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FANTASIA

Fantasia ranks among property enterprises with annual revenue of RMB10billion in China again The company breaks new ground by adopting asset-light model in community services

(7 January 2015 – Hong Kong) **Fantasia Holdings Group Co., Limited** (“Fantasia”, or the “Company”, HKEX Code: 1777), is pleased to announce that its contracted sales performance in December. The Company sold GFA of approximately 244,175sq.m. under contracts, recording contracted sales of approximately RMB 1.624 billion in the month.

For the year ended 31 December, 2014, the Company sold GFA of approximately 1,380,125sq.m., which was 6.76% more than that in 2013. Contracted sales rose by 0.39% to approximately RMB10.214 billion, exceeding the annual sales target of RMB 10 billion. The results enabled the Company to make it to the list of property enterprises with annual revenue of RMB 10 billion each in China.

To maintain steady growth in properties sales performance, Fantasia transformed its business model to an asset-light one, and the move resulted in significant achievements. Fantasia's eight businesses include real estate development, Colour Life's residential community services, community finance, international business property, cultural tourism, business management, senior housing and education, and have been gathering momentum. These eight businesses constitute China's largest, preliminary community service platform which serve as a model in the style of Fantasia for property developers who are transforming their business model.

Fantasia achieved annual sales target and ranked among property developers with annual sales of RMB10billion each again

In December, the Company successfully capitalized on a rebound in the property market by launching its best-selling residential properties that satisfied the rigid demand and those for improved housing as well as commercial properties. The move significantly boosted the sales growth in the month. The properties that target rigid demand sustained the momentum of the rapid sales growth, resulting in good sales performance in such projects as Fantasia Town and Grande Valley in Chengdu, Wonderland in Dongguan, Love Forever in Tianjin, Wuxi and Wuhan, Special Town in Huizhou and Suzhou and Lakeside Garden in Guilin. Commercial properties such as Long Nian Plaza in Shenzhen, Xinian Plaza, Meinian Plaza and Long Nian International Plaza in Chengdu, Meinian Plaza in Tianjin and Xinian Plaza in Wuxi, are mainly urban complexes and also recorded good results in sales and thus contributed significantly to the growth in the Company's overall sales performance.

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In the first three quarters of 2014, the property market recorded declines in both sales volume and selling prices because China's economy shifted down from rapid to moderate growth in a new equilibrium upon its restructuring. In the fourth quarter, the government's economic stimulation policies such as relaxing restrictions on home purchases, mortgages, use of provident fund as home loans as well as the central bank's interest rate cut brought a rebound in the property market.

The country's real estate market was developing in trends as expected by the company. Fantasia has been visionary and has thus been able to capitalize on market changes and to develop growth drivers. It focused on mainstay products, further developed the property markets in cities of strategic importance, strengthened its operational capability, and innovated its marketing strategy to ensure growths in both the scale of business and results. It also increased the company's ability to manage risks. All the measures enabled the Company to grow consistently despite the setbacks in the market.

According to the research report by China Index Academy, there were 80 property developers whose contracted sales reached RMB10 billion in 2014. In particular, Fantasia ranked 78th. This is the second consecutive year when the company ranked among the league of the country's property developers who has achieved annual revenue of RMB10 billion each.

Fantasia has been recognized by the media and capital market for its quality products and services in the past year, and it is regarded to have a bright prospect. From 2014 onwards, Citi, First Shanghai, Phillip Securities and other investment banks gave Fantasia "buy" ratings in their research reports. This reflects the Company's outstanding investment value and is favoured by an increasing number of investors.

The eight major business segments helped to embody the "Fantasia model" for property developers who are seeking to transform their business models

2014 marked the beginning of a new equilibrium in China's economy, and the transformation of the country's property market. The Company gained insight into the change in trend. To move forward, the Company was the first among its peers to propose a comprehensive transformation strategy: transforming itself into an integrated service provider from a property developer. Fantasia achieved the sales target of RMB10 billion and, at the same time, press ahead with the transformation with an asset-light model and its eight major business segments.

On 30 June, 2014, Colour Life Services Group (Stock Code: 1778), which is Fantasia's subsidiary, was listed on the main board of the stock exchange of Hong Kong and was greatly endorsed by internet giants such as Qihoo 360 Technology and investors. Colour Life's current market capitalization surpasses those of many other Hong Kong-listed property developers. By then, Fantasia as a group has two listing vehicles, which mark a milestone in the group's history.

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The successful listing of Colour Life has greatly enhanced the company's capital operation capability and brand premium. The company takes the opportunity to accelerate the pace of mergers and acquisitions to expand its business. As of 31 December, 2014, the properties developed and managed by Colour Life in the country had a combined G.F.A. of 200 million sq.m.. Fantasia's advantage as a market leader in terms of scale continues to be strengthened.

Leveraging Colour Life's capital and branding, Fantasia's other businesses were accelerating their development. Fantasia's financial business is the first in the financial industry to propose the concept of "financial community" by using internet banking model creatively to construct a financial value chains between its different businesses and to combine its financial service with other businesses. Currently, Fantasia has formed three major business models, namely micro-credit, finance leasing and P2P Internet financial network, and tries to promote factoring, consumer finance, insurance, payment and other related business.

In its commercial property segment, the company's OMG Mallsin Nanjing and Guilin are now opened for business. The Chengdu PixianHuashengtang Project and the Hongtang Projects in Chengdu and Suzhou are actively seeking investors. In addition to building its commercial properties and operating management, Fantasia Commercial Management Co., Ltd. also starts to rely on its strong capital and professional strength to explore the asset-light model which is based on its management and brand. As of December 2014, Fantasia Commercial has successfully contracted four asset-light management projects in the cities of Chengdu, Hefei, Changsha and Yangzhou. The number of Fantasia Commercial's asset-light management projects is expected to exceed 10 by the end of 2015. This will consolidate Fantasia's position as a pioneer of asset-light model in the industry.

In the market for high-end commercial properties, Fantasia International Property increases capabilities to contract to carry out external projects while managing well its own commercial properties. The Company now has more than ten large-scale external projects including those for Chongqing Tencent, Shenzhen Chang Fu Jin Mao Tower, Chengdu Yi Center, Guiyang Kaili Oriental Culture Building, Lhasa Zhongtai City Plaza, Tianjin ShuiyanTangning, Hangzhou New World Dongfangmao and Dongguan Songshanhu Creative Valley.

Fantasia's cultural tourism business grew rapidly in 2014. The Company's U Hotels in Tianjin and Chengdu are opened and Arcadia Resort Hotel in Yixing is opened again. Four Points by Sheraton Guilin, Lingui is completed on 16 December, 2014. Meanwhile, the Company completed the acquisition of Hotel 373 on Fifth Avenue in New York, USA, which symbolizes a great stride in Fantasia hotels' global expansion. Furthermore, the "Zhi—Museum of Art" that Fantasia invested in is officially opened and becomes an important platform for arts exchange, display and research and an arts education base.

On 28 December, 2014, the Chengdu Fulin retirement apartment opened for business, which is the first elderly service apartment that Fantasia invested in. It represents a significant achievement of Fantasia's "Three-in-one" elderly service model. Meanwhile, elderly service projects in Chengdu, Nanjing and Shenzhen are developing rapidly. Fantasia's community elderly service has started to unlock its potential. In addition, Fantasia's education business officially commenced operation in 2014 with two foci, namely the training in modern service industries and community education.

Four communities to embody China's largest community service operating platform

Mr. Pan Jun, Chairman and CEO of Fantasia, indicates that the developments of all of the Company's business segments meet its expectations. With the decelerating growth in urbanization and population, as well as changes in supply and demand, the golden age of Chinese property sector is over. Second-hand property transactions and clearance of inventory properties will replace actual growth in properties as the focus of the market. This may herald the "second spring" in China's property market.

To grasp the new opportunities for development, Fantasia is building commercial communities further by styling them on international properties. It is also developing its commercial properties according to its own model, and is building senior communities based on Fantasia's services for senior citizens. Meanwhile, it is building Colour Life's residential community services.

Mr. Pun also indicates that the future trend of mobile internet is unstoppable, and that "platform thinking" would supersede "product thinking" while "user thinking" will soon replace "customer thinking". Pure property development belongs to the past, but property development with services is in today. The property sector's future lies in community services. "Fantasia will rely on the four big communities to build the largest community services operating platform in China, or even in the world", said Mr. Pun.

Fantasia has now begun promoting the coordination and full integration of its eight major business segments while increasing the number of communities and their scale. Using the internet to combine online and offline businesses, the eight major business segments are able to form an organic community business ecosystem.

With a view to achieving synergy across different business segments, Fantasia now launches "e-finance" to form seamless alliances with the property owners who are being served by Colour Life. Fantasia's lease finance company and Colour Life jointly launch a car-washing service, and also plans to launch lease finance projects together with Cultural Tourism Grade Valley and Futainian Community Elderly Nursing Home. Futainian plans to combine health management service with Colour Life's "Big Data" system; and Property International also cooperates with Color Life in project development.

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In some of Colour Life's communities, Fantasia and Colour Life have jointly launched a scheme of "Guaranteed capital and profits to offset property management fees" for participating property owners to save up a certain amount of money for offsetting property management fees for a year. Participants can recover the saved capital so that they need not pay any property management fee and enjoy a 3.5% return on investment after a year.

Looking ahead to 2015, the Company predicts that China's economic growth will decelerate. However, moderately expansionary monetary policy and a number of favourable policies will benefit the country's property market. The property market is expected to reach a new equilibrium as it is shifting down from rapid to moderate growth. Mr. Pun believes that the property market has shifted its focus to consumer value and integration of resources. The formation of a new ecosystem of both social and commercial interests and the establishment of a mechanism for coordinating developments of various industries will be able to lead to efficient integration of resources. As a result, the Company can expect not just "addition effect" but even "multiplication effect" from the coordination of its eight major business segments.

The successful listing of Colour Life serves as an example for the developments of other business segments of Fantasia. As the business model matures and the business scale continues to expand, Fantasia will let its related business segments leverage the capital market in a timely manner.

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About Fantasia Holdings Group Co., Limited

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”, with its assets amounting to over RMB35 billion. 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 financial services, Colour Life Group, property development, commercial community services, cultural and tourism, commercial services, senior citizen servicesand education.

Currently, Fantasia is pushing forward 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, colorful and meaningful living space and experience and aims to deliver a 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/

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