

Monthly Newsletter 2014.8

Transformation of Light-asset Stimulates Platform Effect Community Finance of Fantasia Drives into Fast Lane

Business Review

In August 2014, the real estate group under Fantasia Group achieved this year's record high contract sales in August and Colour Life Model officially upgraded into the era 2.2, which was benefited from accelerated integration of various business based on the operation platform of community service, in particular, remarkable results from expansion of community financial business.

Following the listing on the main board of the Hong Kong Stock Exchange, Colour Life Services Group Co., Limited announced another upgrade of Colour Life Model on 8 August for the establishment of era 2.2 with automatically "intelligent community" through mobile internet concept and the integration of diversified application platform such as e-wealth management, e-maintenance, colour partners and so forth.

So far, Colour Life experienced several stages such as 1.0, 2.0, 2.1, etc. The business model was upgraded successively from Internet, Internet of Things (IoT), mobile Internet, and Cloud Computing and other technologies. It became an integrator and supporter of service platform from a direct service provider, whilst it changed the traditional property industry from labour intensive to management and service intensive, to achieve an automatically "intelligent community". Such move further strengthened the advantages of community service operation platform of Colour Life with an increasing number of enterprises seeking for cooperation with Colour Life in China. As of the end of August, the property that developed and managed by Colour Life covered an area of 185 million square metres across the country, continuously leading the industry.

As it unceasingly stimulated the capability of external merger and acquisition, the internal industry synergy based on community service operation platform of

Fantasia also steadily expedited, in particular, the community finance expanded fast. In August, focused on community finance, the finance segment of Fantasia gradually carried out innovative cooperation with various business segments of Fantasia Group, including in-depth cooperation between its online P2P loan business and Colour Life. Upon promotion in only one community in Shenzhen, the number of registered users increased sharply with over 6,000 new users in August, and cooperation relationship was established with community elderly healthcare segment. As at the end of August, number of P2P online registered users reached approximately 20,000.

Focused on the operational platform of community services, the off-line micro-credit business of Fantasia also tries to break the traditional model, actively explores the O2O business model combining with the Color Life Community. Meanwhile, its financing and leasing business has successfully explored the dual-business model of cross-border financing and community business district leasing. The former takes the advantage of the Qianhai financial policy and realizes the RMB 200 million cross-border financing project of Dongjiang Environment and the RMB 30 million Non-recourse Factoring Project of China Citic Bank. Other cross-border reserve financing projects amounted to RMB2billion, which consolidate the pioneering position of the Company in cross-border financing business. The Latter, community business district leasing business has trilateral corporation with Color Life, and one of the famous domestic household appliance manufactures in August. By utilizing on-line platform of Color Life, it provides integrated household appliance financing and leasing value-added services for the home owners in the communities. The amount of money involved in other reserve financing projects is expected to surpass RMB 300 million.

In real estate segment, the real estate group has seized the opportunity of the rebound in trading volume in the market, strengthened the marketing efforts and accelerated the consumption of inventory. In August, it achieved the unit contract sales area of 152,170 square meters, with a year-on-year increase of 57.33%. The contract sales amounted to RMB 1.043 billion, with a year-on-year increase of 51%, especially in 30 August, it set a record of highest daily contract amount in the year with RMB 115 million. As of 31 August 2014, the year to date contract

sales amount of the Company in 2014 is RMB 3.32 billion, with year to date sold area of 509,803 square meters. As many cities cancel the purchase restriction policy and the sign of loosening granting credits emerges, the market will embrace the window phase of “Golden September and Silver October”. The Company will release more properties to the market in the third quarter.

Accumulated Contract Sales Amounts and Area Sold for 2014 (up to 31 August 2014)

1.City	Project Name	Product Type	GFA Sold (sq.m.)	Sales Amount (RMB0'000)
Chengdu	Love Forever	Mid-to-high residence	662	276
	Meinian Plaza	Urban complex	8,859	9,685
	Future Plaza	Urban complex	15,727	17,400
	Fantasia Town	Mid-to-high residence	83,713	38,961
	Funian Plaza	Urban complex	160	122
	Grande Valley	Boutique upscale residence	14,788	15,498
	Mont Conquerant	Boutique upscale residence	1,103	634
	Long Nian International Plaza	Urban complex	55,869	28,061
Dongguan	Mont Conquerant	Boutique upscale residence	98	116
Tianjin	Flower Country	Boutique upscale residence	3,290	3,742
	Love Forever	Boutique upscale residence	16,678	12,049
Huizhou	Huiyang Special Town	Mid-to-high residence	48,718	26,322

	project			
	Love Forever	Mid-to-high residence	10,074	4,599
	Kang Town	Mid-to-high residence	8,083	5,391
	Xiangxie Garden	Mid-to-high residence	595	378
	Cuiya Garden	Mid-to-high residence	238	161
	Palm Garden	Mid-to-high residence	855	548
Suzhou	6# project	Boutique upscale residence	13,003	9,565
	4# project	Boutique upscale residence	2,865	3,486
	Special Town	Boutique upscale residence	42,249	25,057
Wuxi	Love Forever	Boutique upscale residence	35,814	23,840
	Hairun Complex	Urban complex	21,838	17,802
Dali	Art Villas	Mid-to-high residence	1,734	881
Guilin	Fantasia Town	Urban complex	41,228	21,039
	Lakeside Garden	Boutique upscale residence	32,414	18,807
Shanghai	Beilun Ningbo	Boutique upscale residence	16,471	15,785
Singapore	Singapore Project	Boutique upscale residence	179	1,836
Wuhan	Love Forever	Boutique upscale residence	32,496	29,840
Total			509,803	331,882

From 18 to 29 August 2014, Fantasy Pearl International Limited, the substantial shareholder of the Company, subscribed corporate senior notes of Fantasia from the secondary market which expired in January 2019, with the total nominal value of 4 million US dollars and the actual cost of 3.65 million US dollars. This gesture demonstrates the substantial shareholder's confidence in the business operation, development prospects and cash flow condition after the launch of dual-capital platform of Fantasia, and it supports the orderly process of the transitioning strategy of the Company by practical actions.

Note: Data in this newsletter is unaudited and is subject to change.

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