

Fantasia's contracted sales up 104.4% year on year to RMB844 million in May on the back of revival of property markets in China's major cities

(1 June 2015 – 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), is pleased to announce its sales updates for May 2015. The real estate business segment maintains substantial growth, which is expected to lead to a record high in annual sales for the year.

The Company recorded contracted sales of RMB844 million with 113,317 sq.m. in aggregated gross floor area (“GFA”) sold in May, up 15.84% and 9.09% month on month, respectively, and up 104.38% and 68.21% year on year, respectively. For the first five months ended 31 May 2015, the Group sold approximately 446,710 sq.m. of accumulated GFA and recorded the corresponding aggregate contracted sales of approximately RMB3.246 billion, which represented year-on-year increases of 102.27% and 139.19% respectively.

The data show substantial growth in Fantasia's property sales against the overall downtrend in the sales results of many listed property developers.

Thanks to the reviving property markets in China's first- and second-tier cities and the Group's insight into the trends of the sector there, Fantasia has adjusted its regional business strategy by focusing on the country's major cities and thus achieved continuous growth.

In May, the Chinese government implemented a number of favourable housing and financial policies which favoured the property market, leading to a sharp increase in transaction volume in the first-tier cities within a short period of time. Long queues for home purchases was seen in some cities, and properties of some projects even sold out on the launch day there. According to the official figures released by the country's National Bureau of Statistics, Shenzhen, Beijing, Shanghai and Guangzhou ranked among the Chinese cities which recorded property price rises in April, and the first-tier cities registered such increases for the first time since May 2014. In particular, the increase in Shenzhen's house price ranked first in China for four consecutive months.

Currently, most of Fantasia's projects are located in first- and second-tier cities, and the Company has realised sustainable development in major cities. The Company's land bank in first-tier cities such as Shenzhen, Beijing, Shanghai and Tianjin as well as the provincial capitals, including Chengdu, Kunming, Wuhan and Nanjing, accounts for 72.6% of its total land bank of 14.55 million sq.m.. In particular, the Company's land bank in Shenzhen alone reaches 2.39 million sq.m., which accounts for 16.4% of its total land reserves. Notably, Guangdong Free Trade Zone will be a catalyst for appreciation of the high-quality land resources in some areas, including Shekou of Shenzhen.

In accordance with its plan, the Group's property segment has been launching more projects, speeding up inventory clearance, and stepping up sales efforts in Shenzhen since May. In particular, it launched the Longqi Bay No.1 project, which is situated at Dapeng Peninsula, a high-end recreational resort area, in late-May. The project mainly comprises of scarce villas and high-end apartments with a total GFA of approximately 39,000 sq.m.. As Fantasia's first luxurious residential project, Longqi Bay No.1 project is well received on the market. The unit price of some of the properties in that project may hit a new high among the luxurious residential properties in Shenzhen.

Fantasia's Chairman and CEO, Mr. Pan Jun, said that the Group had plenty of saleable properties with those for 2015 worth approximately RMB28 billion. The property markets of major cities, as represented by Shenzhen, are booming gradually. The upward trend of the first- and second-tier cities' housing markets has already gathered momentum, and the Company is set to benefit from it. Mr. Pan said he was very optimistic about Fantasia's attainment of its annual sales target of RMB11 billion.

Notably, several large-scale property developers, including Vanke, Poly Real Estate, and China Overseas Property, etc. are planning to spin off their property management business after Colour Life Services Group Co., Limited ("Colour Life"; HKEx stock code: 1778)'s listing. This demonstrates that the "Colour Life Model" is gaining recognition in both the property sector and the capital market.

Pan Jun commented that the current market concentration in the community service field remained low and therefore, competitors were not considered as threats to the Company in the short run. He said the Group would launch a more systematic "community+" scheme so as to further strengthen its leading position in the Chinese community service market.

On 26 May, Guotai Junan issued a research report which pointed out that Fantasia pioneered industry transformation and possessed land bank of good quality. It also stated that the eco-system constructed through the "platform+application" model had a bright prospect. The firm reiterates its "overweight" rating on Fantasia. Earlier on 30 April, Standard & Poor's upgraded the Company's credit outlook to "Stable" from "Negative" and affirmed its "B+" long-term corporate credit rating for the Company and its "B" rating on the issue of the Company's outstanding senior unsecured notes. This reflects the company's improved profitability and financial capability. As of the end of 2014, the cash and bank balance was approximately RMB4.653 billion, up 28.1% year-on-year compared with that at the end of 2013. Net gearing ratio was reduced significantly by 18.1 percentage points to 86.7%. Stand & Poor's expressed a view that Fantasia's refinancing risk was manageable given the level of its cash position and short-term borrowings.

Fantasia makes continuous improvements in its credit profile. The Company repaid the US Dollar bonds due in 2015 in May by internal free cash. Meanwhile, On 27 May, the Company proposed to issue US\$200 million senior notes due in 2018 with a coupon rate of 11.50% per annum, and Bank of America Merrill Lynch, China Merchants Securities (HK), CITIC CLSA Securities, Deutsche Bank and UBS were the joint lead managers and joint bookrunners of the issue. A number of investment banks' participation in the issue reflected the capital market's recognition of Fantasia's business model. The maximum net proceeds from the issue of the senior notes is estimated to be approximately US\$194.5 million, equivalent to approximately HK\$1.508 billion, and will be used to refinance certain of its existing indebtedness.

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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 services and education.

Currently, Fantasia is progressing with 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, colourful 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/

For more information, please contact:

iPR Ogilvy Ltd.

Natalie Tam / Gary Li / Peter Chan / Regina Wong

Tel: +852 2136 6182 / 3170 6753 / 2136 6955 / 3920 7648

Fax: +852 3170 6606

Email: fantasia@iprogilvy.com