yinwan Technology and Silver Key Alliance, will gradually use the platforms and services of Colour Life. As of 31 December 2016, the GFA of service platform of Colour Life reached 770 million sq.m. The continual increase in the area of the service platform will further promote the growth of the value-added business, thus accelerating the overall transformation and upgrade of the Group.

Included in the category of innovative businesses in NEEQ, Home E&E accelerated its business development

As at the end of 2016, the Group's Shenzhen Home E&E Commercial Services Group Co., Ltd. ("Home E&E", stock code: 834669.OC) had set up 16 branches in 38 cities in China, managing a combined area of 18,800,000 sq.m. It has formed a strategic business presence in core regions of China. In June 2016, Home E&E, succeeded in getting listed on NEEQ in the category of innovative businesses because of its profitability which was based on its high-quality property services, its capability to innovate in business model and strong financial performance.

By using financial leverage, Home E&E continued to deploy its capital to acquire small and medium-sized property enterprises. For example, it assisted Fantasia Group to take over Wanda Property and became the property management consultant of Wanxiangmei Property Management (萬象美物業管理) in August of 2016. It also acquired an equity stake in Aerospace Property (航天物業) and became its largest shareholder in December of 2016. These moves enhanced Home E&E's nationwide business presence in China, and would help it achieve rapid growth in the scale of the property management business and boost its profitability.

Industrial Finance Group taking shape, gets ready to export light-asset

In respect of community finance, Qian Sheng Hua (錢生花), the online financial platform of the Community Financial Group, now covers the mainstream online channels such as personal computers and app-based mobile phones. In

2016, the number of its registered users was 1.2 million and the entire invested amount was RMB2,914 million. It generated the total revenue of RMB73.28 million and recorded net profit of RMB6.01 million for 2016. Zhong An Xin (中安信), an insurance broker, is currently in strategic cooperation with major insurance companies in China. Heying Financial Leasing (合盈融資租賃) successfully built a business model of community leasing.

Fantasia Business Management already undertook 30 commercial property management projects with asset-light business model in such provinces and regions as Tibet, Jiangxi, Jilin, Jiangsu, Sichuan, Zhejiang, Guangdong, Hunan and Guizhou, etc. Among those projects, Nanjing OMG Mall achieved an occupancy rate of over 90% and Guilin OMG Mall achieved over 80%. The two OMG Malls have become the flagship shopping centres in the places of their operation. “Fantasia World Outlet” Project in Chengdu commenced operation in December 2016. Following the development of this commercial property management business with the asset-light business model, Fantasia Business Management can provide quality service for property owners throughout China and this is aimed at generating more fruitful returns.

In 2016, **Fantasia Cultural and Tourism Company** (花樣年文化旅遊公司) puts “hotel and travel” as its core development components. The formation of the Wechat platform of “U Hotel” (有園) built an extensive database for hotels while the publicity of U Hotel was raised through the Wechat platform to promote cultural activities and enhance the interaction between hotels and customers. The golden-ager market of Geyuan Hotel (個園酒店) already secured a stable and matured source of customers while the regimen market was further enhanced in this year. In August 2016, the project of Jingchuan (涇川花樣年美年文化城), the largest cultural and tourism complex in Gansu region, commenced operation. While leveraging on its own brand and operational advantages on the cultural tourism, Fantasia Cultural and Tourism also take advantage of the special cultural resources on Buddhism, culture of the Queen West (西王母), ecology and regimen to promote the culture and tourism in Jingchuan. In August, Cultural and Tourism commenced the acquisition of Shenzhen Tiantai Travel Agency (深圳天泰旅行社) to build a platform for its community tourism at later stage and lay the foundation for its comprehensive accommodation business.

In respect of community nursing service, Shenzhen Futainian Investment Management Co., Ltd. (深圳福泰年投資管理有限公司) (“**Futainian**”) continued with its thorough study of the consumer behaviour of the senior citizens and core healthcare products and services for senior citizens. It also established a Futainian membership which kept increasing. Futainian treats the health management as a value-added service which draws on various quality medical resources and uses smart senior care facilities to build an extensive smart database for senior citizens. In respect of product line and services, Futainian offered services such as senior group travelling, home-based homecare, health management, rehabilitation and senior university. In 2017, Futainian will continue to focus on the collaboration of institutional service, community service and homecare service and to further implement the “3-in-1” retirement life service system and to gradually complete the three retirement service product lines of institutional service, community service and homecare service so as to build a one-stop retirement service model.

In May 2016, the Group’s **community education** business was commenced and the first child development experience centre started its operation. In October 2016, the community education business launched some projects to diversify its income sources. The first two projects were successfully put into operation in Bao’an District, Shenzhen. Occupational training and community education are complementary to each other, and over 40 communities have been covered by the occupational training business while 37 service courses, training systems, and systems of undertaking community education management projects were generally well received by the residents of the communities. In respect of civil education, Fantasia Group closely collaborated with the Chengdu Foreign Languages School to build the largest education and art complex in south-western China in 2016. They also established the Meinian Campus of the Primary School which is attached to Chengdu Foreign Languages School. The first kindergarten project of the Group’s education business will also be launched in Huizhou in the future.

Accelerating the pace of building its business presence with overseas assets

In 2016, Fantasia Singapore became one of the top three property management companies in Singapore by successfully acquiring a 70% equity interest in SunProp. After the acquisition, Fantasia Singapore had approximately 150 apartment projects under its management. The newly established branch in the United States has invested in elderly care services which creates effective synergy with the Group's existing elderly care operations in the community. In 2017, the Group will plan to establish a branch in the United Kingdom. Fantasia is integrating the Group's eight business segments with a global vision.

Conclusion

Mr. Pan Jun, Chairman of Fantasia said, "In 2016, the Company deepened the transformation of its mature business segments and fostered its new types of business segments by exploring different possibilities, with the aim of bolstering its comprehensive community services. 2017 will be an important year for the Group's development and expansion. The Group will continue to adjust its business mix which is geared to communities. It will also enhance the community service business in the residential areas of Colour Life and in the Jiefang District so as to support the fast growth in the communities for business, commerce and elderly care. The Group will also actively build up its business of technology as new growth drivers. We will actively promote the synergy among our businesses and the integration of such businesses and finance. We will also build a system that combines communities with businesses. This will enable us to realize the integration of asset-heavy and asset-light business models and thus lay the solid foundations for the long-term development and maximize the return for shareholders."

- End -

About Fantasia

Founded in 1998, Fantasia was successfully listed on the Main Board of The Stock Exchange of Hong Kong in November 2009 under the stock code 1777. Having completed its business strategic layout in the upcoming era of mobile internet and customer big data, Fantasia Group has evolved into a leading financial holding group in China, with a business model driven by financial operations, anchoring on services, and supported by property development. Fantasia conducts full-range of operations and community services, covering eight major areas of value-added services in 209 cities in mainland China, namely – financial services, Colour Life Group, property development, international commercial community services, cultural and tourism, commercial services, senior citizen services and education. So far, the Group has three publicly-listed companies – Fantasia Holdings Group (01777.HK), Colour Life (01778.HK) and Home E&E (834669.CC). It has become the world's largest residential community service operation provider.

Currently, Fantasia is progressing with its international business expansion plan and has established branches in Hong Kong, Taipei, Singapore and Tokyo as well as investing property development projects in Singapore, the United States of America and Taiwan.

It is committing to be the leading industry participant which provides a joyful, colourful and meaningful living space and experience and aims to deliver unique and inspiring living space and experience to value-oriented customers.

To learn more about the Company, please visit Fantasia's website at: www.cnfantasia.com

For more information, please contact:

iPR Ogilvy & Mather

Natalie Tam / Gary Li / Joseph Zhou / Bianca Yu

Tel: +852 2136 6182 / 3170 6753 / 3920 7649 / 3920 7637

Fax: +852 3170 6606

Email: fantasia@iprogilvy.com