

FANTASIA
花樣年

Fantasia Holdings Group Co., Limited
花樣年控股集團有限公司

Stock code : 1777

2011 Annual Results Presentation

March 2012

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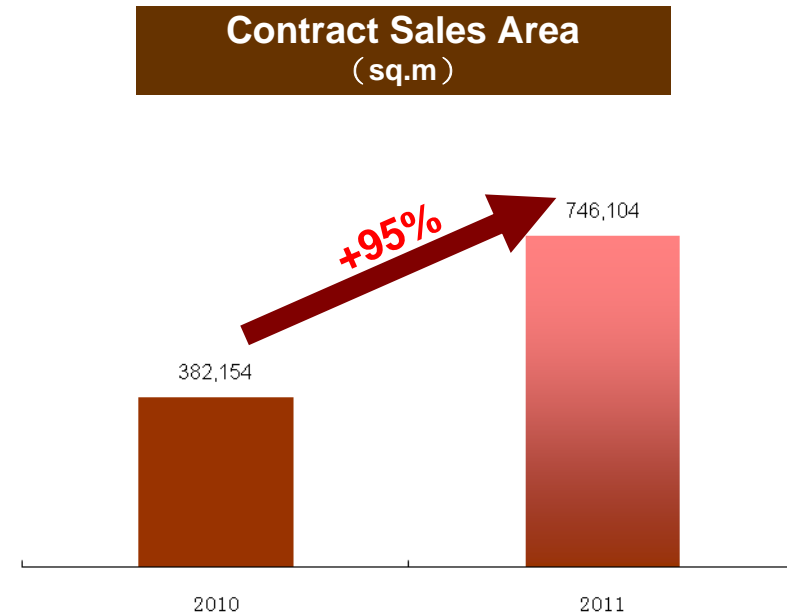
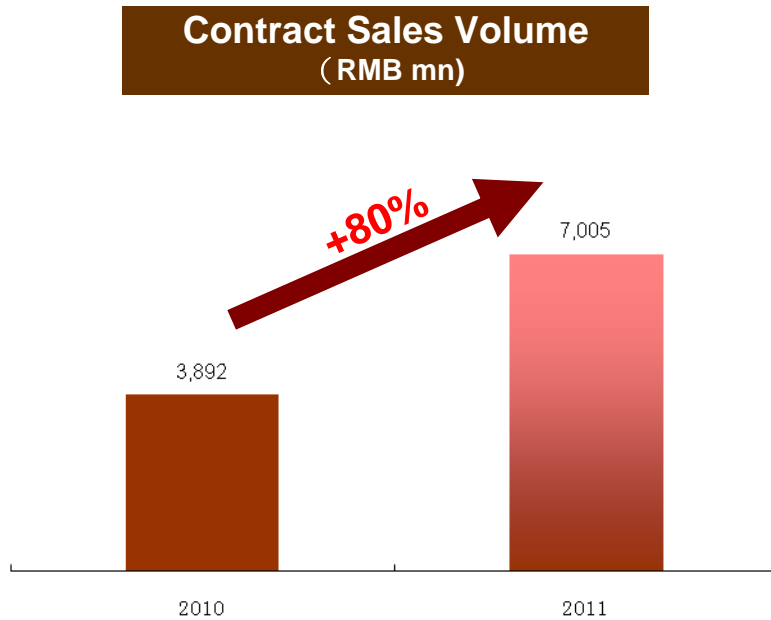
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2011 Market Review

- Under the changing global economic environment and the pressure brought by rising domestic inflation rate, both the sales volume and selling prices fell from a stagnant high level during the year, with the control over domestic real estate market extended from 2010.
- The year of 2011 is referred as the beginning of a new era of the Chinese real estate market, which is expected to have changes with speculative demand curbed and main drivers returned to rigid housing demand and need for housing improvement.
- Sales of commodity housing over the country in 2011 increased at a rate slower than that in 2010, with the area and volume sold increased by 4.9% and 12.1% respectively. Since the third quarter of 2011, the market has taken a drastic downturn, in particular in the first-tier cities where macro-economic control policies were strictly enforced and the “wait-and-see” attitude prevailed in the market.
- A large number of Chinese real estate enterprises were feeling the enormous political, market and financial pressure.

2011 Business Review : Strong Growth in Contract Sales

- Contract sales volume and the contract sales area for 2011 recorded YoY growth of 80% and 95% respectively;



2011 Business Review : Sustainable Profitability

Remarkable Financial Performance in 2011:

- Revenue: **RMB5.59 bn**, a YoY increase of 25.1%;
- Gross profit: **RMB2.39 bn**, a YoY increase of 24.3%;
- Net profit: **RMB1.15 bn**, a YoY increase of 42.9%;
- Net profit from core business: **RMB859 mn**, a YoY increase of 59.1%;
- EPS: **RMB0.23**, a YoY increase of 35.3%;
- Proposed dividend per share: **HK4.00 cents**, with 20.0% dividend payout ratio⁽¹⁾.

(1) Excluding profit attributed to revaluation of investment prosperities

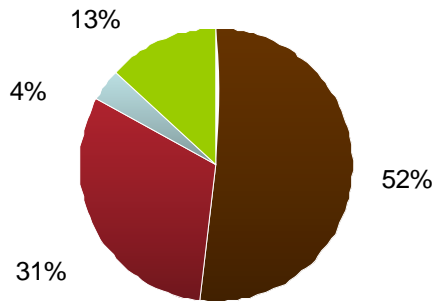
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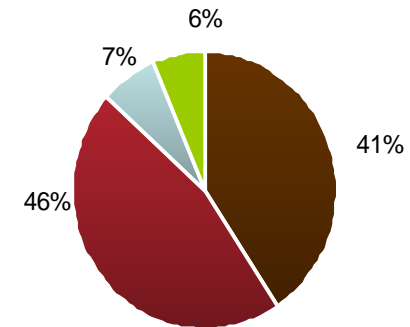
Enhanced Diversified Product Lines and Sales Contribution from Multi-regions

Contract sales breakdown: by region

2010

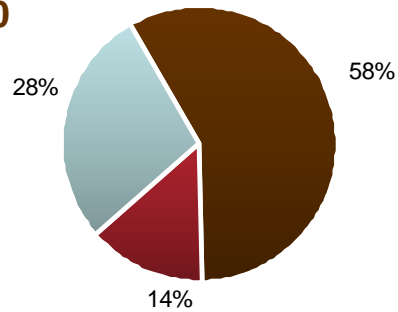


2011

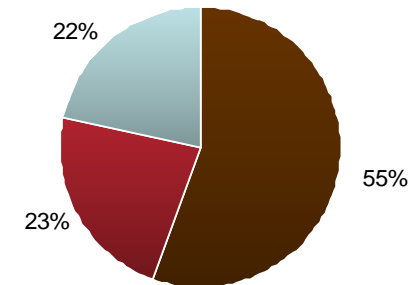


Contract sales breakdown: by product

2010



2011



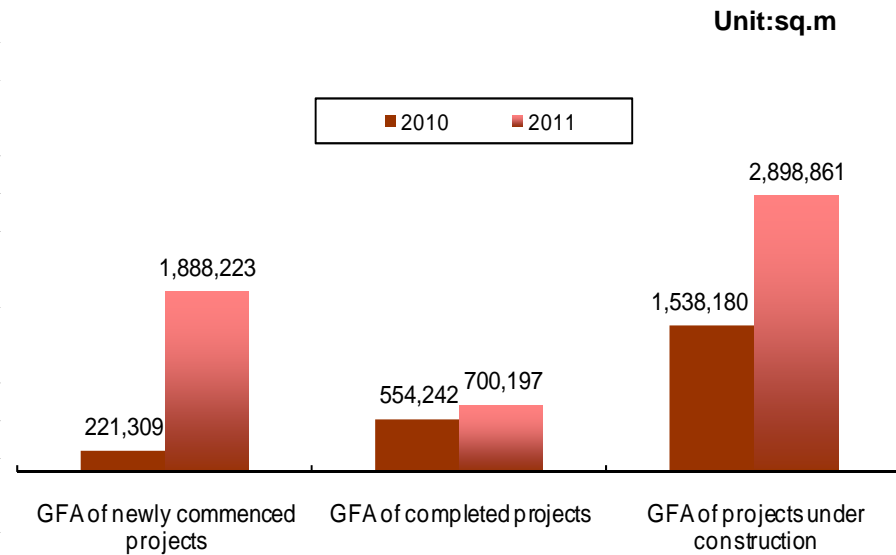
Effective Project Planning and Execution

2011 Newly Commenced Projects

City	Project	Product Category	GFA (sq.m)
Dongguan	Wonderland	Boutique Upscale	160,139
Guilin	Fantasia Town	Urban Complex	440,931
Chengdu	Fantasia Town	Mid-to-high End	200,441
	Funian Plaza	Urban Complex	180,168
Dali	Human Art Wisdom	Mid-to-high End	77,301
Suzhou	Lago Paradise	Boutique Upscale	96,891
Wuxi	Love Forever	Boutique Upscale	318,660
	Hailrun Complex	Urban Complex	102,942
Tianjin	Future Plaza	Urban Complex	55,080
	Love Forever	Boutique Upscale	75,028
Huizhou	Fantasia Special Town	Mid-to-high End	180,642
Total			1,888,223

2011 Newly Completed Projects

City	Project	Product Category	GFA (sq.m)
Shenzhen	Love Forever phase 2	Mid-to-high End	63,505
Dongguan	Mont Conquerant phase 2	Boutique Upscale	122,983
Huizhou	Fantasia Special Town phase1	Mid-to-high End	71,716
Chengdu	Fantasia Town phase 2	Mid-to-high End	113,867
	Meinian Int'l plaza phase 1.3	Urban Complex	225,116
Suzhou	Lago Paradise	Boutique Upscale	19,939
Tianjin	Hailrun Plaza phase 2	Urban Complex	83,071
Total			700,197



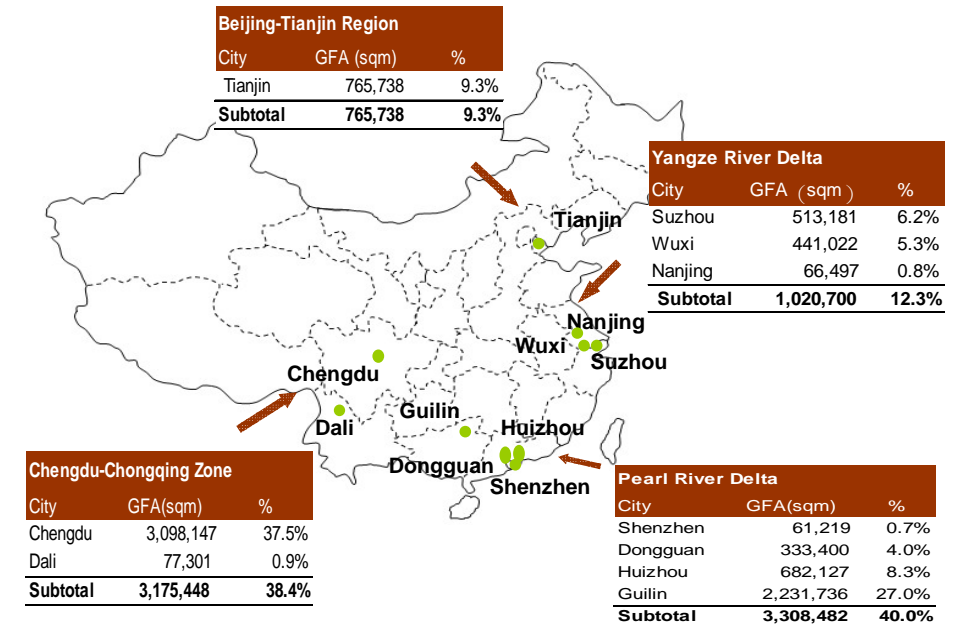
Prudent Investment, High-quality and Low-cost Land Bank

Land bank with use right

City	Project	GFA (sq.m)	Product Category	Avg. Cost (RMB/sqm)
Shenzhen	Funian Plaza	61,219	Urban Complex	2,418
Huizhou	Love Forever	168,545	Mid-to-high End	312
	Fantasia Special Town	513,582	Mid-to-high End	423
Chengdu	Future Plaza	244,614	Urban Complex	645
	Grande Valley	1,556,986	Boutique Upscale	281
	Belle Epoque	296,384	Boutique Upscale	823
	Fantasia Town	370,149	Mid-to-high End	81
	Meinian Int'l plaza	449,845	Urban Complex	669
	Funian Plaza	180,168	Urban Complex	555
Tianjin	Yingcheng Lake Project	168,339	Urban Complex	766
	Future Plaza	55,080	Urban Complex	2,180
Dongguan	Love Forever	542,319	Boutique Upscale	1,183
	Wonderland	333,400	Boutique Upscale	923
Guilin	Fantasia Town	600,000	Urban Complex	393
Suzhou	Luhu Int'l	1,631,736	Boutique Upscale	393
	Lago Paradise	513,181	Boutique Upscale	1,522
Wuxi	Love Forever	338,080	Boutique Upscale	1,523
	Hailrun Plaza	102,942	Urban Complex	680
Nanjing	Yuhuatai Project	66,497	Urban Complex	4,337
Dali	Human Art Wisdom	77,301	Mid-to-high End	674
Total		8,270,368		661

Land bank with framework agreement

City	Project	GFA (sq.m)	Product Category	Interest
Chengdu	Pixian Project	3,917,332	Urban Complex	100%
Dali	Yunnan Project	996,531	Boutique Upscale	100%
Suzhou	Taihu Hotel	49,246	Hotel	100%
Total		4,963,109		



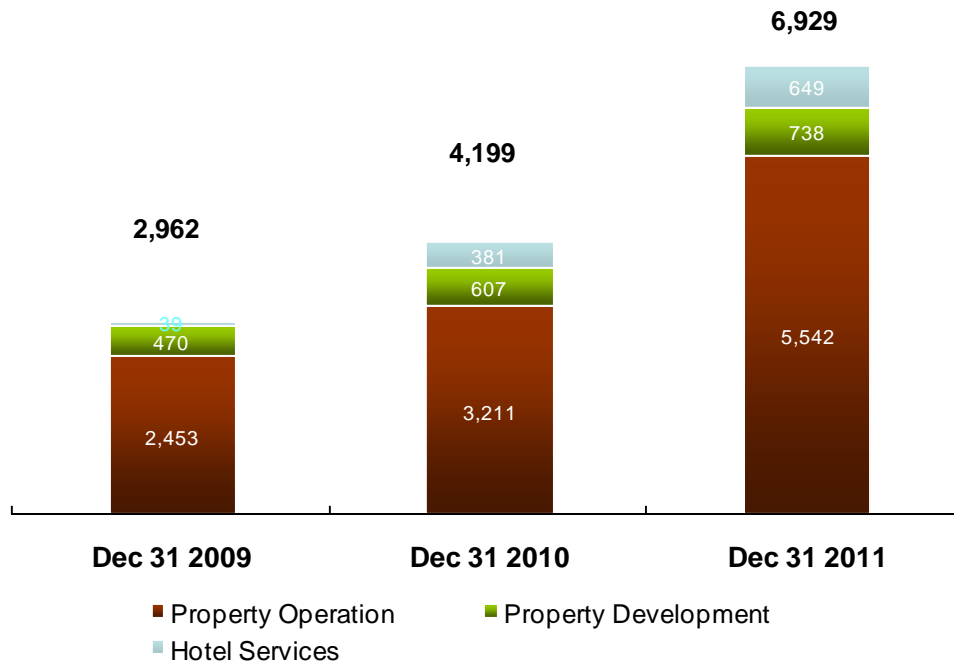
Propelled Business Development on Service and Commerce Operations

- For the community services, Colour Life Services Group expanded into 16 core cities, and taken initiative to promote an informational servicing model on top of the traditional property management services, which has further increased the service efficiency, the replicability of property management capability and the ability of seamlessly integrating offline business to online business. Fantasia Property Management (International) Company obtained ISO9000, ISO14000 and OHSAS18000 integrated system certifications and earned recognition among customers of our Group's high-end projects.
- For the hotel management, we further intensified cooperation on projects including Guilin Fantasia Town Hotel with renowned international brands such as Starwood, *and* established the positioning of our private brand series including "U" hotel.
- For the business operations, we strengthened market research and built up database for many brands, and started working on business planning and solicitation of our commercial projects including Shenzhen Meinian International Complex.
- For cultural tourism and senior housing business, we formed a preliminary research and development team, carried out a number of case studies and preliminary training for core employees, and accomplished R&D for business models.

Continuous Growth of Team Scale

The growth of team scale is in line with business expansion

Number of Total Employees



Business Segment	2009 Dec 31	2010 Dec 31	2011 Dec 31
Property Development	470	607	738
Property Operation	2,453	3,211	5,542
Hotel Services	39	381	649
Total	2,962	4,199	6,929

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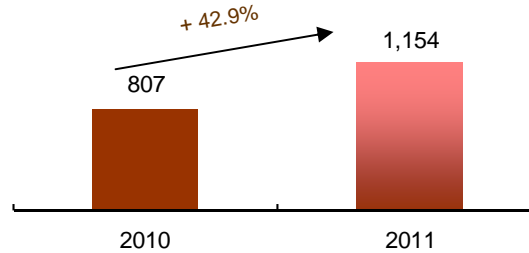
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Steady Growth in Profitability

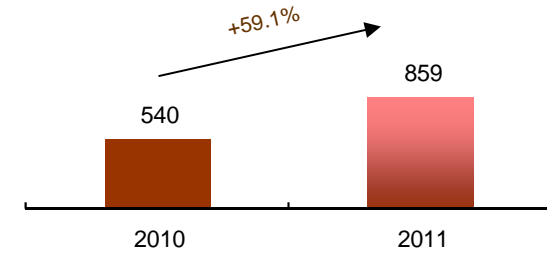
(RMB mn)

RMB mn	2010	2011	Change%
Revenue	4,471	5,592	25.1%
Gross Profit	1,925	2,392	24.3%
EBITDA ⁽¹⁾	1,593	1,908	19.7%
Net Profit from core business ⁽¹⁾	540	859	59.1%
Net profit	807	1,154	42.9%
EPS(RMB)	0.17	0.23	35.3%
NP margin from core business ⁽¹⁾	12.1%	15.4%	3.3pts
NP margin	18.1%	20.6%	2.5pts

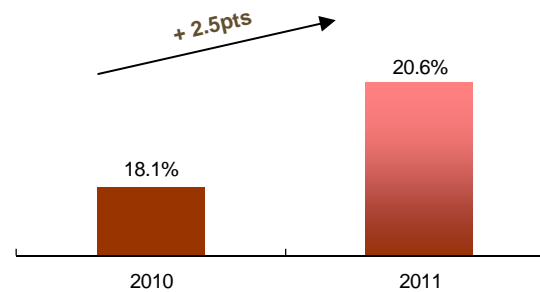
Net profit



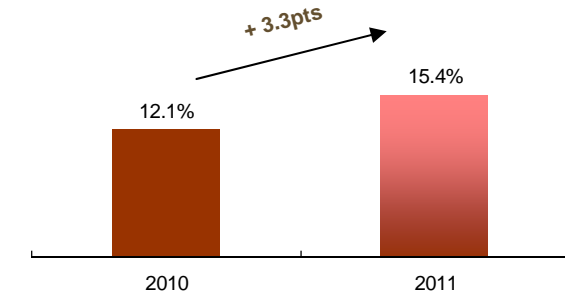
Net profit from core business



NP margin



NP margin from core business



(1) Excluding profit attributed to revaluation of investment prosperities

Robust Financial Position

RMB mn	31 Dec 2010	31 Dec 2011	Change %
Cash ⁽¹⁾	2,457	1,336	-45.6%
Non restricted cash	2,371	1,021	-56.9%
Total assets	15,382	18,123	17.8%
Short-term debt	2,132	2,100	-1.5%
Long-term debt	3,430	3,393	-1.1%
Total debt	5,562	5,493	-1.2%
Shareholders' equity	4,502	5,819	29.2%
Net gearing ratio	69.0%	71.4%	2.4pts

(1) Including bank balance and cash and restricted bank deposit

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2012 Market Outlook

- We shall not remain optimistic to the prospect of global economy in the year ahead. The growth of Chinese economy will continue to suffer in the course of mid-long term transformation and encounter the pressure on striking a balance between the economic growth and rising inflation.
- Monetary policy is expected to further relax under the economic pressure, however unless the measures of dual residential system and real estate tax are well established, we believe mid-term controlling measures on real estate market will continue to be introduced. It is probable that the market will endure a downturn before a rise in 2012.
- With favorable factors of “population dividend” and “land dividend” diminishing gradually, average profit margin of Chinese real estate market is decreasing accordingly. We believe that pure property development business needs to optimize product lines as it develops, and meanwhile, China's economy will step into the Experience Economy Era with growing demand for various featured services.

2012 Corporate Strategy

- **To uphold rationale of proactive marketing and foster steady growth of business :**
we will stick to strategy of “proactive marketing and speedy sales” and commit to achieve steady business growth by enhancing managerial capability of carrying out marketing plan and proposal, and by optimizing marketing approach for products' value and relationship with the customers.
- **To focus on safe management of cash flow by making prudent investment:**
we will put stronger emphasis on safe management of cash flow, make extremely prudent investment, continue to slow down strategic expansion pace, and make proper arrangement in regard to project development plans, in order to maintain our fiscal situation strong and healthy.
- **To continue to facilitate development of services and commerce operation :**
we will continue to foster our long-term competitiveness by leveraging on the development of services and commerce operation business, which are based on the business platform of property development.

2012 Target

	2012 Target
Contract sales (RMB mn)	7,200
GFA of newly commenced projects ('000 sq.m)	1,000
GFA of completed projects ('000 sq.m)	800
GFA of available for sale projects ('000 sq.m)	1,400

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Appendix I : 2011 Contract Sales

City	Project	GFA Sold (sq.m)	Contract sales ('000 RMB)	ASP (RMB/sq.m)
Shenzhen	Meinian Int'l Complex	36,204	1,029,240	28,429
	Love Forever	11,033	246,140	22,309
Chengdu	Fantasia Town	128,233	579,730	4,521
	Meinian Int'l Plaza	89,336	728,187	8,151
	Future Plaza	55,038	656,081	11,921
	Funian Plaza	34,541	591,164	17,115
	Grande Valley	16,470	138,426	8,404
	Belle Epoque	3,966	35,032	8,833
	Others	8,936	40,261	4,505
Dongguan	Mont Conquerant	48,114	435,230	9,046
	Wonderland	56,843	500,695	8,808
Huizhou	Fantasia Special Town	105,837	586,015	5,537
Guilin	Fantasia Town	62,816	435,601	6,935
Suzhou	Lago Paradise	21,237	252,701	11,899
Wuxi	Love Forever	24,301	214,926	8,844
	Town on the Water	1,293	14,374	11,121
Tianjin	Hailrun Plaza	15,113	212,448	14,058
	Future Plaza	14,022	230,268	16,422
	Love Forever	610	5,995	9,822
Dali	Human Art Wisdom	12,161	72,446	5,957
	Total	746,104	7,004,960	9,389

Appendix II : Planned Newly Commenced Projects in 2012

City	Project	Product Category	GFA (sq.m)
Huizhou	Love Forever phase 1	Mid-to-high End	81,000
	Fantasia Special Town phase 3	Mid-to-high End	140,000
Donguan	Wonderland phase 3	Boutique Upscale	158,000
Chengdu	Meinian Int'l Plaza phase 2	Urban Complex	170,000
	Fantasia Town phase 4	Mid-to-high End	161,000
	Wuguiqiao Project	Urban Complex	80,000
	Grande Valley Four Points Hotel	Hotel	35,000
Suzhou	Lago Paradise land plot 4#	Boutique Upscale	55,000
Nanjing	Yuhuatai Project	Urban Complex	96,000
Guilin	Luhu Int'l Project	Boutique Upscale	24,000
Total			1,000,000

Appendix III : Planned Completed Projects in 2012

City	Project	Product Category	GFA (sq.m)
Shenzhen	Funian Plaza	Urban Complex	61,000
Dongguan	Wonderland	Boutique Upscale	83,000
Chengdu	Future Plaza	Urban Complex	242,500
	Fantasia Town	Mid-to-high End	181,000
	Belle Epoque	Boutique Upscale	12,000
Tianjin	Future Plaza	Urban Complex	55,000
Suzhou	Lago Paradise	Boutique Upscale	69,500
Wuxi	Love Forever	Boutique Upscale	96,000
Total			800,000

Appendix IV : Planned Available for Sale in 2012

City	Projects	Product Category	GFA (sq.m)
Shenzhen	Funian Plaza	Urban Complex	23,000
Donguan	Mont Conquerant	Boutique Upscale	21,000
	Wonderland	Boutique Upscale	63,000
Huizhou	Fantasia Special Town	Mid-to-high End	92,000
	Love Forever	Mid-to-high End	66,000
Chengdu	Meinian Int'l Plaza	Urban Complex	51,000
	Future Plaza	Urban Complex	128,000
	Funian Plaza	Urban Complex	100,000
	Fantasia Town	Mid-to-high End	184,000
	Grande Valley	Boutique Upscale	61,000
	Belle Epoque	Boutique Upscale	28,000
Tianjin	Future Plaza	Urban Complex	29,000
	Love Forever	Boutique Upscale	52,000
Suzhou	Lago Paradise	Boutique Upscale	72,000
Wuxi	Love Forever	Boutique Upscale	95,000
	Hailrun Complex	Urban Complex	73,000
Nanjing	Yuhuatai Project	Urban Complex	40,000
Guilin	Fantasia Town	Urban Complex	147,000
	Luhu Int'l	Boutique Upscale	24,000
Dali	Human Art Wisdom	Mid-to-high End	51,600
Total			1,400,600