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FANTASIA

Fantasia Holdings Group Co., Limited

(Stock code: 1777)

Fantasia Announces Interim Results for 2016

**Revenue up Significantly by 47.7%
An Industrial Financial Group Taking Shape**

Financial and business highlights for the first half of 2016

- **Results met expectations with steady financial development**
 - ✓ The Group achieved contracted sales of approximately RMB4,810.75 million, up 18.9% from the RMB4,0474 million for the same period in 2015.
 - ✓ Revenue derived from property operation services increased by 106.7% to approximately RMB689 million.
 - ✓ Revenue for the period amounted to RMB5,362 million, up 47.7% % from the RMB3,630 million for the same period in 2015.
 - ✓ Gross margin stayed at a healthy level of 27.6%
 - ✓ Profit for the period amounted to RMB331 million (1H2015: RMB279 million)
 - ✓ Bank balance and cash stood at RMB5,460 million as at the end of the interim period, increased by 29.4% from that of 31 December 2015. Cash flow remains fairly strong.

- **Edge in scale continued to expand, light-asset transformation yielded results**
 - ✓ **Colour Life** expanded the GFA under its management to 360.1 million sq.m. in aggregate in 2,236 projects, up 33.3% and 31.5% year on year, respectively, thereby maintained its position as the world's largest residential community service enterprise by GFA covered
 - ✓ **Home E&E** added 4.7 million sq.m. in GFA under management, up 261% year on year, in projects located in 26 cities across the country
 - ✓ Achieved breakthroughs in other segments including the **Financial Group, the Business Management segment, the Culture and Tourism Group, Futainian** and the **Education Group** with business development met the management's expectations.

(10 August 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 unaudited consolidated results for the period ended 30 June 2016.

During the period under review, Fantasia achieved revenue of RMB5,362 million, up 47.7% year on year. Profit attributable to equity owners of the Company amounted to RMB266 million, up RMB58 million or 28.1% from the

RMB208 million for the same period in 2015. Basic earnings per share for the period were RMB0.0462. The Board of Directors of the Company has resolved not to declare any interim dividend payment.

The Group has been adhering to its principle of maintaining steady development financially. Cash and bank balance as at end-June 2016 was RMB5460 million, up 29.% from end-2015. In the case of repayment of permanent capital instruments, net gearing ratio increased by 2.5 percentage points to 78.1%, thereby enhanced its liability structure.

Balanced light/heavy asset strategy and achieved steady growth in property development

During the first half of 2016, the Company achieved contracted sales for its property unit of RMB4,811 million and contracted sales GFA of 448,271 sq.m. Of these, about RMB1,782 million or 37% were derived from Boutique Upscale Residences, and RMB1,226 million or 25.5% were derived from Mid-to-High End Residences.

The Group's contracted sales for the period were mainly derived from 13 cities, including Wuhan, Huizhou, Suzhou, Shenzhen and Chengdu, and 34 projects, including Huizhou Kangchengsiji, Wuhan Fantasia Town, Suzhou Hailrun, Guilin Lakeside Eden and Tianjin Meinian. When compared with that of the same period in 2015, the Group made Shenzhen, Shanghai, Wuhan and Chengdu as its strategic center to actively expand its market presence to Southern China, Eastern China, Central China and Southwestern districts so as to boost sales. Currently, growths in first-tier and core second-tier cities were more prominent, in particular, significant growth in projects in Shenzhen was witnessed. The Group rapidly expanded into light assets operation business in Wuhan with its own brand reputation and market recognition, while achieving significant growth in projects in Shanghai and Chengdu. On the basis of the Group's business distribution and development, the business growth in first-tier cities and core second-tier cities was stable and diversified.

During the past six months, the Group adhered to its strategic approach of "technology and beauty", and actively promoted innovation and subsequently launched many light-asset projects including Shenzhen Jiatianxia Projects, Light Assets Operation Output and Xiaogu Caopan. The property unit added 8 new asset-light projects, with GFA aggregating 660,481 sq.m..

Regarding land acquisitions, the Group maintained its prudential strategies geared towards developments in first-tier cities with great market potential and attractive returns, including Beijing, Shanghai and Shenzhen. The Group also acquired projects located in Beijing and Tianjin through mergers and acquisitions. As at 30 June 2016, the planned GFA of the Group's land bank aggregated approximately 16.77 million sq.m. and the planned GFA of properties with framework agreements signed aggregated 9.95 million sq.m..

Driven by innovation, Colour Life continued its leadership in community services

Colour Life (HKEx stock code: 1778), a subsidiary of the Group, continued to expand its management GFA through discretionary trust and acquisition. As at 30 June 2016, Colour Life had contracted management GFA of over 360 million sq.m. and contracted to manage 2,236 projects, covering 181 cities, initially forming a regional layout covering regions including Eastern China, Southern China, Northwest China, Southwest China, Northeast China, Northern China, Central China as well as in Singapore and Hong Kong.

In June 2016, China Index Academy named Colour Life "The World's Largest Residential Properties Community Services Area 2015". Meanwhile, according to 2016 China Top 100 Property Service Companies report published by China Index Academy, Colour Life ranked the first in "TOP 10 Property Service Companies in terms of Business Scale" and "Top 10 Growth Enterprises". Among the top 10 leaders in the category of top 100 property service enterprises with highest satisfaction, Colour Life ranked sixth. This was a clear evidence that, while maintaining rapid growth in operational scale, Colour Life also succeeded in enhancing its customer satisfaction, thereby laid a solid foundation for rollout of value-added services.

In addition, Colour Life made a comprehensive breakthrough in community ecosystem establishment. The Group's smart community platform "Caizhiyun 3.3 version" was officially launched during the period. Based on the original community service platform, this 3.3 version has accomplished comprehensive upgrades that bring most products online, presenting "Colour Life Property" projects better, establishing micro business communities and enhanced functionalities of Colour Wealth Life. Meanwhile, Colour Life's community ecosystem achieved an expansion in capacity, optimizing the services in terms of customization, personalization and online-and-offline integration. Colour Life has launched ecosystem projects. Further to maintaining good property management services, Colour Life will fully integrate online and offline resources by utilizing the internet and modern technologies to enhance the quality of community products and will continue to enrich its O2O ecosystem, moving closer to becoming a new benchmark for smart communities in China.

Included in the Innovation Category, Home E&E accelerated its business development

For the first half, the GFA newly put under management by **Home E&E Group (stock code: 834669.OC)** amounted to 4.7 million sq.m., up 261% from the last corresponding period, while new projects under its management covered 26 cities in China. Obtaining quality property management projects and promoting rapid growth in income and profit of property management business have the cornerstone of the Company's assets operating business. On 18 June 2016, Home E&E Group successfully achieved a new milestone listing in NEEQ, and this distinguished itself from more than 20 real estate enterprises listed in NEEQ.

Home E&E Group established **Meizhinian Asset Management Company**. Through creating a "Quality renting property" platform and leveraging its Internet Plus Finance, Home E&E Group provides one-stop asset services for developers, investors and tenants.

With its high-end service quality and a strategy of financial leverage, Home E&E Group will continue to deploy capital to acquire small and medium property enterprises, and implement a new business model to further improve its project layout throughout China, so as to promote better growth in management scale and efficiency. Through property management and new business, the Company has applied in practice the Internet of things and internet technologies in property management activities, and promoted development of property management in a more professional, smart and automatic direction, thus lowered management costs and optimized clients' experiences, while making higher standard of services available to clients. All of these initiatives help groom Home E&E into China's leading commercial community services provider. In addition, Home E&E also ascribed some of the commercial properties and high-end apartment projects originally managed by Wanda Properties. These are expected to contribute to potential growth of Home E&E's results.

Completed a close loop, community finance taking shape

Community finance is an important driver and a core business segment in the Group's "Community Plus" strategy. The community finance sector will continue to focus on integration of an online and offline ("O2O") service platform of innovative community finance, and provide innovative, convenient, comprehensive and valuable financial services, and endeavor to become a connection for family wealth management for the communities.

For the first half, **Qian Sheng Hua** financed over RMB900 million with 0.37 million newly registered users. The Group continuously improved the Colourful and Wealthy Life channel and promoted the unlimited succession of product launches for Colourful and Wealthy Life. **Hehua Yidai** under the Company, established in 2015, provided simple and speedy personal credit loans services for users via the internet and mobile internet, and currently covered major marketing channels. **Zhong An Xin**, the insurance broker, lately achieved strategic cooperation with major insurance companies in China. The Group will, focus on the "community insurance" model, and develop "Community Plus Insurance" products, and combine requirements of community users to promote products and services including motor insurance, overseas wealth management products, property insurance through online and offline basis.

Hehenian Microcredit has adopted stable operation as a development approach. In 2016, as the development trend of micro-credit is relatively favourable, micro-credit companies have become a breed of companies with the best internal control mechanism for overdue balances in the industry and business volume steadily grew during in the first half with stringent control over credit risk.

Fantasia Financial Leasing mainly focuses on community-related industries such as new energy vehicles, parking garages, intelligent gateway system in car parks, medical equipment, fresh food e-commerce retail and cinema lines. Financial services have received stable leasing return through its penetration into the communities, and have successfully entered into the capital market through various partnerships. The Group has maintained excellent assets quality amid the generally increased market risks while also improving its brand reputation.

Exporting light-asset expertise, business management achieved leapfrog development

Nanjing Yuhuatai, a project developed and operated by **Shenzhen Fantasia Business Management Team**, has entered a maturing stage with accumulated income of over RMB10 million for the first half of 2016 and an occupancy rate of over 90% while the portfolio of brands that have set up business kept raising. Nanjing Yuhuatai has become a renowned community business complex, providing entertainment, leisure, culture and lifestyle experiences. Guilin Huashengtang, a project developed and operated by Fantasia Business Management, has achieved accumulated income of over RMB10 million for the first half of 2016. Guilin Huashengtang has attracted many famous brands from China and overseas, most of which are entering Guilin market for the first time. With the plenty of shops offering a variety of services and products, Guilin Huashengtang has become the flagship shopping centre in Lingui New District, or even in Guilin City. Chengdu Hongtang, Suzhou Hongtang and “Fantasia World Outlet” Project in Pi County, Chengdu have fully secured intents of leasing retail spaces with first and second tier brands and preparation works for openings were well underway. Among these, Fantasia World Outlet” Project in Pi County, Chengdu will commence operation in 1 October 2016.

In the first half of 2016, Fantasia Business Management has actively expanded and promoted its commercial light-asset projects in China, putting the five regions of East China, South China, Central China, North China and Southwest China as its core, and the number of management business projects launched reached 20, covering Tibet and provinces such as Jiangxi, Jilin, Jiangsu, Sichuan, Zhejiang and Guangdong. Following the development of light-asset management business, Fantasia Business Management will provide better quality service to property owners throughout China, in order to generate more 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 will earn a stable and growing return in the future.

Cultural and Tourism Group gets ready with better industry chain definition

In 2016, focusing on consolidation and integration, **Cultural and Tourism Group** puts “hotel and travel” as its core development components and endeavors more effort in cultivating major businesses including hotel development management and customized tourism. Cultural and Tourism Group strengthened building of the “U Hotel” brand for boutique hotels, and the “Geyuan Hotel” brand for vacation hotels, and currently operates 7 hotels covering cities including Shenzhen, Chengdu, Tianjin, Ningbo, Yixing, Taipei and New York. Meanwhile, Cultural and Tourism Group has commenced compact business cooperation with international hotel management corporates, and has invested to establish international hotels with star ratings in the brand name of Fantasia in Chengdu and Guilin.

Morning Star Travel provides outbound travel services to community clients, and has established a new e-commerce platform in partnership with Colour Life and participates in local promotion campaigns via the online platform of Colour Life and in community roadshows. Based on the extensive experience and immense business of Morning Star Travel Team, Morning Star Travel has introduced Hong Kong-style quality tourism services to nearly a thousand residential communities in China. Cultural and Tourism Group has gradually opened up a pathway for

community cultural tourism, and is dedicated to becoming the first community outbound tourism enterprise in China.

In the first half of 2016, Fantasia completed acquisitions into Tiantai Travel (with outbound tour qualification) and Yingda Travel (with tickets booking qualification). The Group has preliminarily completed construction of a full industry chain of “customers – platform – services” in community tourism segment.

Community senior care industry took on a multi-point layout

Futainian treats the health management as a value added service to get connected to various quality medical resources and uses smart senior care facilities to build an extensive smart database for senior citizens, and strives to fully cover the senior population. For institution operations, Futainian actively participates in government procurement projects on homecare services, has explored the methodologies and standards of home-based homecare services in order to improve service quality and strengthen service skills, and to successfully win tenders for projects such as Chengdu High-Technology Zone home services. In respect of product lines and services, Futainian, reaping benefits from its commitment to the market, focuses on the consumption demands of targeted groups, market segmentation, marketing planning and exploration of senior travelling, homebased homecare, health management and health recovery and senior university-level classes, and progressively has entered the market and turned itself into a recognisable retirement life service brand serving the public and pursues perfection.

In the second half Futainian will continue to respond to the call for development of retirement life businesses stipulated in the “13th Five-Year Plan” of the Ministry of Civil Affairs, and stay adhered to major trends in the industry, focusing on retirement services including institutional services and homecare services while extending service coverage through immense expansion of the retirement life service product range.

Breaking through traditional gridlocks, a new model for education flourished in the communities

In the first half **the education group** furthered its efforts and achieved decent results in various segments in education. In terms of civil education, Fantasia closely collaborated with the Primary School Attached to Chengdu Foreign Languages School and established Meinian campus of the Primary School Attached to Chengdu Foreign Languages School. Meanwhile, the Group consolidated management of many kindergartens and secondary schools in the communities and implement all-rounded upgrading of education amenities in the communities.

For community education, Education Group innovatively launched the “community education” model and established “Child development experience centre” in the communities, which provided unique and valuable education services for families and children in the communities through diversified combination of quality education product and experience programme designed in accordance with settings in the communities. Currently, with the first child development experience centre successfully launched in Shenzhen, it is expected that these centers will develop profitably and sustainably while rapidly spreading throughout the whole country.

In occupational training, Education Group focused on conducting researches on “community services” in terms of modern services industries, with an aim to enhance the service concept, service awareness and service skills of the community service staff.

Diversified financing to support sustainable and stable development

On 26th April, 2016, the Group announced an issuance of RMB600 million senior notes due 2019, with the aim to apply the net proceeds to refinance certain of its existing indebtedness. Large-amount fund remittances are increasingly difficult due to the more extensive capital control efforts in Mainland China. The consolidated financing costs of enterprises in general rise gradually. Yet “dimsum” bond issuances in Hong Kong still present a plenty of advantages. This round of CNY denominated senior notes by the Group represents the best option with reference

to a number of factors, including balancing its onshore and offshore debt structure, exchange rate fluctuations, onshore capital controls as well as consolidated financing costs. Prior to this round, the Company completed an issue of RMB1.1 billion domestic corporate bonds on 4 January 2016.

In the first half year of 2016, Fantasia Group collected sales proceeds smoothly and the cash flow was abundant to satisfy real estate development and light-asset transformation needs. Looking ahead, the Group will continue to explore and establish diversified financing channels, optimize its onshore and offshore debt structure, lower its enterprise financing costs and enhance its financial stability and capital efficiency in order to power its stable and sustainable development

Mr. Pan Jun, chairman of the Board and Chief Executive Officer of Fantasia indicated that in recent years, the Group's operations in the first half year of 2016 had been among its best in recent years. Given that Fantasia has accomplished its transformation in the past three years, the Group will continue to deepen this transformation and perpetually groom this business model into a cutting edge in the industry in the coming three years.

Mr. Pan Jun, Chairman of the Board and Chief Executive Officer of Fantasia, concluded: "With years of efforts, Fantasia has reaped initial results from its light-asset transformation. The eight segments are growing in their respective edges and scales and establishing an organic ecosystem based on integrated community and financial services. Looking ahead, we shall continue to build this organic ecosystem that allow complementary interactions among the platforms and applications, achieving further progresses in our light-asset transformation to nurture an industrial financial group driven by financial, with community services as the platform and development as a means, maximizing the return for shareholders."

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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 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 181 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 / Peter Chan / Louise Ye / Joseph Zhou

Tel: +852 2136 6182 / 3170 6753 / 2136 6955 / 2136 6954 / 3920 7649

Fax: +852 3170 6606

Email: fantasia@iprogilvy.com