

(For Immediate Release)



Colour Life Services Group Co., Limited
彩生活服務集團有限公司
(Stock code: 1778)

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Fantasia Holdings Group Co., Limited
花樣年控股集團有限公司
(Stock code: 1777)

Colour Life acquires Kaiyuan International at a consideration of RMB330 million

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Fantasia's community services flagship firm takes shape

Colour Life acquires Kaiyuan International, a renowned high-end property enterprise, at a consideration of RMB 330 million. Fantasia's ambition to build a community services flagship vehicle in China becomes more concrete.

(Hong Kong, 16 February 2015) **Fantasia Holdings Group Co., Limited** ("Fantasia", HKEx stock code: 1777) and its listed subsidiary **Colour Life Services Group Co., Limited** ("Colour Life" or the "Company", which together with its subsidiaries is referred to as the "Group", HKEx stock code: 1778) today jointly announced that Colour Life has entered into an agreement through its indirect subsidiary Shenzhen Colour Life Services Group Company Limited to acquire a 100% equity interest in Shenzhen Kaiyuan International Property Management Co., Ltd. ("Kaiyuan International") for a total consideration of RMB330 million. This will make the deal the biggest merger and acquisition transaction in the property management sector in China.

Frequent acquisitions earns Colour Life the sobriquet "Harvester of Communities"

Established in December 2001 and headquartered in Shenzhen, Kaiyuan International is a certified first-class national property management corporation with its market coverage in more than 10 cities, including Shenzhen, Beijing and Shanghai. The company provides services for more than 130 property development projects. Kaiyuan International also undertakes comprehensive outsourced property service projects in Ho Chi Ming City in Vietnam.

In 2011, Kaiyuan International ranked 29th in terms of integrated competence in property services on mainland China in a list compiled by China Property Management Institute. And in 2014, it ranked 35th among the Top 100 Property Enterprises selected by China Index Academy.

Mr. Pan Jun, Chairman of the Board of Colour Life, commented, "Kaiyuan International is the most outstanding player in the market for high-end community management. This transaction should not be perceived as a case of a bigger company swallowing a smaller one. Instead, we should understand that more values in a community can be realized through the integration of resources and combination of complementary advantages. Colour Life's leading position will thus be reinforced in the community services sector in China."

Under the agreement, Colour Life will retain employees of Kaiyuan International, the senior management of which will remain in office for at least 3 years. The vendors of the equity interests in Kaiyuan International have guaranteed Colour Life an audited net profit of not less than RMB30 million each financial year.

Since its listing on the Main Board of The Stock Exchange of Hong Kong, Colour Life has frequently carried out large-scale mergers and acquisitions, including the purchase of a Singaporean property management enterprise for a total consideration of HK\$6.62 million. Colour Life's speedy expansion in community services has surprised the industry and has earned it the sobriquet "the Harvester of Communities".

According to Fantasia's official figures, as of 31 January 2015, Colour Life provides community services to a population of 7 million in 2.5 million households in more than 100 cities nationwide. Total gross floor area "GFA" developed and managed by Colour Life exceeds 210 million sq. m.

This means Colour Life's total property area doubled, compared to 91 million sq. m. as of the end of 2013. As a result, the Company ranks first in the industry with an absolute advantage of the economies of scale.

Insiders in the industry analyze that property enterprises have to enter the market of new communities through public tenders or mergers and acquisitions. Mergers and acquisitions are relatively more efficient, especially in this sector where many property management companies are performing badly, leading to lower costs for acquisitions. Color Life has chalked up a number of deals at "zero cost" during its business expansion.

Tang Xuebin, Chief Executive Director of Colour Life said that the Company continued to expand because this was its established development strategy when it was listed, and that it had sufficient cash flow to support such expansion.

As a first-rate stock engaged in community services in China, Colour Life had RMB803 million in total of cash in hand as of the end of June 2014, up by 446% when compared with that at the end of 2013.

On 18 January, Colour Life issued a positive profit alert, predicting that its net profit in 2014 will be more than three times that in 2013. The surge in profit was due to automation and equipment upgrades, the growth in the number of property management services projects and the improved cost effectiveness. According to the previous disclosure of corporate information, Colour Life recorded net profit of RMB45.47 million in 2013 which made the Company the industry leader in terms of earnings.

The results and performance of Colour Life is recognized by investors. On 4 February, 2015, Cornerstone investor Qihoo 360 and Colour Life signed an agreement under which the lock-up period for Cornerstone's holding in Colour Life would be extended by 12 months. In addition, both sides entered into a strategic cooperation framework agreement to jointly build smart home security services systems for communities.

In a research note, Phillip Securities of Hong Kong said the brokerage firm indicated that Colour Life's acquisitions will continue to consolidate its leading position in the industry. In additions, Phillip Securities believes that the increase in gross floor area under management and a higher proportion of remuneration for the property management firm in the advance payment of management fee will lead to a compound annual growth of 78% in the Company's revenue and a compound annual growth of 137% in its profit between 2013 and 2015.

Industry reshuffle accelerates the formation of a community services flagship company

Kaiyuan International has been deemed to be a high-end property management services company in mainland China, and has invented a community services model nicknamed "The Eastern Chamberlain". The model has been registered in the State Administration for Industry & Commerce (SAIC). Kaiyuan International only spent three years to raise its rating to the "First-class National Property Management Corporation" from "Grade-A Shenzhen Property Management Corporation" since it was established. Its rapid development was phenomenal in the history of property management in China.

However, the merger between Colour Life and Kaiyuan International, into a single family against a backdrop of shifting focus in the property industry in China, has invited thoughts of imminent consolidation within the sector.

Deputy Director-General of Financial Research Institute, under the Development Research Center of the State Council Ba Shusong, said earlier that the housing stock in China already exceeded 100 million units to date, and would increase to 160 million units in 2020. He also forecasted that China's secondary home market would become the largest in the world.

Mr. Pan Jun, echoed and said that the secondary home market would soon replace the primary home market as the staple part of China's overall property market. He said that the country had developed approximately 30 billion square metres of housing with total asset value of approximately RMB200 trillion in the past 30 years, and that such an enormous market would give rise to a community services flagship company.

Commenting on the transformation of China's property sector, Mr. Pan said, "Traditional property management model is facing more challenges nowadays, and the industry reshuffle will accelerate." Looking ahead, Colour Life, with its newly developed community services, will continue to make an all-out effort to expand its business through by various means, including acquisition. As planned, the servicing community area of Colour Life will exceed one billion square metres in 2020, serving more than 40 million people.

Fantasia, which owns approximately a 50.4% interest in Colour Life, has confirmed that it will vote in favor of the acquisition. Mr. Pan Jun, who is also Chairman of the Board of Fantasia, said that Fantasia will further strengthen its leading position in community service sector this year. Together in building Colour Life's residential community, Fantasia aims to extend its footholds in business, commercial and elderly-care communities in order to become the biggest integrated community service operator in the world.

Fantasia succeeded in exceeding its annual sales target of RMB10 billion for 2014 with actual contract sales of approximately RMB10.214 billion. In January 2015, Fantasia sold aggregate gross floor area of 76,721 sq. m., up by 173.31% year on year, and its contract sales rose by 215.76% year on year to RMB532 million.

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About Colour Life

Colour Life is headquartered in Shenzhen, and it is a technology-based and integrated property services operating group covering property services, building intelligence, asset management and community services, thus becoming China's largest community service provider. Through implementing business strategies of standardization, centralization and automation, Colour Life has been able to provide consistent and cost-efficient residential property management services, and has maintained its strong position in the residential property management industry in China. Colour Life also focuses on developing an offline and online service platform connecting residents with local vendors, and has ample growth opportunities.

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. 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 services and education.

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