



花样年  
FANTASIA

针对花样年商业模式创新的调性定位 有趣

针对花样年商业品牌独特的调性定位 有味

针对花样年商业模式内涵丰富的调性定位 有料

---

有力 / 有戏 / 有价值

无限可能



# **Fantasia Holdings Group Co., Limited 2020 Interim Results Presentation**

**August 2020**

# Disclaimer

---



This document is prepared by Fantasia Holdings Group Co., Ltd. (the "Company") and is only used for presentation by the Company and its subsidiaries (collectively the "Group").

No representations or warranties regarding the impartiality, accuracy, completeness or correctness of the information or opinions contained in this document are made, whether expressly or impliedly, and no person shall rely on the information or opinions contained in this document. The Company, any member of the Group and their affiliates or any of their directors, managers, employees, advisers or representatives shall not be liable for any loss arising out of the use of the information contained in this document or any other matter relating to this document (whether negligence or misrepresentation under tort law, contract law or any other relevant law).

This publication is not a proposal to sell or solicit for the purchase of any securities in the United States or in any other jurisdiction. It is illegal to sell or solicit upon any such proposal without registration or approval under the Securities Law of any such jurisdiction. No securities may be sold or issued in the United States before going through the registration procedures or obtaining exemptions for registration. Any public sale of any securities in the United States shall be in the form of publishing the prospectus which shall contain details on the company raising related sales as well as details on its management and financial statements. The Company will not issue securities publicly in the United States.

This document contains the statement on the Group's and the Company's current views and forecast for the future on each applicable date. This forward-looking statement is based on assumptions about the operation of the Company and the Group and factors beyond the control of the Group or the Company, with significant risks and uncertainties. In view of this, there may be significant differences between the actual results and the forward-looking Statement. Therefore, you should not rely on this forward-looking statement. The Group and the Company are not obligated to update the forward-looking statement based on future events or circumstances.



# Contents

F  
A  
N  
T  
A  
S  
Y  
A

- I. Results Highlights**
- II. Results Review**
  - 1) Operating Results: Outstanding Performance**
  - 2) Financial Strategy: Sound Policy**
  - 3) Investment Strategy: Targeted Investment**
  - 4) Operation Strategy: High Efficiency**
- III. Pandemic Relief Efforts**
- IV. Human Resources Strategy**
- V. Land Bank and Urban Renewal Projects**
- VI. Community Service Strategy**
- VII. Outlook**
- Appendix**



**Part 1**

---

**Results Highlights**



## Contracted Sales

RMB **17.51** Bn  
up 33.0% YoY

## Total Revenue

RMB **9.24** Bn  
up 7.7% YoY

## Community Service and Other Income

RMB **2.61** Bn  
Provides stable cash flow

## Gross Margin

**33.6%**  
Maintains a good level

## Core Net Profit <sup>(1)</sup>

RMB **558** MM  
up 97.6% YoY

## Net Gearing Ratio

**78.3%**  
Sound financial position

## Newly Invested Projects <sup>(2)</sup>

**3.00** MM m<sup>2</sup>  
Replenishing land bank to ensure  
enough saleable resources

## Planned Land Bank

**37.31** MM m<sup>2</sup>  
Abundant land bank to  
empower future growth

## Urban Renewal Projects

**19.54** MM m<sup>2</sup>  
Rooted in the Greater Bay Area

### Notes:

1. Core net profit refers to net profit excluding net exchange losses
2. For the period from beginning of 2020 to 8/18/2020



**Part 2**

---

**Results Review**





1

---

**Operating Results:  
Outstanding Performance**

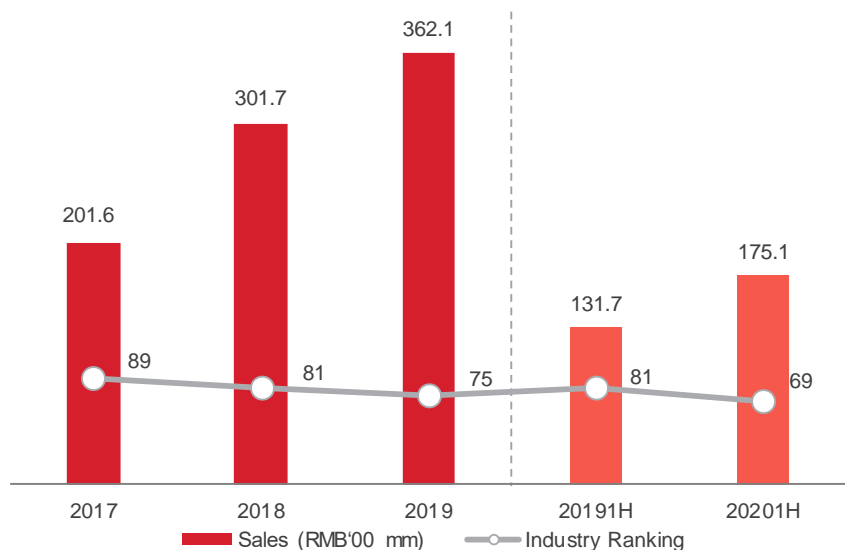
# Sales and Industry Ranking in Recent Years



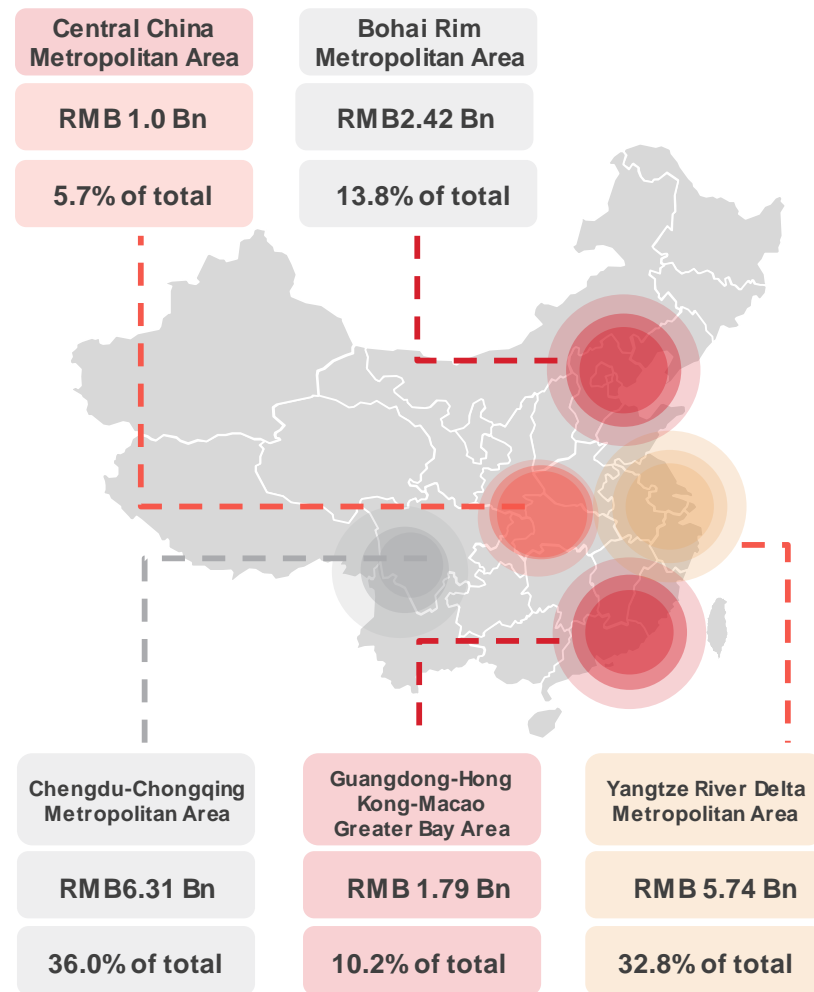
**2020 1H contracted sales of RMB 17.51Bn  
up 33.0% YoY**

**2020 1H contracted area of 1.35MM m<sup>2</sup>  
up 21.1% YoY**

Sales and Industry Ranking in Recent Years <sup>(2)</sup>



Breakdown of Contracted Sales in 2020 1H by Region <sup>(1)</sup>



**Notes:**

- 1. Sales for 2020 1H include RMB237MM of sales from Singapore
- 2. Industry ranking data is sourced from CRIC China

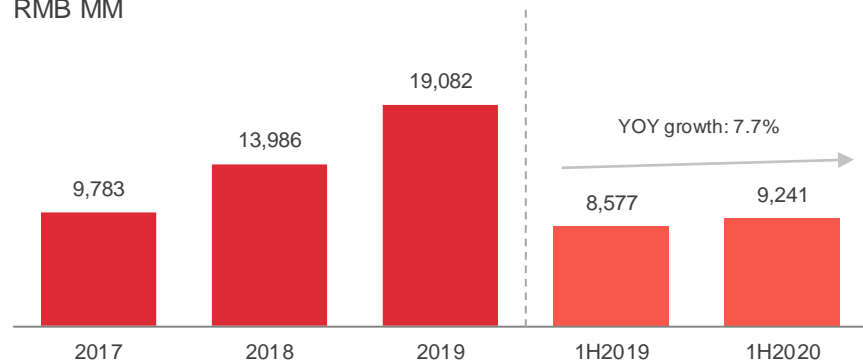
# Steady Increase in Revenue and Earnings



花样年  
FANTASY

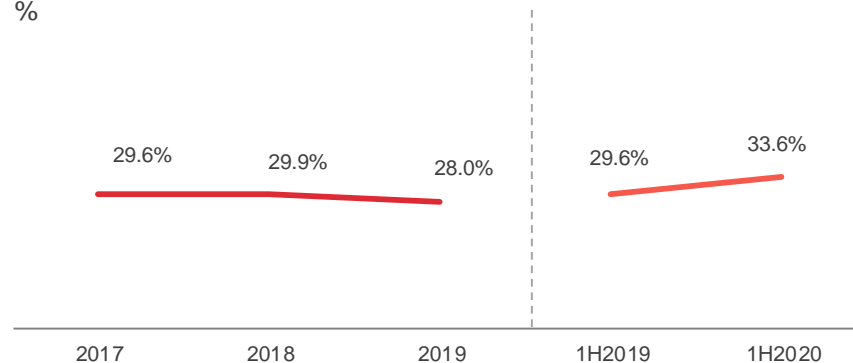
## Total Revenue

RMB MM



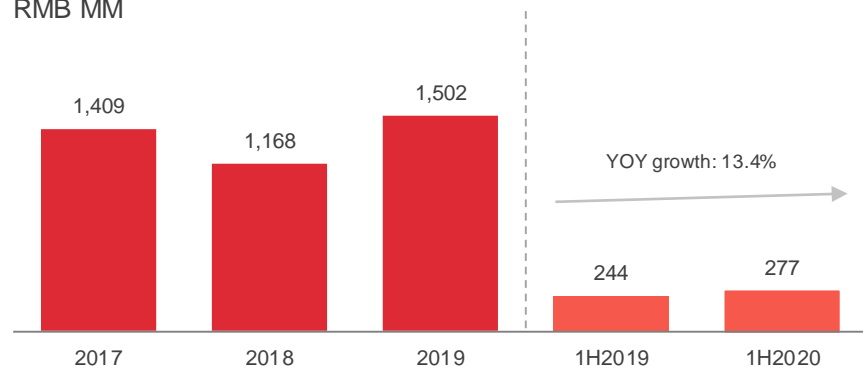
## Gross Margin

%



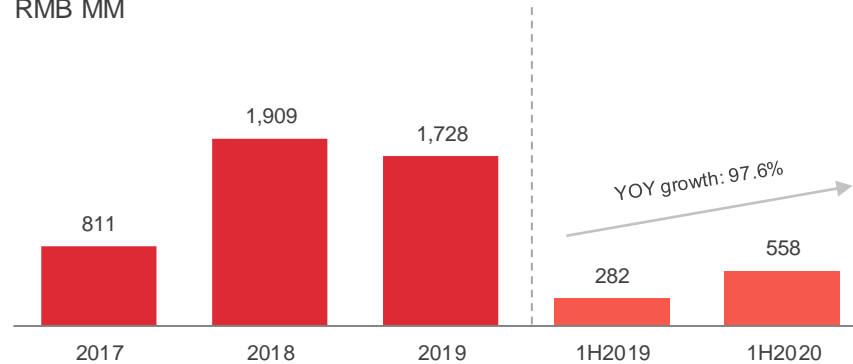
## Net Profit

RMB MM



## Net Profit Excluding Net Exchange Losses

RMB MM



# Simultaneous Advancement of “Property Development + Community Service”



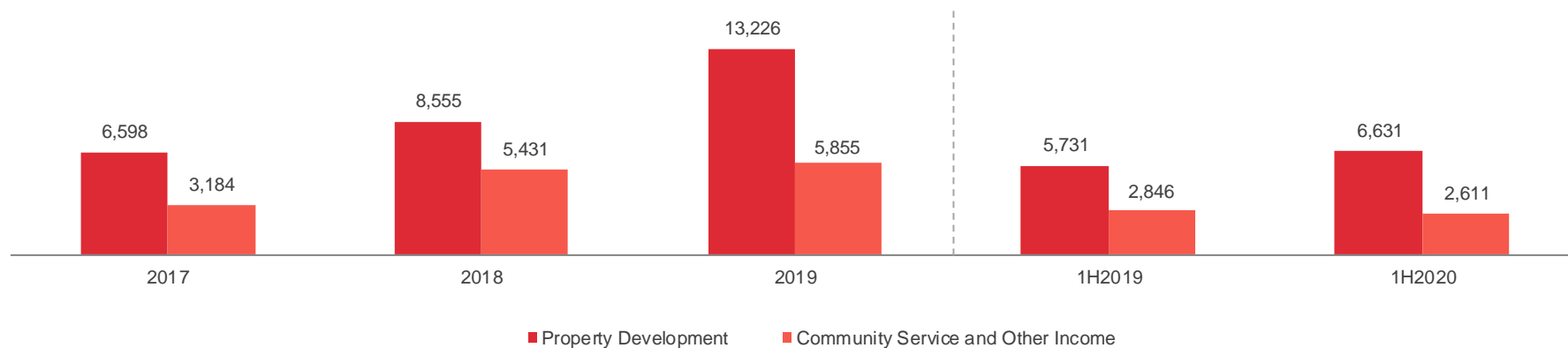
## Property Development Revenue

- 71.8% of total revenue
- Becomes the "power source" of future income growth

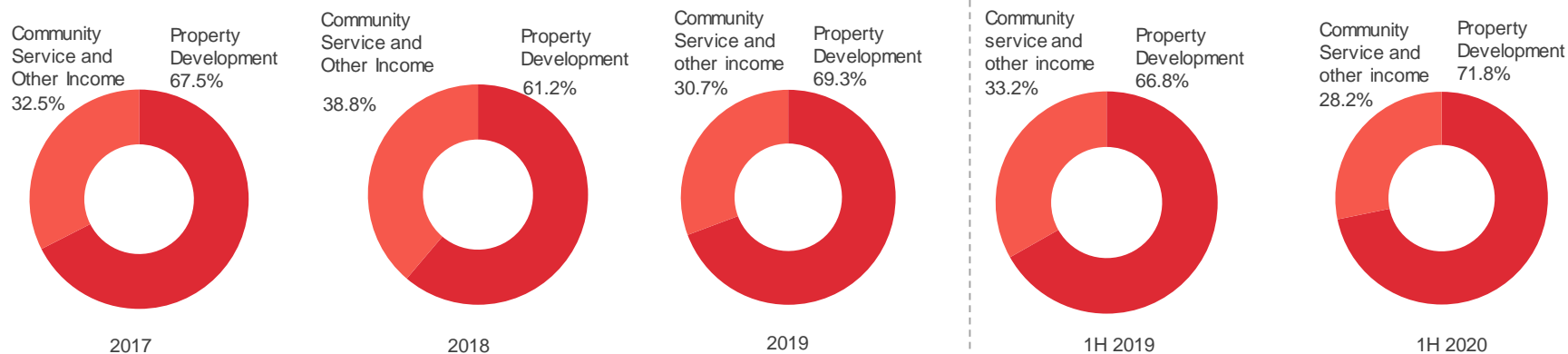
## Community Service and Other Income <sup>(1)</sup>

- 28.2% of total revenue
- Becomes the "stabilizer" of cash inflow

RMB MM



## Total Revenue Breakdown



Notes:  
1. Community service and other income includes revenue from property investment, property agency, property operation and other business except for property development



2

---

**Financial Strategy:  
Sound Policy**

# Solid Financials with Positive Rating Actions

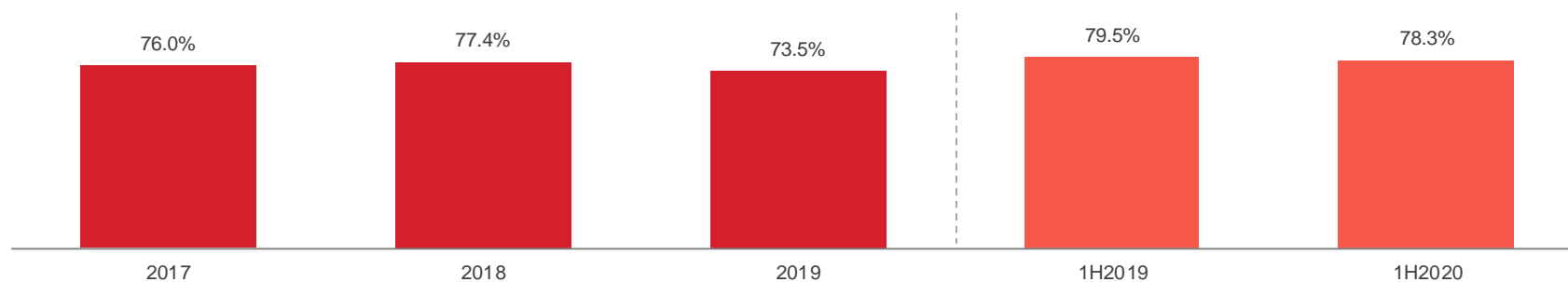


花样年  
FANTASY

RMB MM	2018	2019	1H 2019	1H 2020
Bank balances and cash	28,570	23,044	25,064	25,191
Total debt	436,24	38,173	40,547	41,151
Net assets	194,55	20,592	19,485	20,377
Net debt / net assets	77.4%	73.5%	79.5%	78.3%

## Net Debt / Net Assets

%



**MOODY'S**

Rating of B2  
Rating outlook upgraded  
to "Stable"

**S&P Global  
Ratings**

Rating of B  
Rating outlook upgraded  
to "Stable"

**FitchRatings**

Rating of B+  
Rating outlook upgraded  
to "Stable"

# Decrease in Financing Costs



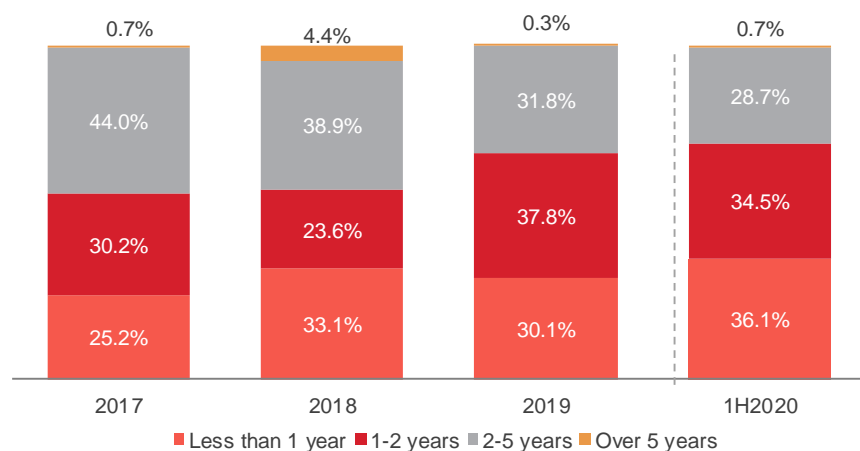
**Financing costs of offshore bonds decreased significantly**

- Through effective bond management, the yield rate at the secondary market has dropped to a low level, significantly outperforming the market
- The Group's financing costs decreased from 15% at the end of 2018 to 7.95% in August 2020
- The Group will continue to implement active bond management in the second half of 2020, so as to optimize the maturity profile of its debts

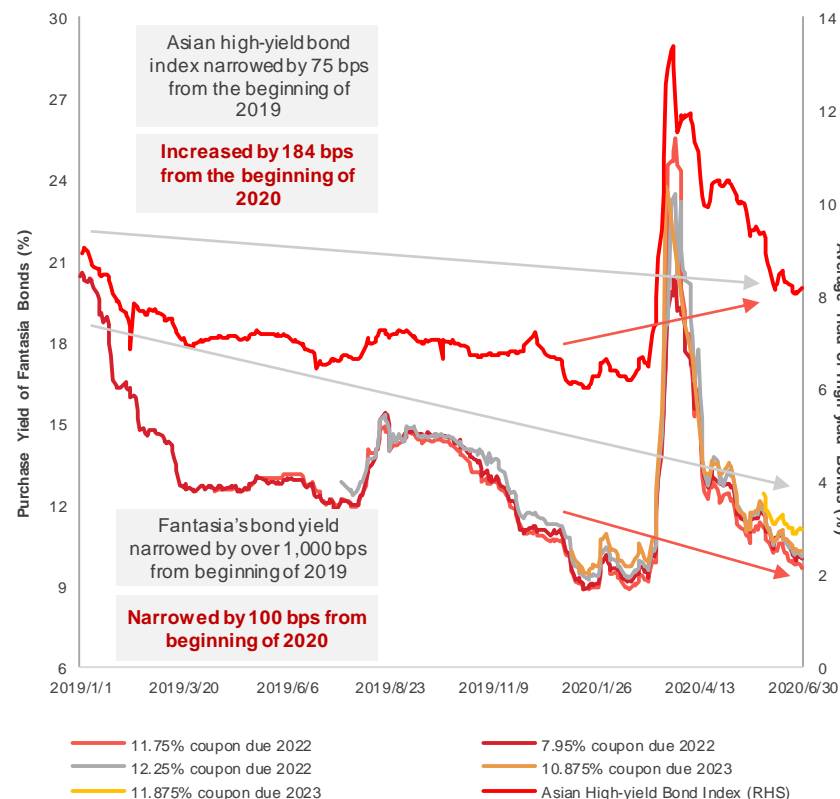
## Issuance of Onshore and Offshore Bonds by Fantasia Since 2019

Time of issuance	Amount	Tenor	Coupon
Jan 2020	US\$450 million	3 years	10.875%
May 2020	US\$300 million	3 years	11.875%
July 2020	US\$350 million	3 years	9.250%
August 2020	US\$200 million	2 years	7.950%

## Debt Structure by Maturity



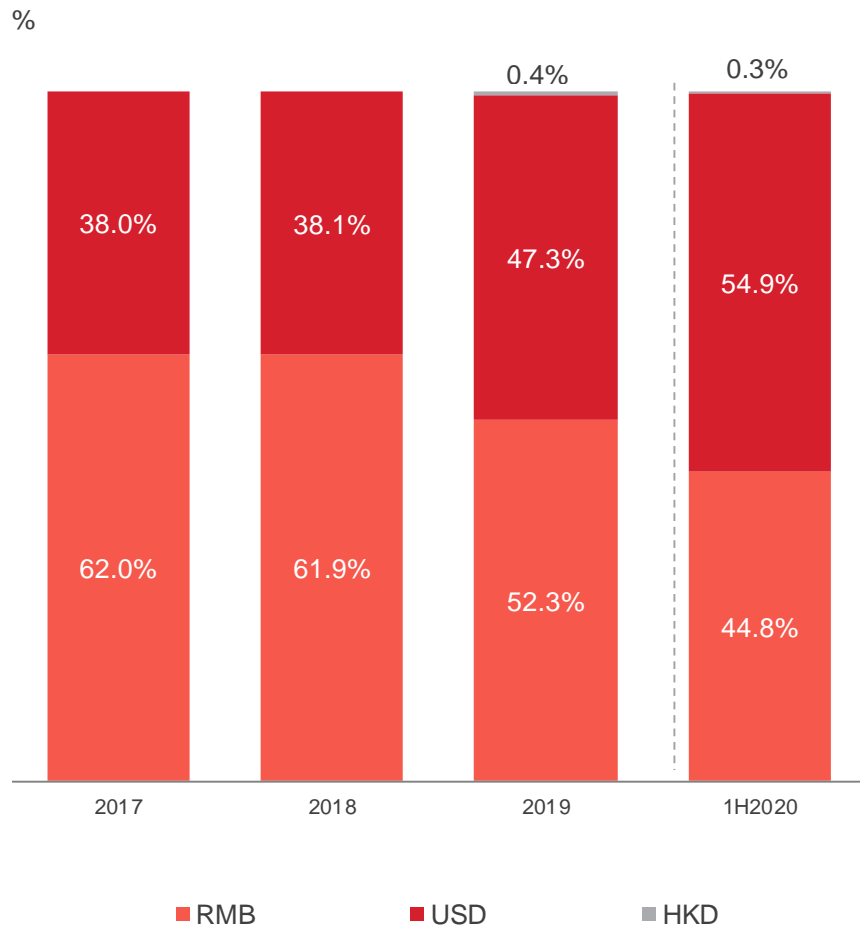
## Offshore Bond Yield Curve of Fantasia at the Secondary Market



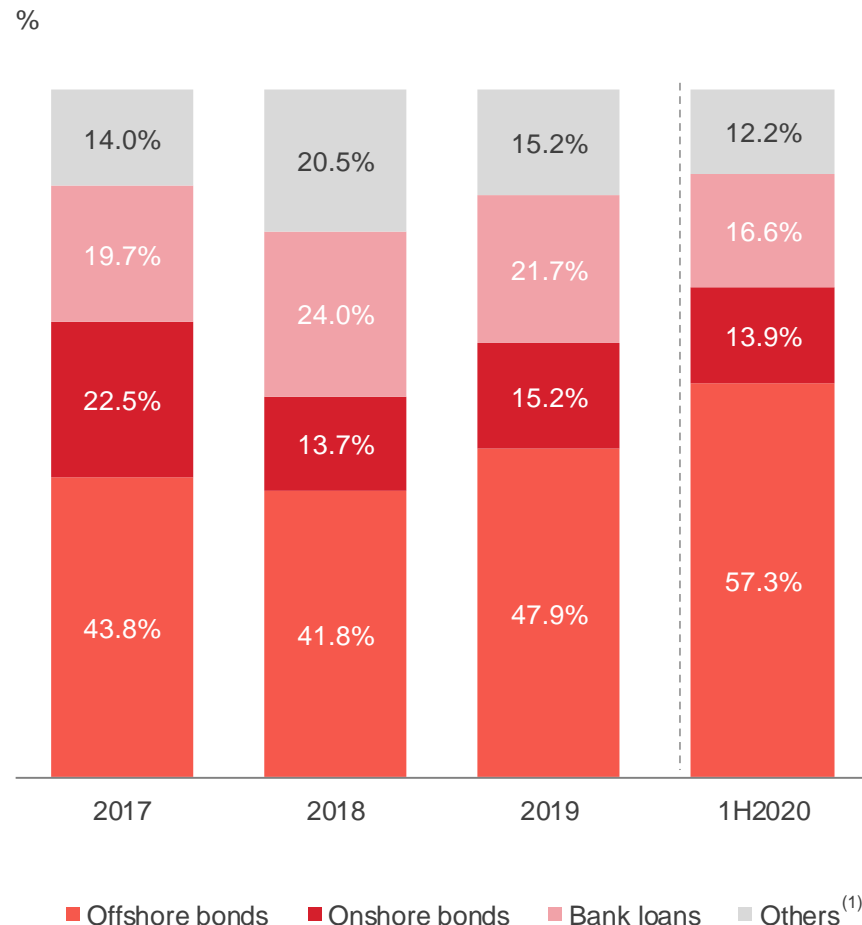
# Optimizing Debt Structure



## Debt Structure by Currency



## Debt Structure by Type



**Notes:**

1. Others includes Trust, PE, Finance Lease, ABS and other financing tools





**3**

---

**Investment Strategy:  
Targeted Investment**

# Strategy of Emphasizing Investment: Emphasizing Quality



## Emphasizing quality

**Focusing on the front end**

**Controlling the middle end**

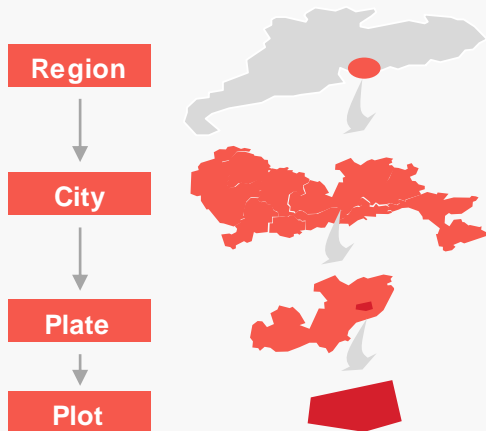
**Following up the back end**

### Strengthen urban research capabilities

- **Cities already entered:** Unlock potential value of geographical plates, analyze customer demand while forecasting city cycles
- **Cities newly entered:** The first project to be developed in cooperation with a local established real estate enterprise

### Improve accuracy of research analysis

- Build a valuation model of geographical plates and plots to improve the accuracy of project research and analysis

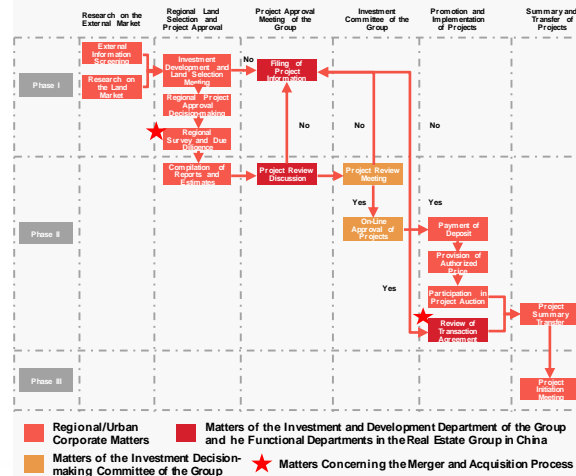


### Standardize the investment decision-making process

- Establish a standard process for investment decision-making, standardizing relevant frameworks, responsibilities and mechanisms for investment decision-making
- Fully mobilize professional functions to maximize investment results

### Clarify investment plans

- Clarify quantitative financial standards for investment, calculate investment objectives from multiple angles, with clear region-level analysis that is continuously updated

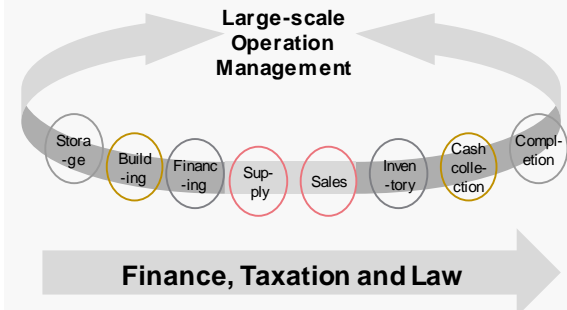


### Enhance post-investment management

- Strengthen large-scale operation functions while coordinating project management throughout all stages in the project cycle
- Exercise risk control of the entire investment process together with the finance, tax and legal investment teams

### Dynamic tracking management

- Conduct dynamic tracking and accounting according to project schedule and cost



# Seizing Market Opportunities to Increase Land Bank



花样年

- Since 2020, sticking to the strategy that emphasizes steady and moderate progress, the Group seized market opportunities arising from the overall economic and industry situation in the first half of the year to replenish its land bank
- As of 18 August 2020, the Group has added 18 new plots of land with a total GFA of approximately 3.00 million sq.m., and the GFA attributable to the Group was 1.63 million sq.m.. The total land price was RMB19.3 billion and the land price attributable to the Group was RMB10.3 billion
- The value of newly-added saleable inventory was RMB43.8 billion and the saleable inventory value attributable to the Group was approximately RMB23.6 billion, laying a solid foundation for future sales growth
- According to the newly-added inventory value ranking for the first seven months of 2020 released by CRIC China, Fantasia was ranked 39th

## Overview of newly-added land bank since 2020 (from the beginning of 2020 to 18 August 2020)

Area	City	Number of projects	Total GFA (sq.m.)	GFA attributable to the Group (sq.m.)	Total land price (RMB billion)	Land price attributable to the Group (RMB billion)	Expected saleable inventory value (RMB billion)	Expected inventory value attributable to the Group (RMB billion)
Chengdu-Chongqing Metropolitan Area	Chengdu, Chongqing	8	1,313,661	872,426	4.4	3.0	12.9	9.0
Yangtze River Delta Metropolitan Area	Nanjing, Hangzhou, Shaoxing, Nantong	4	801,053	417,780	7.8	4.7	15.6	8.8
Bohai Rim Metropolitan Area	Tianjin, Beijing	3	316,170	83,860	3.9	1.1	7.6	2.3
Guangdong-Hong Kong-Macao Greater Bay Area	Foshan	2	420,493	182,353	3.1	1.4	6.9	3.1
Central China Metropolitan Area	Zhengzhou	1	150,594	76,803	1.4	0.7	0.8	0.4
<b>Total</b>		<b>18</b>	<b>3,001,971</b>	<b>1,633,222</b>	<b>19.3</b>	<b>10.3</b>	<b>43.8</b>	<b>23.6</b>

# Taking Root in Strategic Cities with Targeted Land Bank



- Continue to expand strategic presence in the five major metropolitan areas by exploring key targeted areas
- Extend its business presence to new strategic cities including Foshan, Shaoxing, Zhengzhou, Nantong and Chongqing
- Acquire land plots mainly through public auctions and also certain M&A projects
- Focus on small- to mid-scale projects to accelerate project turnover

## “5+N” urban investment strategy

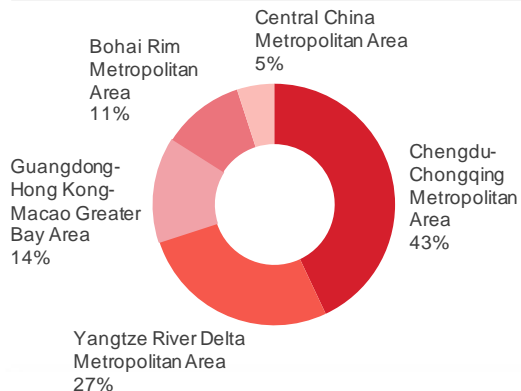
Based on the national urban development strategy and potential, the Group adopted the “5+N” investment strategy to extend its business presence to targeted cities

- 5 (core strategic areas): five major urban hubs including Guangdong-Hong Kong-Macao Greater Bay Area + Chengdu-Chongqing Economic Zone + Yangtze River Delta Metropolitan Area + Central China Metropolitan Area + Bohai Rim Metropolitan Area
- N (targeted cities): 20+ cities in which the Group continues to expand or intends to establish business presence

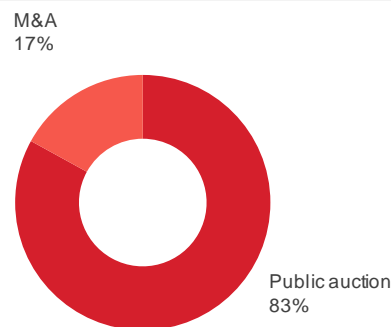


## Analysis on newly acquired land since 2020

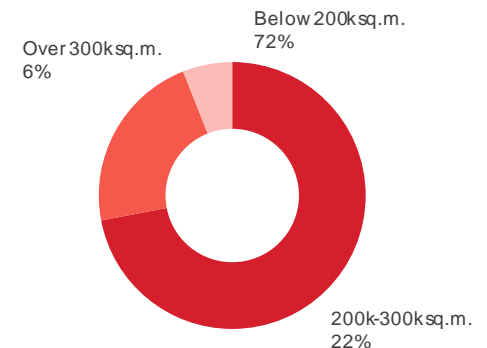
### Geographic breakdown (by total GFA)



### Way of acquisition breakdown (by number of projects)



### Project size breakdown (by number of projects)



# Enhancing Strategic Cooperation to Achieve Complementary Advantages



花样年  
FANTASY

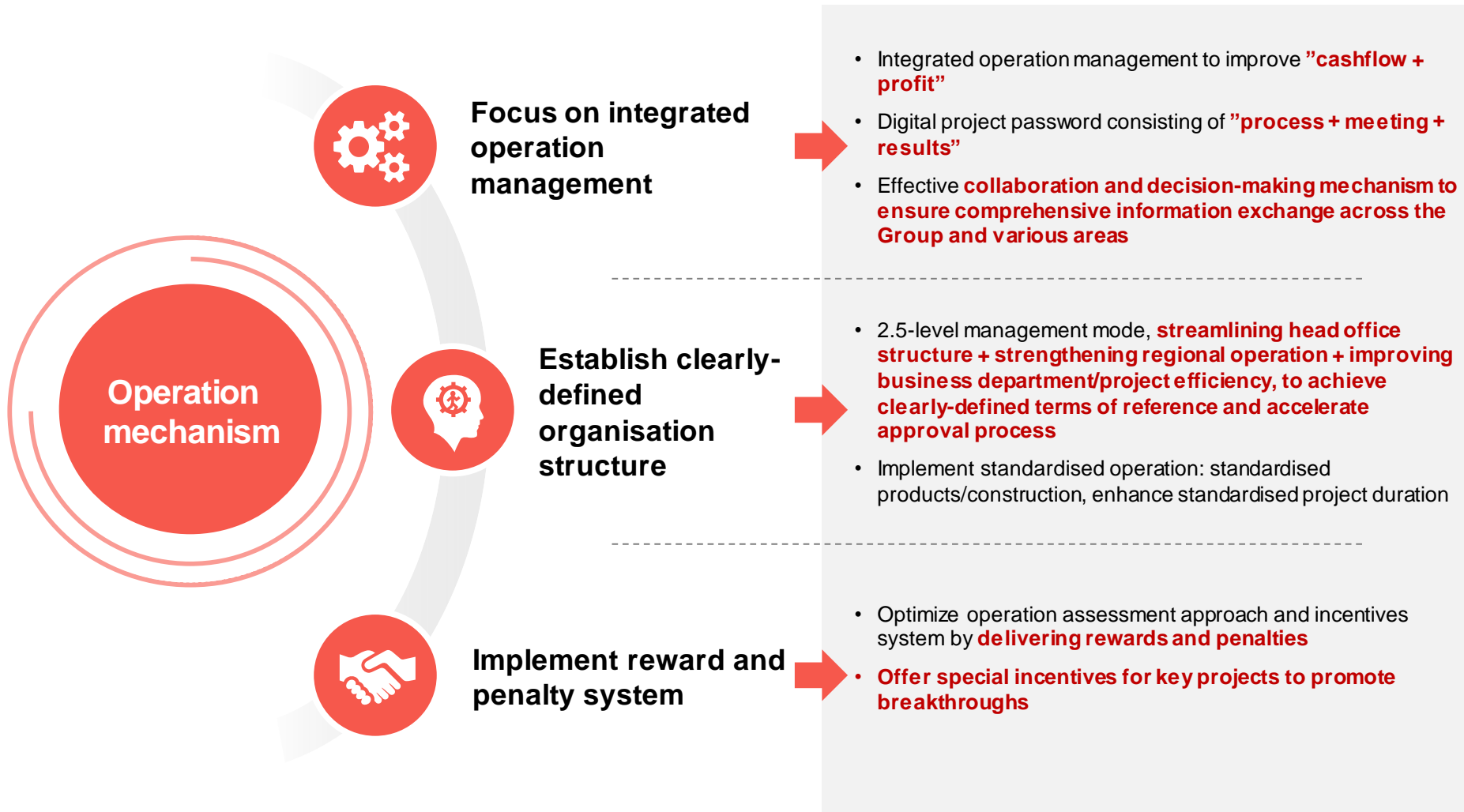
- Enhance cooperation with outstanding peer companies to form strong alliance and achieve complementary advantages:
  - Cooperate with state-owned enterprises: learn from them their sophisticated operation and management experiences and make good use of financing with lower costs
  - Cooperate with real estate brands in core areas: expand business presence through strong alliance, so as to achieve the effect of 1+1 > 2
  - Cooperate with real estate enterprises with high project turnover: help to accelerate project turnover and improve capital turnover

Cooperated project	Business partner	Cooperated project	Business partner
Ningbo Fenglinfu	Zhongnan, Song Du	Chengdu Chunyu Riverside	Longfor
Ningbo Chaoyue Nantang	Zhong Liang, Jianhang	Chengdu Xifuhongyun	CFLD, COFCO Property
Chengdu Yinweilai	Dowell	Beijing Guoxiangfu	Zhuzong, Beijing Capital Development, CIFI
Chengdu Endless Blue	Desun	Chengdu Pidun 30mu Project	Dowell
Tianjin Lake West Project	CCCC Greentown	Shaoxing Project	CCCC Real Estate
Foshan Guicheng Project	Kaisa	Nantong Rugao Project	Zhong Liang, Future Land



**3**

**Operation Strategy: High  
Efficiency**



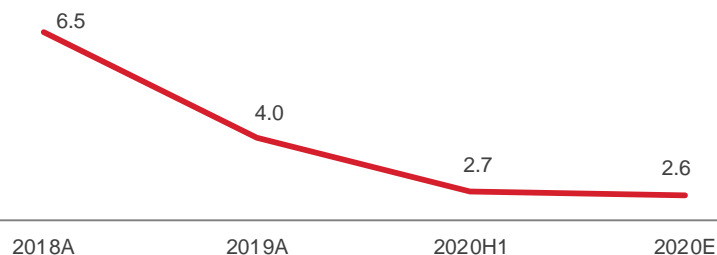
# Expedite Project Development to Accelerate Project Turnover



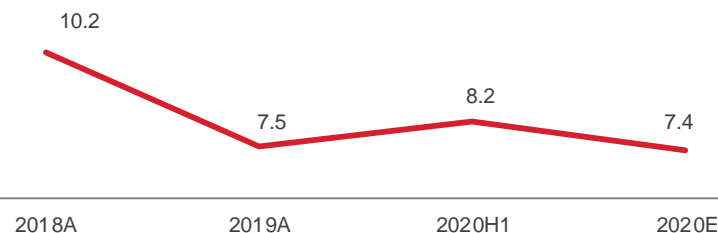
花样年  
FANTASY

- During the period, operation efficiency was significantly improved by enhancing schedule control of projects, with the cycle from land acquisition to commencement of construction for new projects shortened to 2.7 months and the cycle from land acquisition to launch of project shortened to 8.2 months during the year
- According to the Company's strategy of accelerated project turnover, most of the projects acquired in the fourth quarter of 2019 and the first half of 2020 will be launched in 2020 and generate revenue contribution to the Group

## Acceleration of the process from land acquisition to commencement of construction



## Acceleration of the process from land acquisition to launch of project



### Ningbo Chaoyue Nantang

Land acquisition: October 2019  
Project launch: June 2020



### Ningbo Fenglinfu

Land acquisition: October 2019  
Project launch: June 2020



### Nanjing Huahaoyuan

Land acquisition: January 2020  
Project launch: July 2020



### Qingdao Endless Blue

Land acquisition: December 2019  
Expected project launch: August 2020



### Chengdu Yinweilai

Land acquisition: December 2019  
Expected project launch: August 2020



### Chengdu Endless Blue

Land acquisition: January 2020  
Expected project launch:  
September 2020



### Chengdu Chunyu Riverside

Land acquisition: March 2020  
Expected project launch: October 2020



### Hangzhou Duiyuetian

Land acquisition: January 2020  
Expected project launch: October 2020

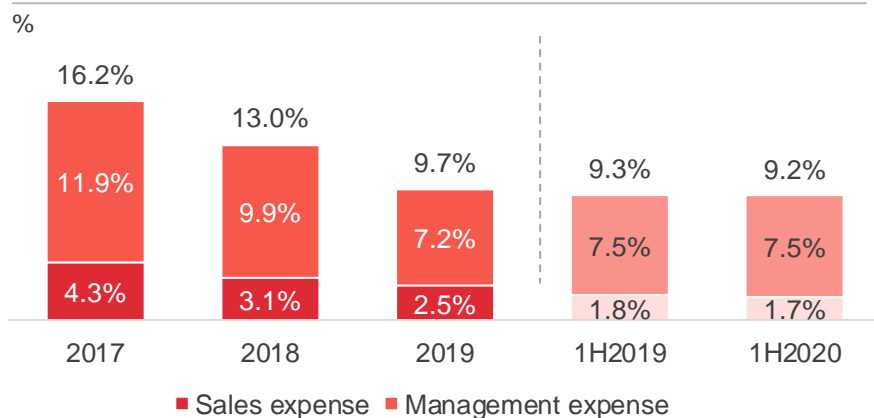


# Enhance Operation Efficiency

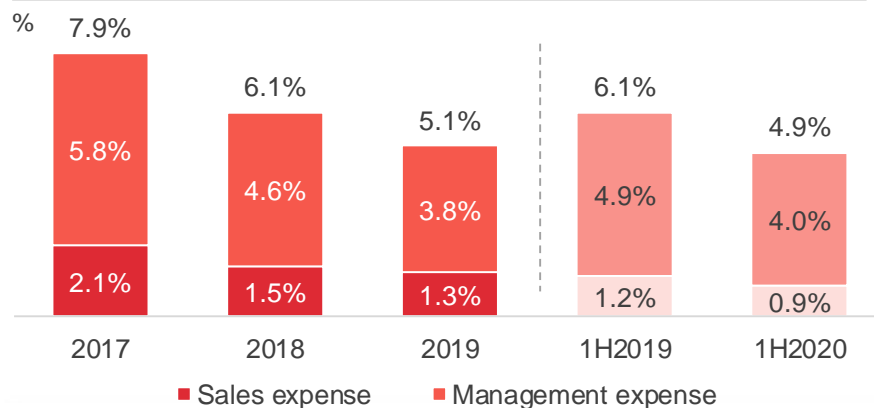


- Through measures such as enhanced process and efficient operation, the Group achieved quality improvement, efficiency enhancement and quality growth, leading to a reduction in ratio of sales and management expenses to revenue and contracted sales
- In order to enhance operation efficiency and achieve breakthroughs in key and difficult projects, the Group also strengthened the process-based incentives and annual incentive system, with an aim to inspire more employees to make breakthroughs in terms of sales, products, engineering, costs and other aspects

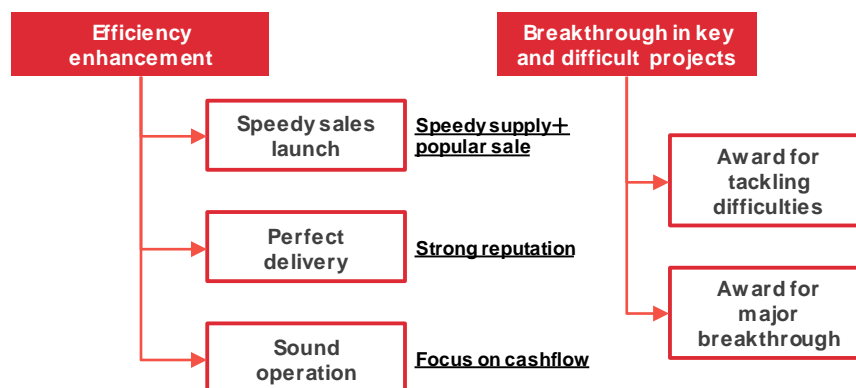
## Sales & management expenses / revenue



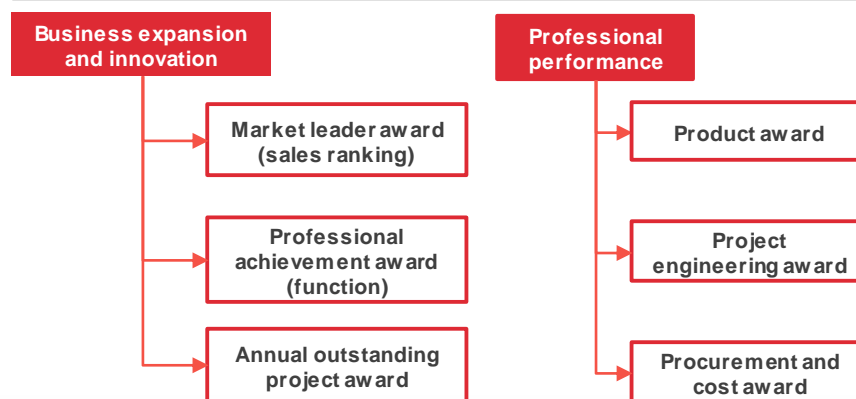
## Sales & management expenses / contracted sales

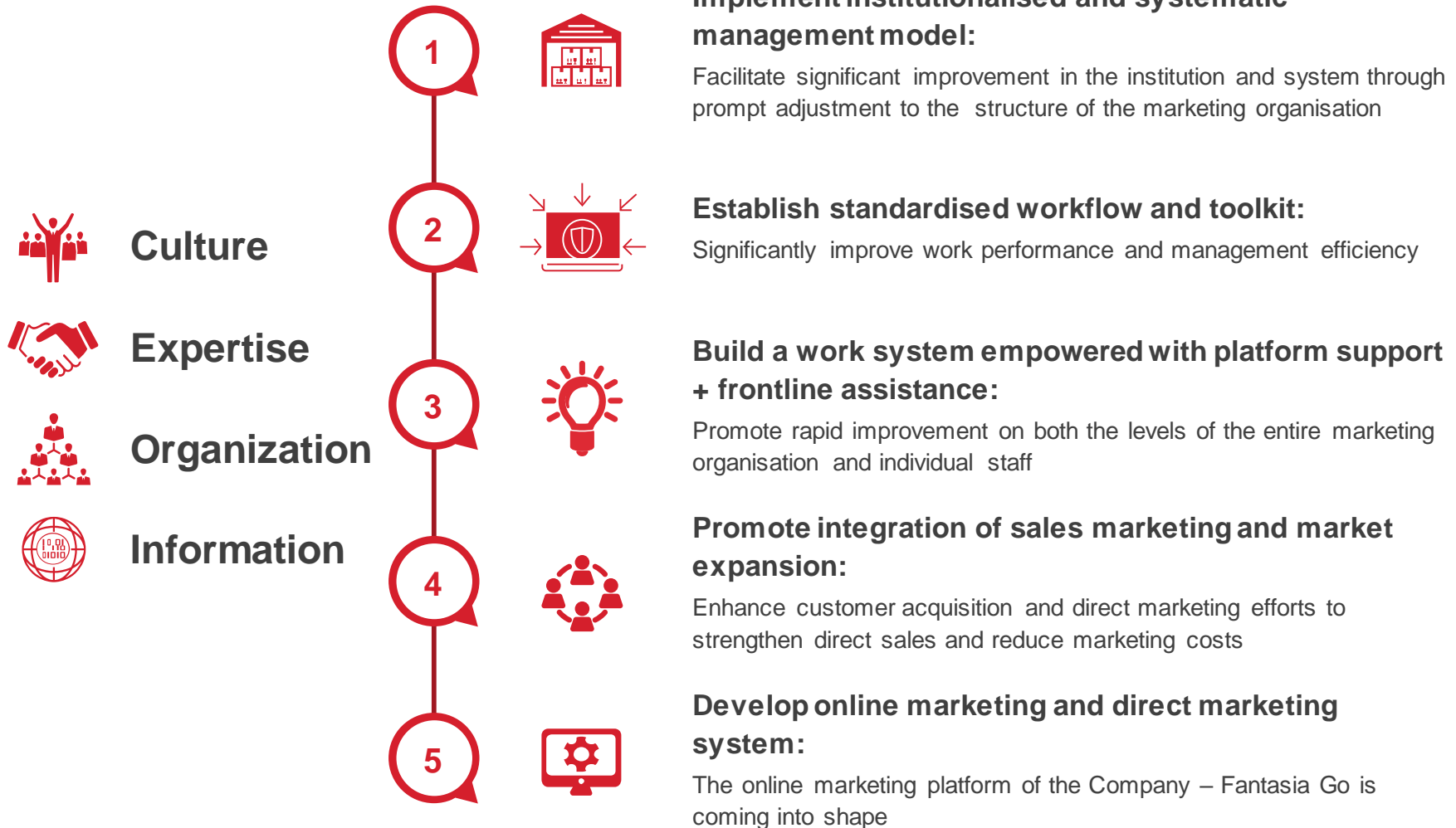


## Focusing on key points with process-based incentives



## Result-oriented annual incentives





# Product Quality: Clear Improvement in Overall Performance and Efficiency



- In the first half of 2020, the product center underwent management enhancement from the perspectives of the “team”, “structure”, “system” and “product”
- Positive results have been achieved in these four perspectives, which in turn drove improvement in company performance



## Team Building

- **Adjustments to terms of reference of different organisations and personnel**
- **Vertical control over design and customer research**
  - Establish customer research function
  - Conduct research on customer characteristics and needs
  - Create products catering to customer needs



## System Building

- **Meeting system**
  - Governance structure consisting of the board, supervisory committee and shareholders' meeting
  - Function department meeting
  - Profession category meeting
- **Supplier system**
- **Standardised system**
  - Standardised construction period
  - Quota index
  - Construction practice
- **Collection system**



## Framework Building

- **Schedule control system**
- **Construction change control system**
- **Inspection for acceptance system for demonstration area**
- **Customer research and analysis**
  - T+8 land subdivision framework
  - 10 customer groups such as customers settling down or seeking for premium residence
- **Design approval system**



## Product Optimisation

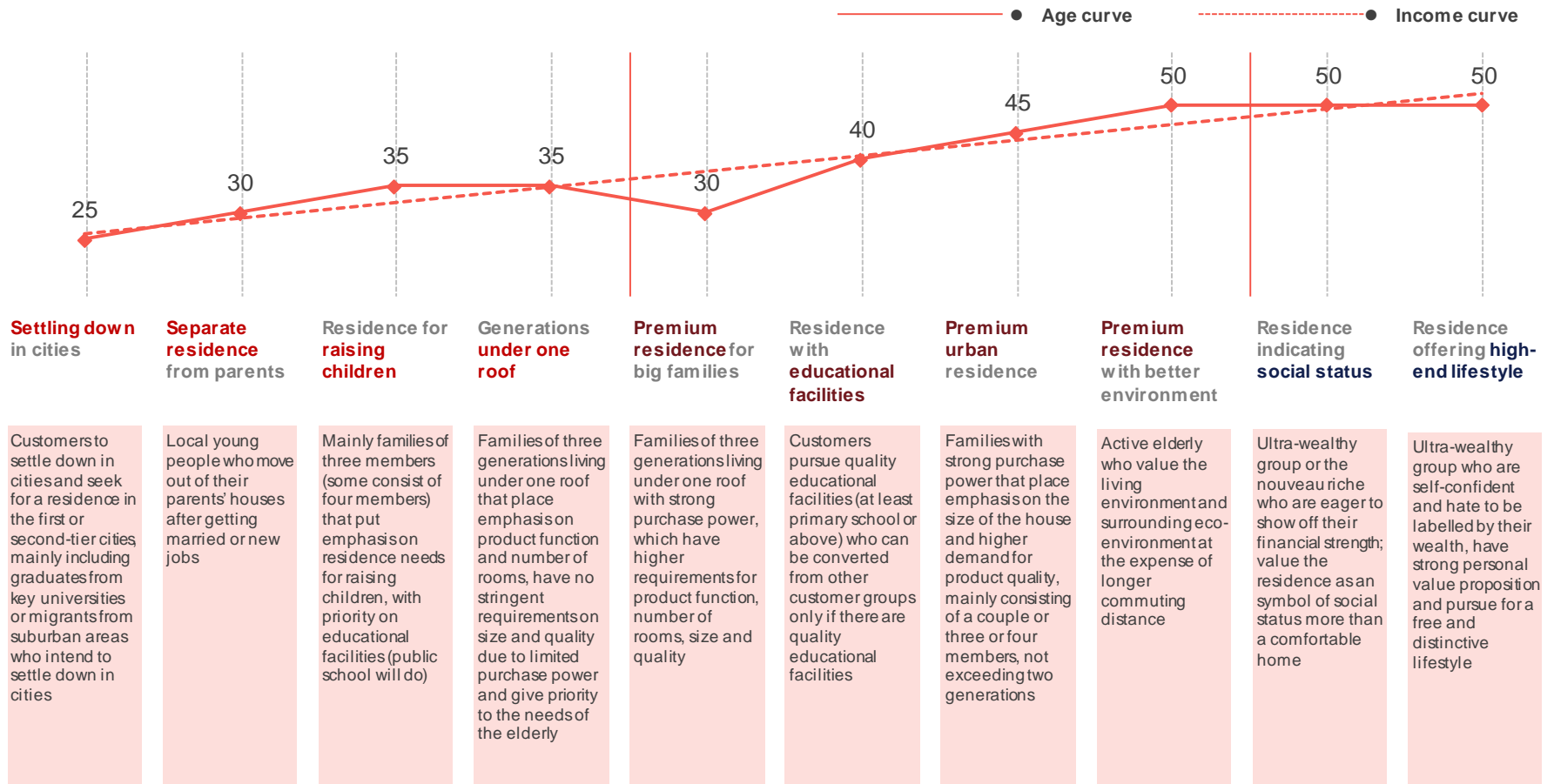
- **Product objectives review**
  - Land analysis
  - Customer analysis
  - Product analysis
- **Establishment of product line framework**
  - Product lines (“Joyful, Tasteful, Meaningful”)
  - Product series by purchase power, family lifecycle
- **Implementation of benchmark projects**
  - 106 projects in Chengdu
  - Shaoxing Guandu Project

# Customer Research: Accurate Product Positioning Driven by Customer Segmentation



花样年

- To achieve the goal of “different product strategy for various customer segmentations”, urban customers are categorized into 8+2 groups by “purchase power, lifecycle and intended residence plan”
- Customer segmentation can be broken down into numerous small categories based on different customer agenda. Sticking to the goal-driven strategy, customer segmentation by Fantasia aims to provide guidance for its product strategy
- Based on the description of “purchase power, lifecycle and intended residence plan” of various customers, this customer segmentation demonstrates the potential spatial relationship among different residence scenarios of various customer groups



# Launch the Product Lines of Joyful-Tasteful-Meaningful Series



花样年  
FANTASIA



As a contemporary oriental brand, Fantasia has unique insights into human nature and is keen to seize the development trend. Fantasia is committed to becoming a leader in providing **joyful, tasteful** and **meaningful** living space and experience, and aims to deliver unique and inspiring living spaces and experiences to value-oriented customers



In the first half of 2020, the product center has finalised a number of quality programs with distinctive product characteristics of Fantasia based on the product concept of “joyful, tasteful and meaningful”



Curious, Exuberant, Fearless

Broad-minded, Insightful, Novel

Valuable, Recreational, Leisurely

## Shenzhen Haoshiguang Project

## Joyful



## Tasteful

## Shaoxing Guandu Project

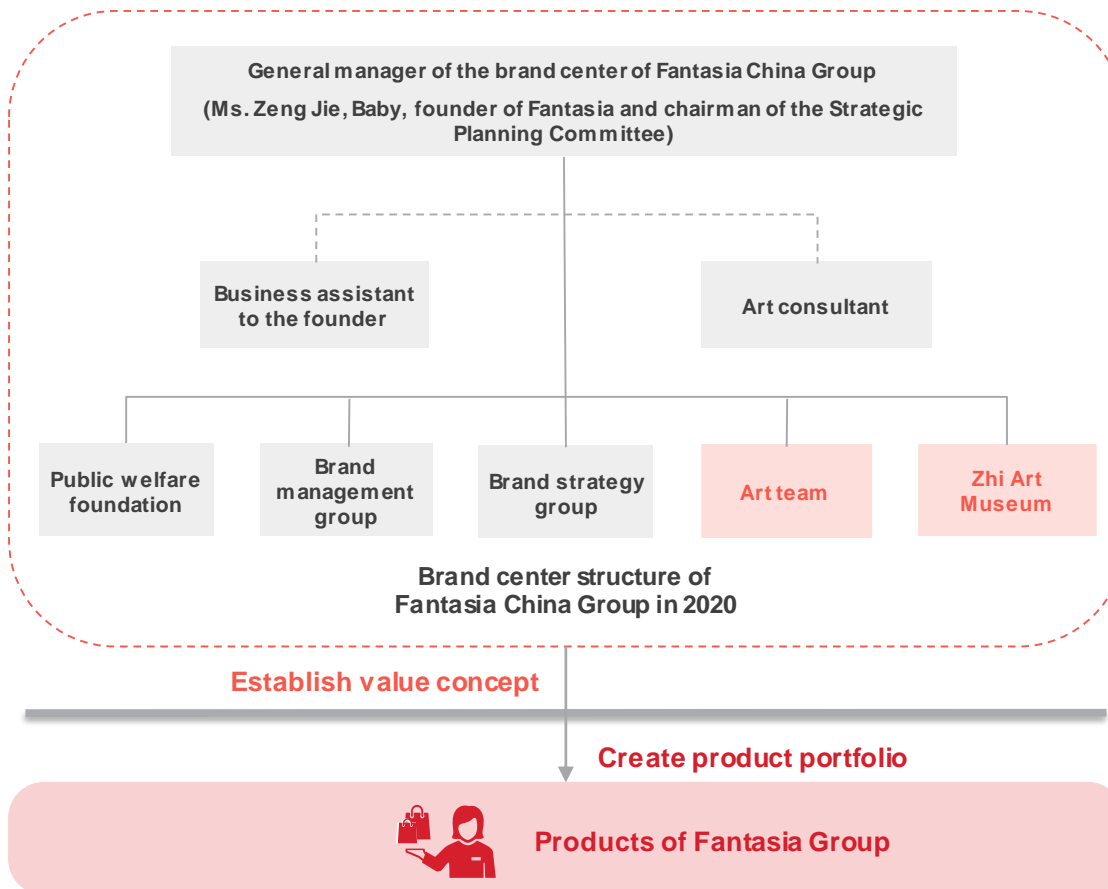




# Brand Strategy: Emphasis on Value Concept



- Brand strategy of Fantasia: emphasis on value concept - based on the new brand center structure of Fantasia in 2020, establish value concept before creation of product portfolio
- Brand team of Fantasia for 2020: the founder also acts as the general manager of the brand center, and the team mainly consists of post-90s young elites. Zhi Art Museum has been merged into the brand center, and an art team has been established to improve product competitiveness



## Case study: Fantasia · Wunan396 Shanghai

In creating the first product of the “Elegant” series of Fantasia, led by the brand team, both the marketing and promotion teams participated in project research and seminar discussion to explore and come up with the product theme of “Good old days”, and subsequently the product team carried out product design based on the core value concept of the project.

# Strengthen Brand Proposition and Enhance Brand Influence



- During the period, Fantasia continued to promote its brand concept of “joyful, tasteful and meaningful” through diverse ways to strengthen its brand proposition, improve its market reputation and enhance its influence in the industry
- Fantasia is committed to public welfare and charity activities, and devotes great efforts to improve its capability in fulfilling its corporate social responsibilities, with an aim to strengthen the market, customers and employees’ trust in the Fantasia brand

26	华侨城	83.25
27	建发房产	83.05
28	禹洲集团	82.66
29	正荣集团	82.65
30	建业地产	82.44
31	花样年	82.04
32	佳兆业	81.97



Create an Internet brand promotion matrix through the combination of external media + in-house media team, in an effort to **build its joyful, tasteful and meaningful market image with “hard + soft powers”, demonstrating the unique brand proposition** and aesthetic appreciation under the contemporary oriental brand of Fantasia, which received great response from the market and the customers



**Fantasia was ranked 31st** in the Brand Recognition Ranking of Top 100 Real Estate Companies in China in the First Half of 2020 released by CRIC Research Center

6	融信集团	rongxin-group	231.7
7	中国铁建地产	zgtdjc	231.3
8	龙源集团	Longfor960	230.8
9	保利发展控股	poly_realestate	227.9
10	花样年集团	crfantasia	227.6
11	万达集团	guoj/wande	227.2



On the offline brand promotion front, in addition to marketing campaigns and offline community activities, Fantasia Public Welfare Foundation and Fantasia · Zhi Art Museum overcame the challenges of the Covid-19 pandemic and launched relevant education, elderly care and art public welfare projects in innovative ways, demonstrating its **strong commitment to fulfilling its corporate social responsibilities**

**Fantasia was ranked Top 35** in the Top 100 Real Estate Wechat Index (REWI) for single month in the first half of 2020 released by ifeng.com and Fengcaixun

**Fantasia was ranked Top 10** in April 2020



# **PART 3**

---

## **Pandemic Relief Efforts**



# Fight Against COVID-19: an All-out Battle



花样年  
FANTASIA

- In active response to the central government's call for resumption of work and production, and while ensuring the safety of our staff and customers, the property development segment of Fantasia bucked the trend to achieve sales growth and accelerate project turnover through prompt response and flexible measures



## Operation: promote resumption of work and production to accelerate project turnover

- Fantasia promptly established the anti-pandemic steering group which is responsible for communication on major pandemic prevention issues on a 24/7 basis
- Meanwhile, Fantasia stepped up efforts for pandemic monitoring and disinfection treatment at the office premises, so as to ensure the health and safety of the frontline staff. No case of mass infection was reported at the office premises of Fantasia during the outbreak
- Fantasia worked closely with the construction units, implemented pandemic prevention measures as required by the government and took measures to recruit construction workforce. By adopting scientific and effective measures, the Group strived to achieve resumption of operation at the construction sites as early as possible while complying with the management requirements of the government
- The Group managed to resume construction for 90% of projects in progress by the end of March and for all projects by the end of April, so as to ensure no delay in the development progress of the key projects



## Sales: buck the trend to achieve sales growth by integrating online and offline sale channels

- Launched the online marketing center in January to capitalize on the trend of online sales
- Launched the “Everyone can be a Homeowner” program to tap on potential customers via social media in February
- The sales offices of Fantasia in the four major areas (i.e. the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Metropolitan Area, Chengdu-Chongqing Metropolitan Area and Bohai Rim Metropolitan Area) have resumed full operation by the end of March
- The sales offices in Central China Metropolitan Area were reopened in mid April and launched a new project named Huahaoyuan in Wuhan in June, which received warm welcome by the citizens in Wuhan
- Launched its online marketing account “Fantasia Go” in June, offering property purchasers easy access to the “online house selection”, “customer reference for commission” and other functions via Wechat accounts, which helped to facilitate efficient interaction with property purchasers



# Our Fight against the Pandemic: Outstanding Performance as a Demonstration of Notable Advantages as Industry Leader



- Colour Life and Home E&E, subsidiaries of Fantasia, played an active role in the fight against the pandemic at the community level. Their efforts have achieved remarkable results and won high recognition from the owners and the government, laying a solid foundation for Fantasia and Colour Life for future expansion of their community business. We would like to express our heart-felt gratitude towards the owners, our business partners and staff for their great support to our fight against the pandemic

## Progressive measure

- Making unified arrangement and coordinated actions
- Issuing alerts and ensuring standardized operation
- Allocating funds to ensure supply for the frontline
- Focusing on details to improve service quality
- Granting incentives and rewards in a timely manner

## Remarkable results

- No mass infection was reported in any community managed by the Group
- The average infection rate of the projects managed by Colour Life (Wuhan) was far lower than the average infection rate of Wuhan City

## Improvement in the service relationship

- In the "Satisfaction Survey for Pandemic Prevention and Control" co-organised by Leju Finance (乐居财经) and China Property Management Research Institute (CPMRI) (中物研协), on which the owners directly voted, Wanxiangmei topped the popularity rankings and Colour Life was ranked 3rd in comprehensive grading

## High recognition from all parties

- Over 75% of the projects managed by the Group received commendation from the government or compliments and regards from the owners
- The Group has received praises for its excellent work for 127 times from district-level governments, and 603 times from sub-district offices and communities respectively





# Staying Committed to Providing Quality Community Services – Playing a Frontline Role in Pandemic Prevention and Control



On 10 March, President Xi Jinping paid a visit to Donghu New Town community and had a cordial exchange with the community workers, base-level policemen, doctors at the health service station, cadres in grass-root units and volunteers to learn about community-based efforts in the epidemic prevention and control, community services and measures taken to ensure the supply of daily essentials.

Donghu New Town community is one of the 56 communities managed by Fantasia Colour Life in Wuhan with nearly 13,000 residents. No confirmed cases were reported continuously after the intensive inspection carried out. Donghu New Town community was awarded the certificate of “Epidemic-free Community” on 8 March.

President Xi Jinping stated that as the front line of prevention and control of epidemic spared, the community shoulders heavy tasks. The comrades involved in this job work so hard and have made important contributions to curbing the spread of the epidemic and ensuring the lives safety of the people.

We will keep in mind the words of President Xi, take root in the community with passion and affection, promote the continuous combat style, pay close attention to the epidemic prevention and control work, improve the front line work of defense in epidemic prevention, serve the people, and completely win the fight in epidemic prevention and control.



# **PART 4**

---

## **Human Resources Strategy**



- 2019: by means of turnover, system changes, recruitment selection and training, we focused on training employees via strengthening the cultural essence and enhancing the organisational value
- 2020: we built up a strong workforce with accurate talent profile and continuous training. Upholding the philosophy of “a good team is essential to promote business development”, we developed our human resources strategy based on established business targets and implemented result-oriented mechanism to drive business development



## Human resources management structure

- Organisation department: strategy continuity, organisation optimisation, cadre management
- Promotion department: corporate value export, promotion and implementation
- Human resources department: mechanism formulation and criteria establishment



## Human resources development strategy

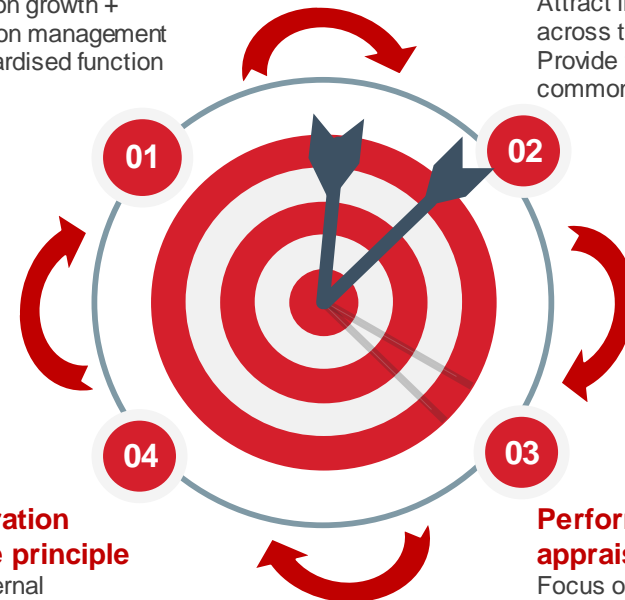
- Organisation development: adopt standardised structure to promote organisation growth
- Talent development: seek suitable talents across the country to build up talent reserves in advance
- Performance appraisal: focus on operation performance, process management, inventory efficiency and red-line compliance
- Remuneration incentives: nurture strong competitive strength by offering bonus for frontline staff and incentives for enhanced value

### Organisation development principle

Organisation growth + classification management with standardised function allocation

### Talent development principle

Build up talent reserves in advance  
Set up a balanced team  
Attract industry talent across the country  
Provide training with common language



### Remuneration incentive principle

Strong external competitiveness  
Effective incentives for frontline staff  
Share the enhanced value

### Performance appraisal principle

Focus on operation performance, process management, inventory efficiency and red-line compliance  
Establish clearly-defined accountability system

# Team Building and Integration



- Since 2020, the Company continued to review and develop the talent profile of Fantasia and introduce leading industry talents. Meanwhile, the Company continued to recruit new key talents to attend trainings with clear criteria and common language, so as to accelerate integration of the new talents into our team and prepare them for their work.



Newly introduced and appointed talents since 2019 (those in red are new management personnel introduced in 2020)

	Talent	Position	Background
Group	Ke, Kasheng	Executive Director of Fantasia (1777.HK)	CBRC, China Huarong
	Zhang, Huiming	Executive Director of Fantasia (1777.HK) Executive Director and COO of Fantasia Real Estate Group	CITIC Real Estate, Agile
	Chen, Xinyu	Executive Director and CFO of Fantasia (1777.HK) Executive Director of Color Life (1778.HK)	China State Construction, Country Garden
	Zhao, Shanwei	Vice CFO of Fantasia Group (China) Co., Ltd.	Country Garden
	Zhu, Bin	Assistant President and GM of the Audit Monitoring Dept. of Fantasia Group (China) Co., Ltd.	Evergrande, Kaisa
Real Estate Group	Mao, Xiaobing	Chief Product Consultant of Fantasia Real Estate Group	AECOM
	Mao, Qin	Vice CPO of Fantasia Real Estate Group	Zhongnan
	Sun, Guojun	Vice President of Fantasia Real Estate Group and Vice President of Beijing Area Company	Ping An, Wanda
	Li, Wan	Vice President and GM of Sales Management Dept. of Fantasia Real Estate Group	Country Garden, COLI
	Zhao, Yinghua	Vice President of Fantasia Real Estate Group and President of Shenzhen and Wuhan Area Company	Country Garden, Logan
	Zhu, Guogang	Vice President of Fantasia Real Estate Group and President of Chengdu Area Company	Wanda, Fantasia
	Guo, Feng	Vice President of Fantasia Real Estate Group and President of Shanghai Area Company	CIFI
Colour Life	Wang, Xingxiang	Executive Vice President of Wuhan Area Company of Fantasia Real Estate Group	Vanke, Gemdale
	Huo, Yong	Executive Vice President of Beijing Area Company of Fantasia Real Estate Group	COLI, Excellence Group
	Huang, Wei	Executive Director and CEO of Color Life (1778.HK)	COLI Property Management, Kaiyuan International
	Yu, He	CTO of Color Life Group (1778.HK)	Huawei, Ping An, S.F. Holdings

# Implement Profit-sharing System to Inspire Employees to Create Greater Profit



- In order to stimulate the work enthusiasm of frontline staff and management team, the Group launched two incentives measures in the first half of the year, namely the employee co-investment system and excessive profit incentive system, which encourage the employees to co-invest and share profit and risks with the Company, offering them a chance to participate in profitable return while creating excessive profit for the Company. These two measures will be applied to new projects to be acquired in the second half of the year

	“Investment sharing” scheme: employee co-investment system	“Profit sharing” scheme: excessive profit incentive system
Purpose	<ul style="list-style-type: none"> <li>Encourage frontline staff to co-invest and share profit and risks with the Company, so as to unleash their passion for work and yield maximum benefits</li> </ul>	<ul style="list-style-type: none"> <li>While retaining long-term service of the management, encourage them to create profits beyond set goals and increase capital turnover for the Group, helping Fantasia to achieve profitable scale growth</li> </ul>
Mandatory co-investment participant	<ul style="list-style-type: none"> <li>Group/regional decision-makers or members of the management, head of the Investment and M&amp;A Department, head of the Sales Management Department and regional presidents, general manager of the Business Department, project general managers, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Regional presidents, project general managers, regional and project teams and relevant teams at group headoffice</li> </ul>
Investment targets	<ul style="list-style-type: none"> <li>All domestic projects newly acquired by the Company, excluding urban renewal projects, properties acquired by the Group for strategic purpose and projects held for own use only</li> </ul>	<ul style="list-style-type: none"> <li>All domestic projects newly acquired by the Company, excluding urban renewal projects, properties acquired by the Group for strategic purpose and projects held for own use only</li> </ul>
Rules	<ul style="list-style-type: none"> <li>An investment company shall be established by the investors to invest in projects invested by the Group. The investment company and the Group shall make contributions on a pro-rata basis in proportion to their respective shareholding, and shall participate in profit sharing or assume losses in proportion to their respective shareholding</li> </ul>	<ul style="list-style-type: none"> <li>For units that have an annualized return on internal funds of over 20% and realize capital recovery within prescribed period, the management team could get a bonus by a provision ratio</li> <li>Meanwhile, the Group also launched negative incentives measure, under which penalties will be imposed on the management team should the annualized return on internal funds of the unit be less than 13%</li> </ul>

# **PART 5**

---

**Land Bank and Urban  
Renewal Projects**

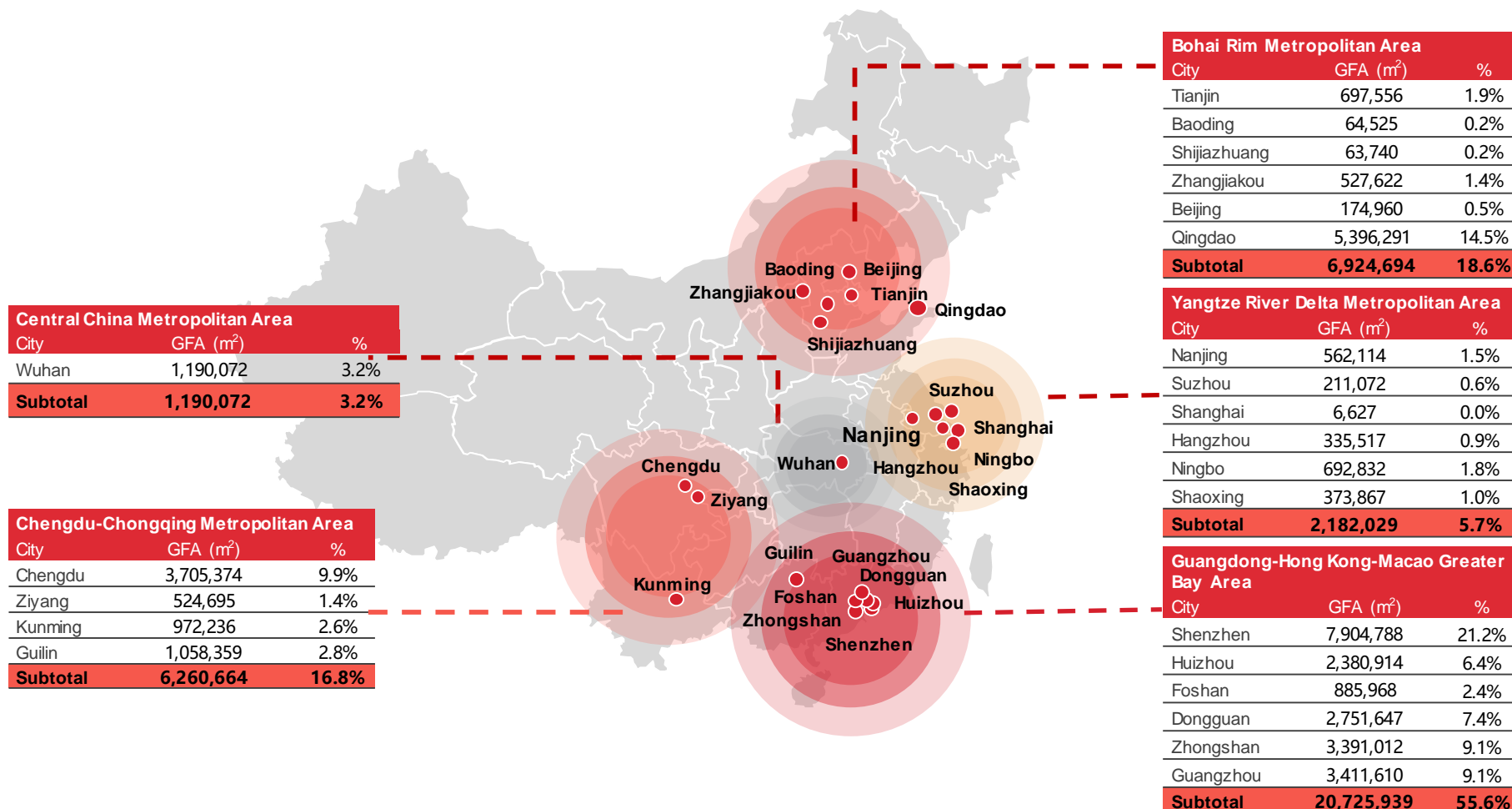


# Abundant Land Bank to Support Future Growth



花样年  
CENTURY

- As of June 30, 2020, the planned land bank GFA of the Group was 37.31MM m<sup>2</sup>, including 17.77 MM m<sup>2</sup> of confirmed GFA, and 19.54MM m<sup>2</sup> of urban renewal projects expected to be converted into land bank in the future
- The land bank is concentrated in five major metropolitan areas of China, with first- and second-tier cities accounting for over 90%
- Over 50% of land bank is situated in Guangdong-Hong Kong-Macao Greater Bay Area, especially six core cities



**Notes:**

1. The Group has a project under construction in Singapore with a total GFA of 22,759 m<sup>2</sup>

- It has been 10 years since the promulgation of the Shenzhen Urban Renewal Measures (《深圳城市更新办法》) in 2009, marking the beginning of a series of urban renewal policies in Shenzhen which played a pioneering role in this area in China
- Over the past three years, we witnessed increasing demand for urban renewal, improvement in urban renewal policies and accelerated progress in urban renewal projects

## Period of revolutionary changes (since 2016)

- Authority delegation to government at district level (强区放权)
- The 13th Five-Year Plan
- Notice on Establishment and Improvement of a Comprehensive Regulation System for Joint Stock Companies (建立健全股份合作公司综合监管系统的通知)
- Draft Urban Renewal Regulations of Shenzhen Special Economic Zone (深圳经济特区城市更新条例(草案))
- .....



## Period of development (2013-2016)

- Improvement of implementation polices and regulations
- Trial Measures for Dealing with Unauthorised Buildings (违建处理试点办法)
- Interim Measures on Enhancement and Improvement of Implementation of Urban Renewal Projects (城市更新实施工作暂行措施)
- .....



## Period of initiation (2009-2013)

- Urban Renewal Measures
- Implementation Rules of Urban Renewal Measures (城市更新办法细则)
- “1+6” Documents of the Government on Optimisation of Resource Allocation to Promote Industrial Transformation and Upgrading (政府优化资源配置促进产业转型升级“1+6”文件)
- .....



## Period of exploration (2004-2009)

- Renovation of urban villages and shabby villages
- Upgrading and renovation of old industrial villages
- .....



# Launch of the Draft Urban Renewal Regulation of Shenzhen Special Economic Zone



花样年  
FANTASY

- On 28 June 2020, the Draft Urban Renewal Regulations of Shenzhen Special Economic Zone (the “Regulations”) was submitted for consideration and approval for the first time, which is designed to promote the vertical in-depth development of urban renewal business in Shenzhen and will also benefit the urban renewal projects in the following ways:



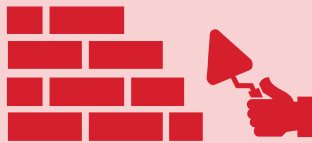
**Upgrade legislative framework to stabilize market expectation**



**Impose property freezes to regulate trade market**



**Implement stringent regulations and carry out redevelopment to promote fairer relocation compensation**



**Open tendering of construction contractors for redevelopment of old residential communities**



**Set out compensation criteria to regulate relocation practice**



**Address relocation issues based on judicial ruling**

# Urban Renewal Strategy: Rooted in the High-potential Greater Bay Area



- The Group has 46 urban renewal projects under different stages of development in the Greater Bay Area, most of which are located in Shenzhen, and also covering areas across Huizhou, Dongguan, Zhongshan, Foshan and Guangzhou. The projects focused on residential properties and also included industrial and commercial projects
- Estimated to have a planned GFA of 19.54MM m<sup>2</sup> and a total inventory value of RMB384.5Bn <sup>(1)(2)</sup>

## Shenzhen

**Number of projects:** 27  
**Estimated GFA:** 7.32MM m<sup>2</sup>  
**Estimated total inventory value:**  
RMB205.5Bn

## Outside Shenzhen

**Number of projects:** 19  
**Estimated GFA:** 12.22MM m<sup>2</sup>  
**Estimated total inventory value:**  
RMB179Bn

## Residential

**Number of projects:** 34  
**Estimated GFA:** 14.91MM m<sup>2</sup>  
**Estimated total inventory value:**  
RMB287.3Bn

## Industrial and Commercial

**Number of projects:** 12  
**Estimated GFA:** 4.63MM m<sup>2</sup>  
**Estimated total inventory value:**  
RMB97.2Bn



### Notes:

1. Given the great uncertainties as to planning adjustments for urban renewal projects, the project information (including but not limited to the estimated GFA, total inventory value, and expected delivery time) is only internal statistics of the Company and can be subject to ongoing adjustment
2. The total inventory value includes the saleable inventory value and the value of relocation housing (which is calculated at market price); The sales unit price in the calculation of inventory value is conservatively estimated based on the market price level in 2019
3. Estimated GFA includes capacity building area and others, while the final number will depend on the approval file from the government

# Well Positioned in Urban Renewal Projects in Shenzhen



- The 27 projects cover virtually all districts of Shenzhen, including all the downtown districts, namely Futian, Nanshan, Luohu and Yantian
- The planned GFA is ~7.32MM m<sup>2</sup>, accounting for ~37% of the total planned GFA of all urban renewal projects The inventory value is estimated to be ~RMB205.5Bn, accounting for ~53% of the total planned inventory value of all urban renewal projects
- The central government supports Shenzhen in building a pioneering demonstration zone of socialism with Chinese characteristics, so Fantasia's urban renewal business will grow better and faster given its strong presence in Shenzhen

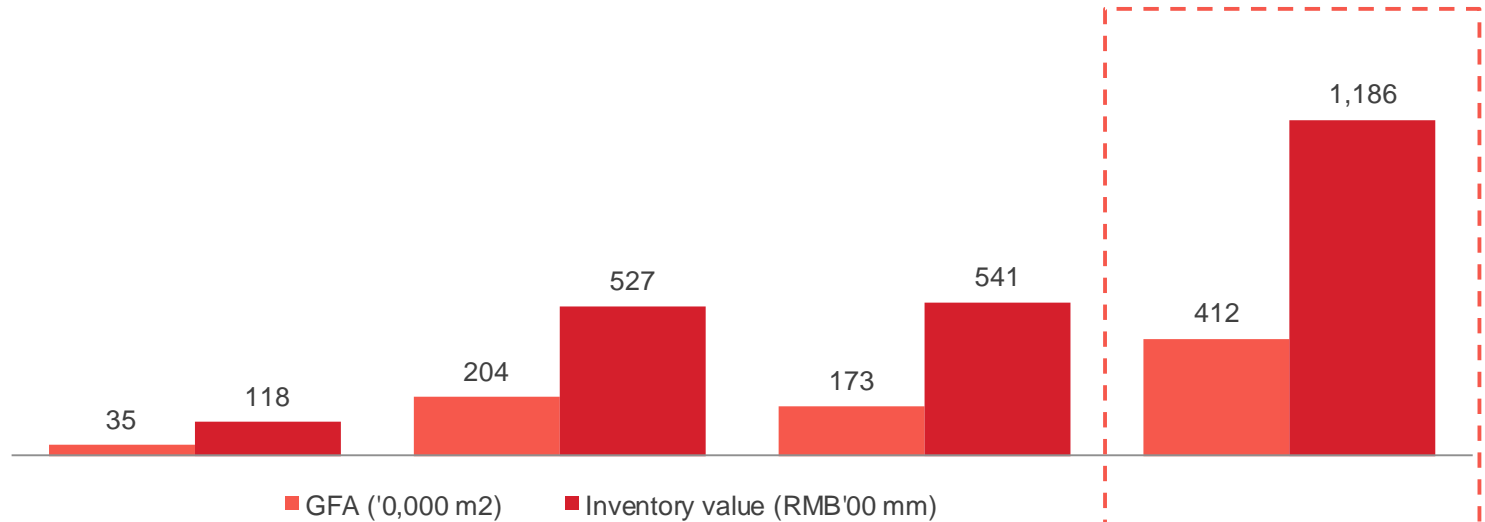
## Shenzhen



# Plan for Delivery<sup>(1)</sup> of Urban Renewal Projects from 2020 to 2022



- It is expected that 17 urban renewal projects will be converted into development land in the next 3 years, with a total GFA of ~4.12MM m<sup>2</sup> and a total inventory value of ~RMB118.6bn
- 16 projects are located in Shenzhen, and 1 in Huizhou
- The 16 Shenzhen projects are all in rather mature stages<sup>(2)</sup> of urban renewal. Two of them are in the stage of demolition compensation (stage 6), five projects are in the stage of applying for special planning (stage 5) and eight projects are in the stage of project establishment (stage 4)



	2020	2021	2022	Total
<b>Total GFA ('0,000 m<sup>2</sup>)</b>	<b>35</b>	<b>204</b>	<b>173</b>	<b>412</b>
<b>Total Inventory Value (RMB'00MM)</b>	<b>118</b>	<b>527</b>	<b>541</b>	<b>1,186</b>

**Notes:**

1. Delivery is based on the confirmation of the contractor
2. For the stages of urban renewal projects in Shenzhen, please refer to page 59 of the appendix to this presentation

## Projects Expected to be Delivered in 2020



<b>Name</b>	<b>Futian Meilin Yuehua Project</b>
<b>Location</b>	At the intersection of Caitian Road and Beihuan Road, which is the north gateway to Futian CBD and a station connecting Maling Station of Metro Line 9 and Meilin East Station of Metro Line 10
<b>Type</b>	Industrial & Commercial
<b>Estimated GFA</b>	126,610 m <sup>2</sup>
<b>Average Unit Price of Nearby Projects</b>	RMB120,000/m <sup>2</sup> for industrial properties and RMB180,000/m <sup>2</sup> for commercial properties
<b>Estimated Total Inventory Value</b>	RMB6Bn
<b>Current Stage</b>	Demolition & Compensation (stage 6)
<b>Estimated Delivery Time</b>	2020

<b>Name</b>	<b>Pingshan World Plastic Factory Phase II Project</b>
<b>Location</b>	At the southwest of the intersection of Dongzong Road and Jinbi Road in Pingshan New District
<b>Type</b>	Residential & Commercial
<b>Estimated GFA</b>	220,620 m <sup>2</sup>
<b>Average Unit Price of Nearby Projects</b>	RMB50,000/m <sup>2</sup> for residential properties and RMB55,000/m <sup>2</sup> for commercial properties
<b>Estimated Total Inventory Value</b>	RMB5.8Bn
<b>Current Stage</b>	Demolition & Compensation (stage 6)
<b>Estimated Delivery Time</b>	2020



# Six Advantages of Fantasia in Urban Renewal



As a pioneer in urban renewal, Fantasia has built up six advantages by developing urban renewal projects in the Guangdong-Hong Kong-Macao Greater Bay Area, especially in Shenzhen



**Geographical Advantage**

- With 21 years of development in the Greater Bay Area, Fantasia has deep insights into urban renewal, is familiar with relevant policies and procedures, understands local culture, is good at handling relationships with original landowners, and has won the trust and support of many partners




**Experience Advantage**

- Fantasia has independently developed various types of urban renewal projects with complete results, and has accumulated a wealth of experiences in the process



**Team Advantage**

- Fantasia has a 150-person professional team and a sound management system for urban renewal



**Professional Advantage**

- After years of efforts, Fantasia has developed a mature valuation system for urban renewal business to accurately estimate the future value of each project by analyzing the difficulty level of urban renewal projects in different stages



**Resource Advantage**

- Fantasia has built a strong industrial real estate ecosystem through exploration and research and developed diverse capabilities in business collaboration and resource integration



**Cost Advantage**

- The cost of acquiring land for urban renewal projects is relatively low, with high expected investment return. At present, it is estimated that the average cost of acquiring land for Shenzhen projects is about RMB 14,500/m<sup>2</sup>, and that for projects outside Shenzhen is about RMB 5,000/m<sup>2</sup>, which is much lower than the public market price



# **Part 6**

---

## **Community Service Strategy**

# Colour Life is Well-Positioned for Business Growth with its Leading Advantages



## Consolidating offline basic services

- Enhance basic property management service, improve service quality, promote satisfaction of property owners
- A wide variety of community activities will be organized to promote community harmony and owners' satisfaction



## Empowering business with online value-added services

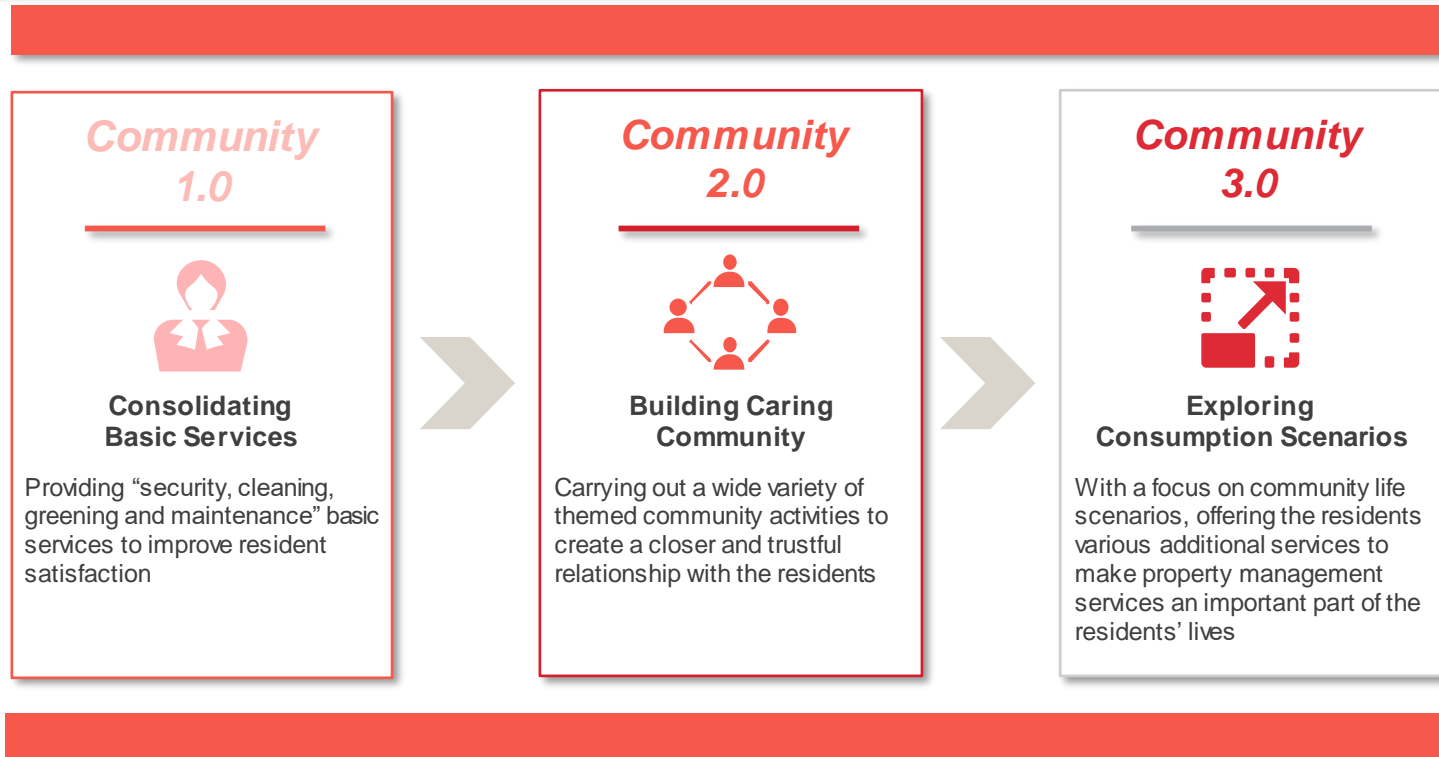
- Propel implementation of projects in cooperation with JD.COM and 360.COM, promote development of online services and empower offline services
- Build up community business model and community service scenarios, to create further new momentum for growth of industry value



- ✓ Cooperation across areas including community sales and finance, direct-to-consumer-logistics, smart communities, cloud technologies and data platforms
- ✓ Cooperation across areas including community security, big data, internet and AI technologies



Largest scale,  
most diversified product portfolio and best service quality



## Community 1.0



### Consolidating Basic Services

Providing “security, cleaning, greening and maintenance” basic services to improve resident satisfaction

## Community 2.0



### Building Caring Community

Carrying out a wide variety of themed community activities to create a closer and trustful relationship with the residents

## Community 3.0



### Exploring Consumption Scenarios

With a focus on community life scenarios, offering the residents various additional services to make property management services an important part of the residents' lives

# **PART 7**

---

**Outlook**



## Balancing the Development of Asset-heavy and Asset-light Business Models with a Focus on Core Business



### Property development business

“Joyful, tasteful and meaningful”  
leader in living spaces and  
experiences

- Abundant land bank with a focus on the Greater Area: the land bank was 37.31 million m<sup>2</sup>, with over 50% of land bank situated in the Guangdong-Hong Kong-Macao Greater Bay Area. The existing land bank is sufficient to support our growth target for the coming three years
- Unique products with high premium: the Group has developed three product lines, i.e. “joyful, tasteful and meaningful”, offering customers with unique and distinctive boutique products
- Leader in urban renewal sector: the Group has explored the urban renewal market for ten years with strong advantages in relevant experience, experienced team, extensive resources and customer loyalty



### Community service business

Global leading community service  
operator

- Extended service coverage with significant scale effect: community management area reached 560 million m<sup>2</sup> with over 37 million eco-system users, providing customers with the best service experience
- Leader in exploring value-added services with huge development potential: as a pioneer in embracing the Internet, the Group joined hands with JD.com and 360.com to create smart communities
- Extensive experience in third-party expansion with significant cost advantage: the Group has strong capability in third-party management contract expansion with outstanding cost control and community activity experiences

## Operational Strategy: Speed

- 1) Fast sales in small steps to enhance sales turnover
- 2) Fast construction to complete land acquisition and property sales in the same year
- 3) More efficient operation to improve profit margin and cash flow
- 4) Rapid response to policy and market changes



## Investment Strategy: Focused

- 1) Build presence in high-potential cities in 5 major city hubs
- 2) Prioritize fast turnover while maintaining high profits for projects
- 3) Investment framework to support targeted investments
- 4) Open to win-win cooperation opportunities



## Financial Strategy: Soundness

- 1) Control debt scale and keep net gearing ratio at ~80%
- 2) Exercise sound debt management to optimize debt structure
- 3) Diversify financing channels onshore and offshore to reduce financing costs
- 4) Improve debt collection efforts to increase capital turnover



## Community Strategy: Safe

- 1) Completely win the fight in epidemic prevention and control
- 2) Growth: promote growth in GFA under management by utilizing advantages of lower costs and third-party expansion capabilities
- 3) Increased efficiency: lowering costs using internet technologies
- 4) Value-add: explore further community value-add services opportunities



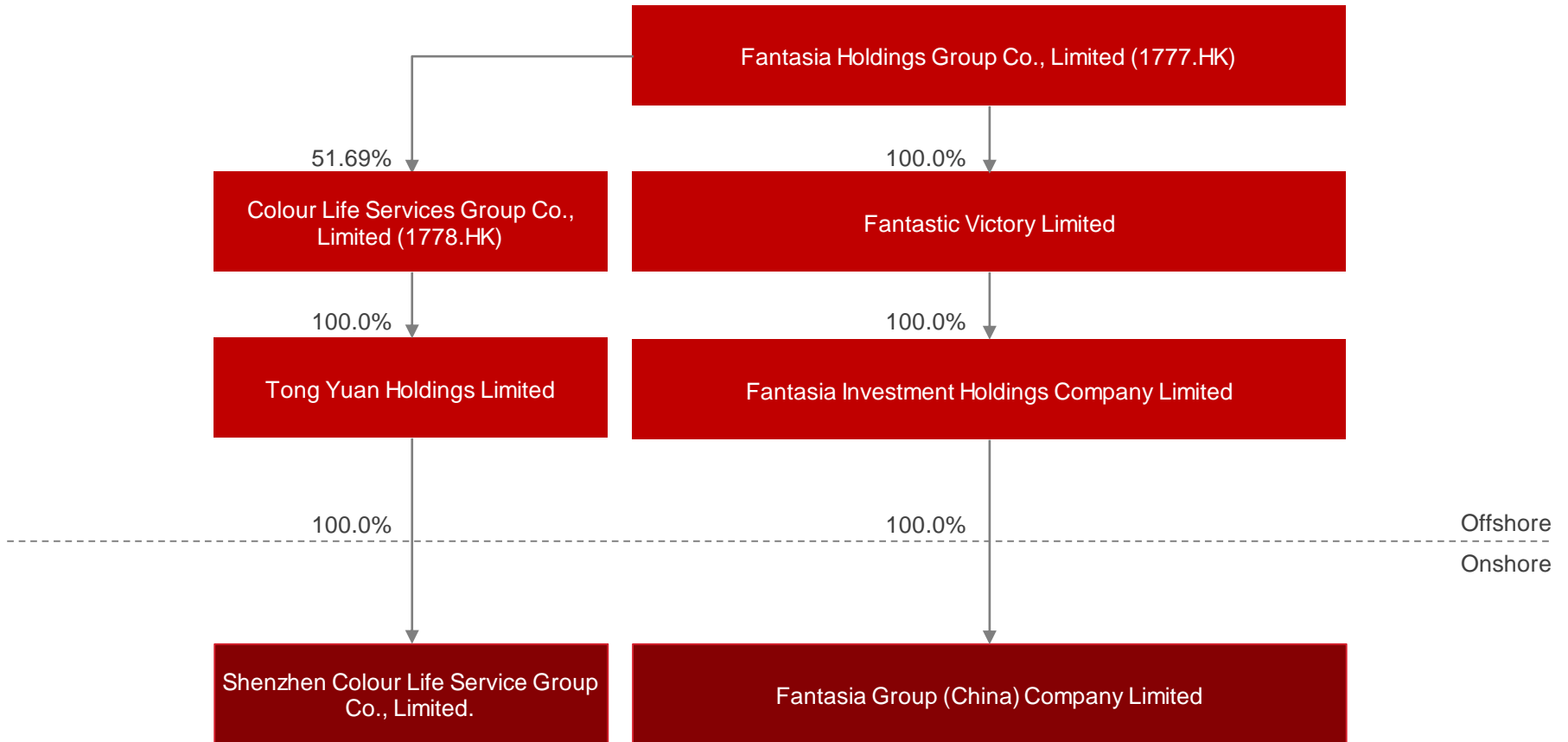
无限可能



# Appendix

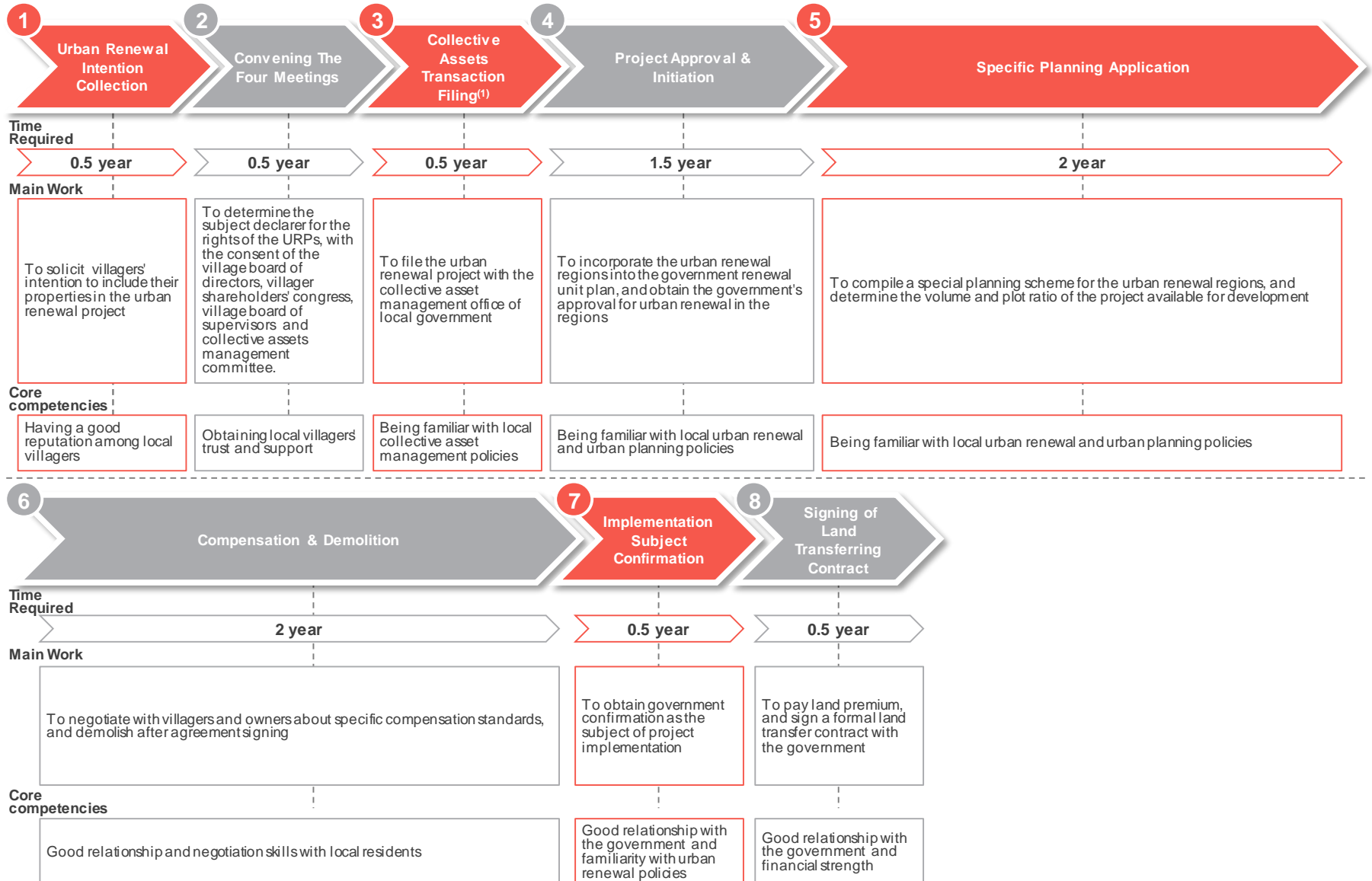
---

# Group Structure



As of June 2020

# Introduction to the General Process of Shenzhen Urban Renewal Project



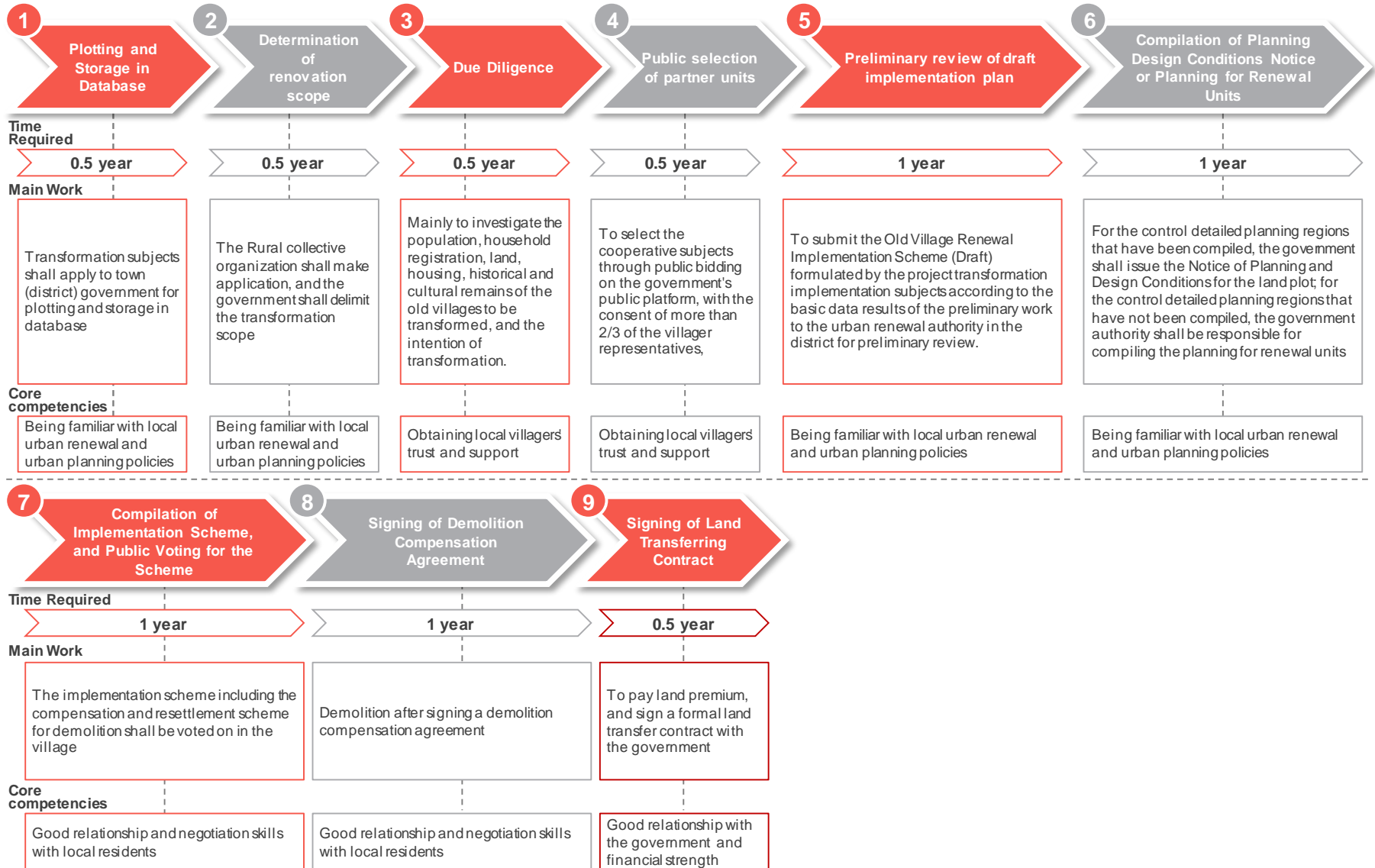
**Notes:**

1. Some districts in Shenzhen, such as Longgang, collectively file the asset transaction after the completion of the special plan

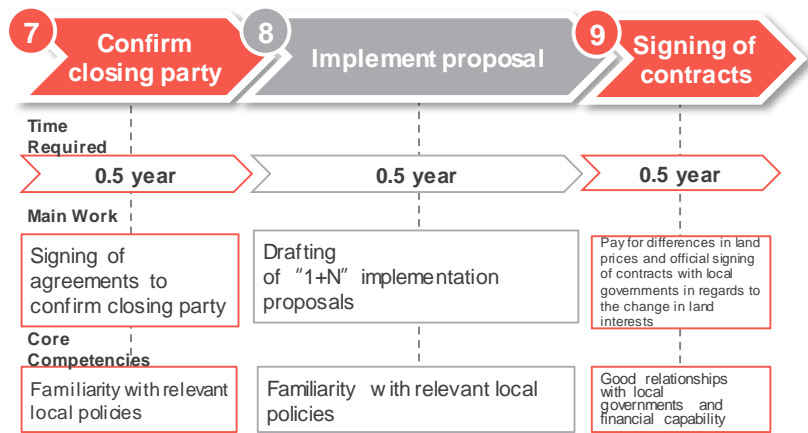
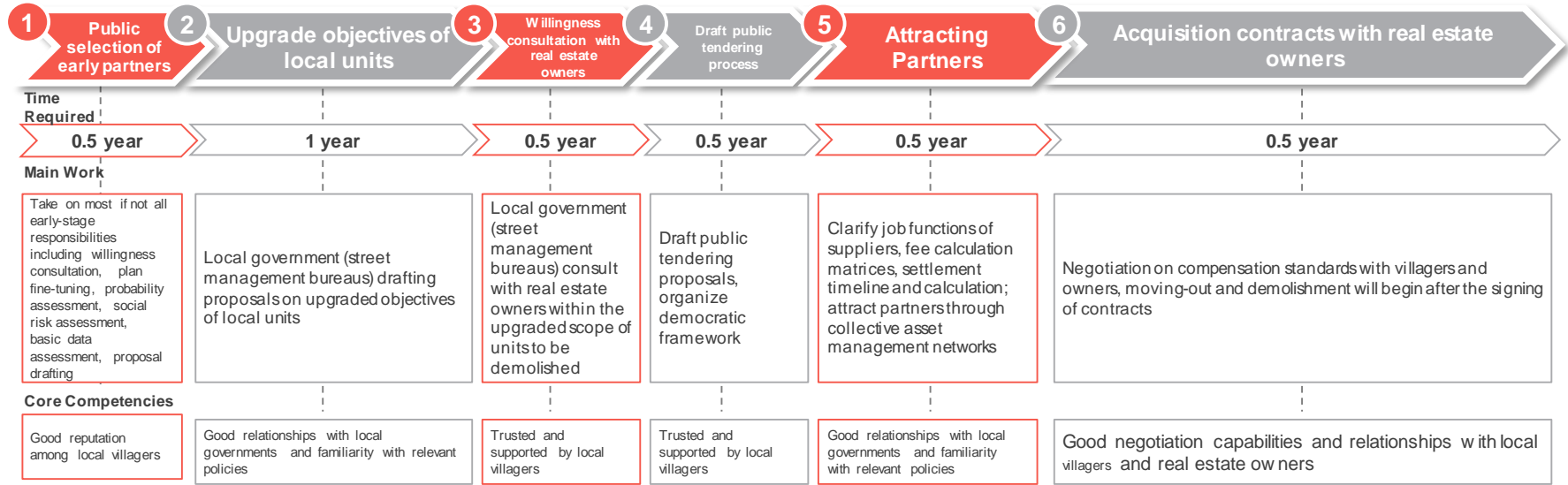
# Introduction to the General Process of Huizhou Urban Renewal Project



花样年  
FANTASY



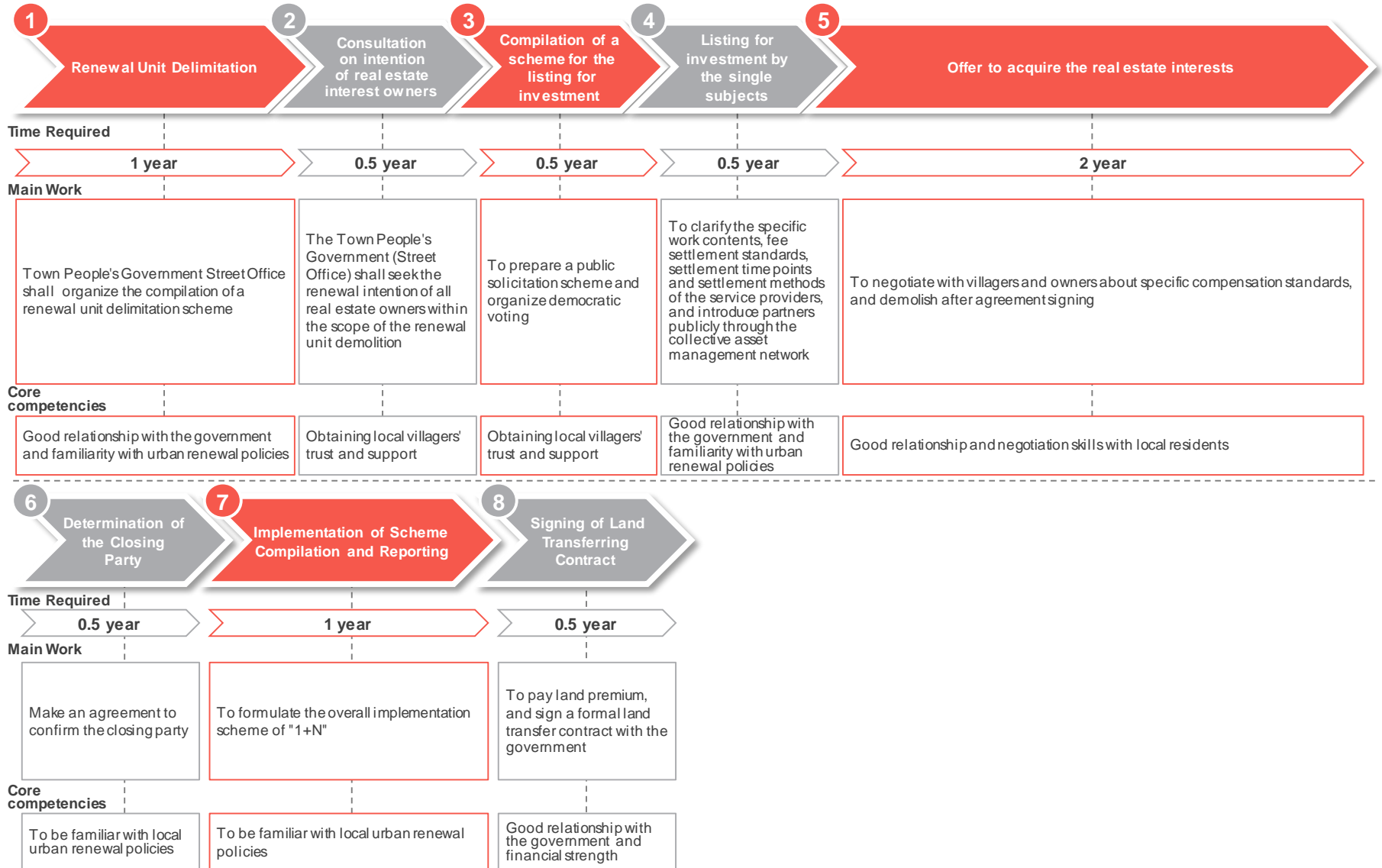
# Introduction to the General Process of Dongguan Urban Renewal Project



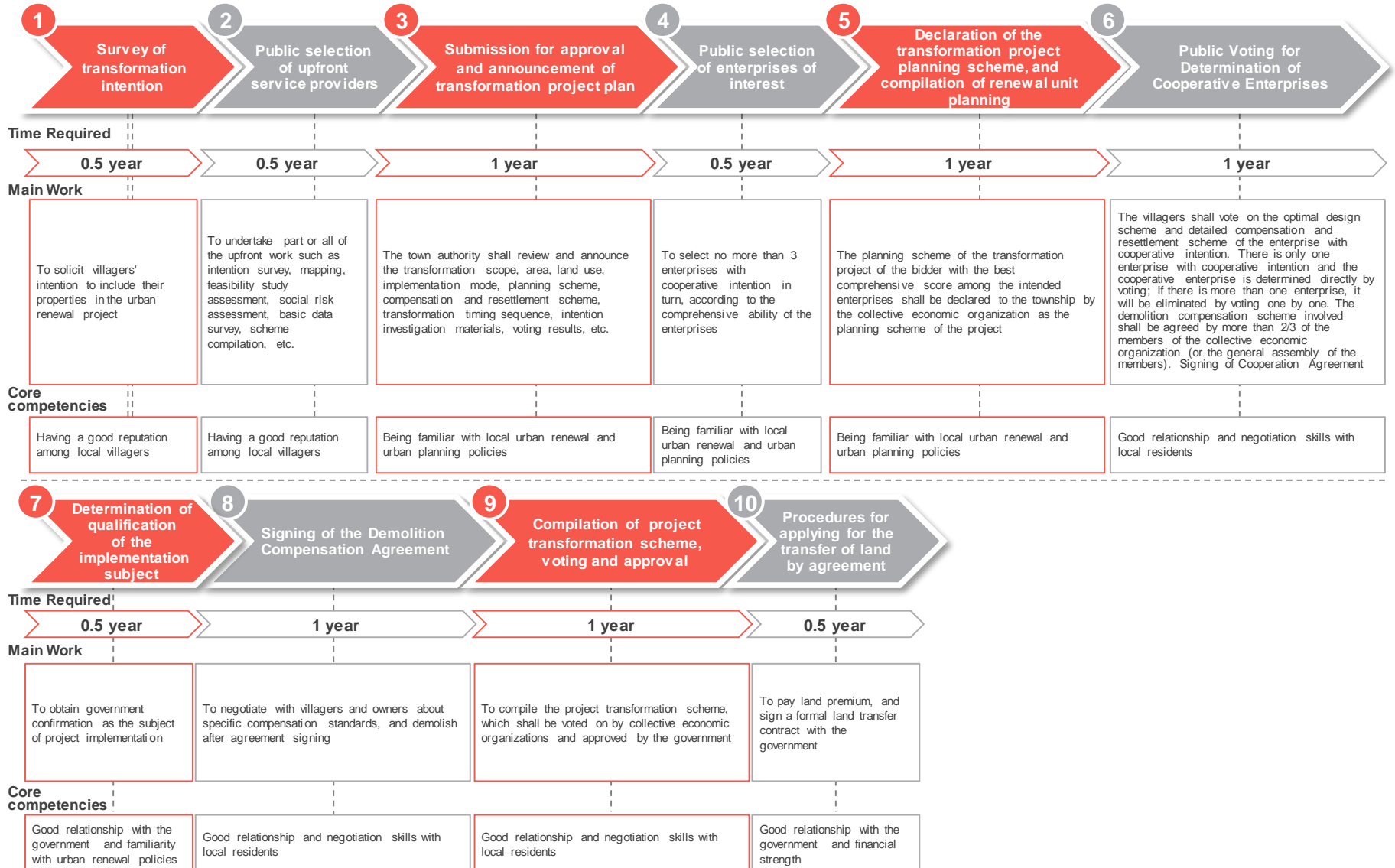
# Introduction to the General Process of Dongguan Urban Renewal Project



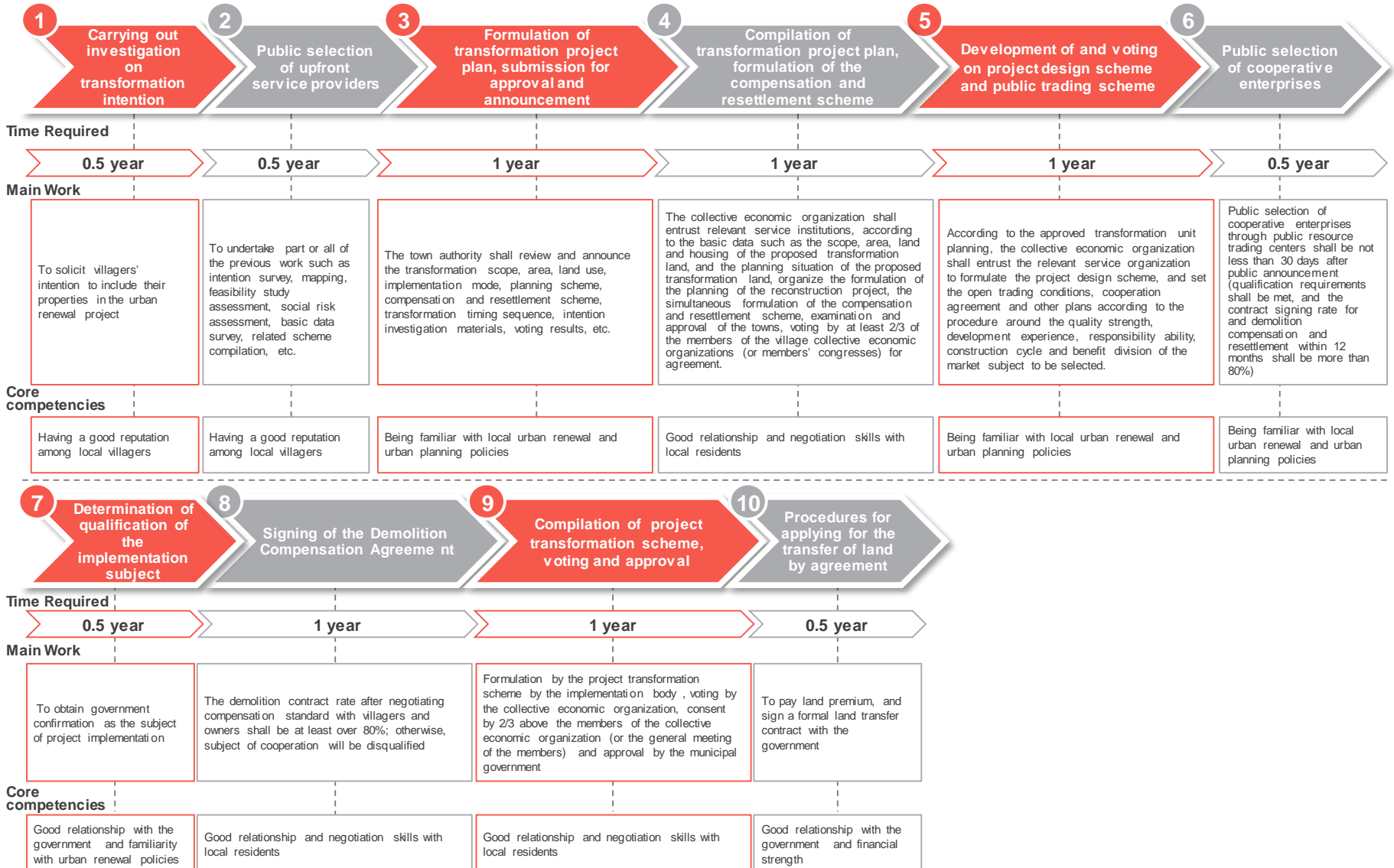
花样年  
FANTASY



# Introduction to the General Process of Zhongshan Urban Renewal Project (Scenario 1: Previously Selected Cooperative Enterprises)



# Introduction to the General Process of Zhongshan Urban Renewal Project (Scenario 2: Later Selected Cooperative Enterprises)

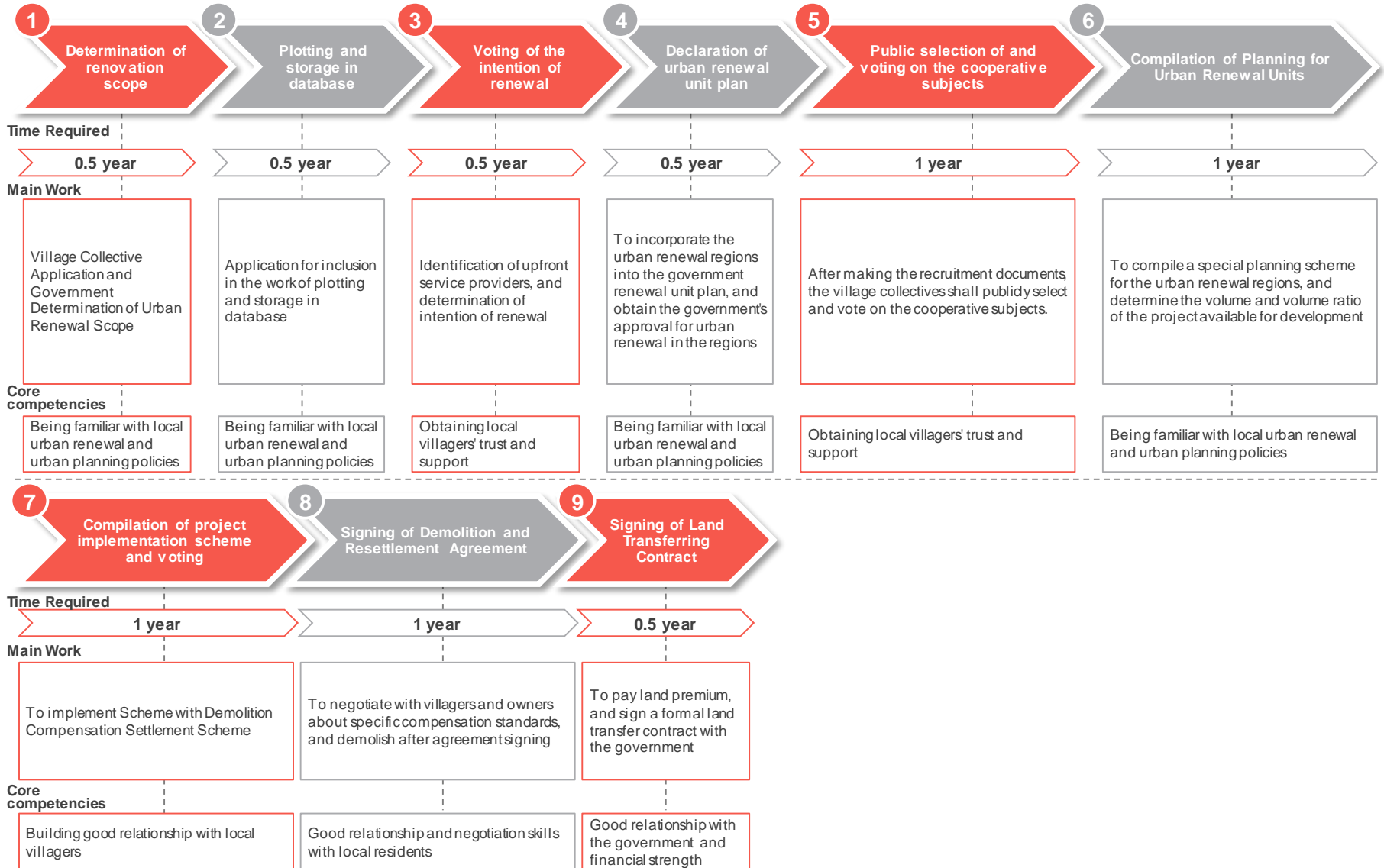




# Introduction to the General Process of Foshan Urban Renewal Project (Refer to Nanhai Region)



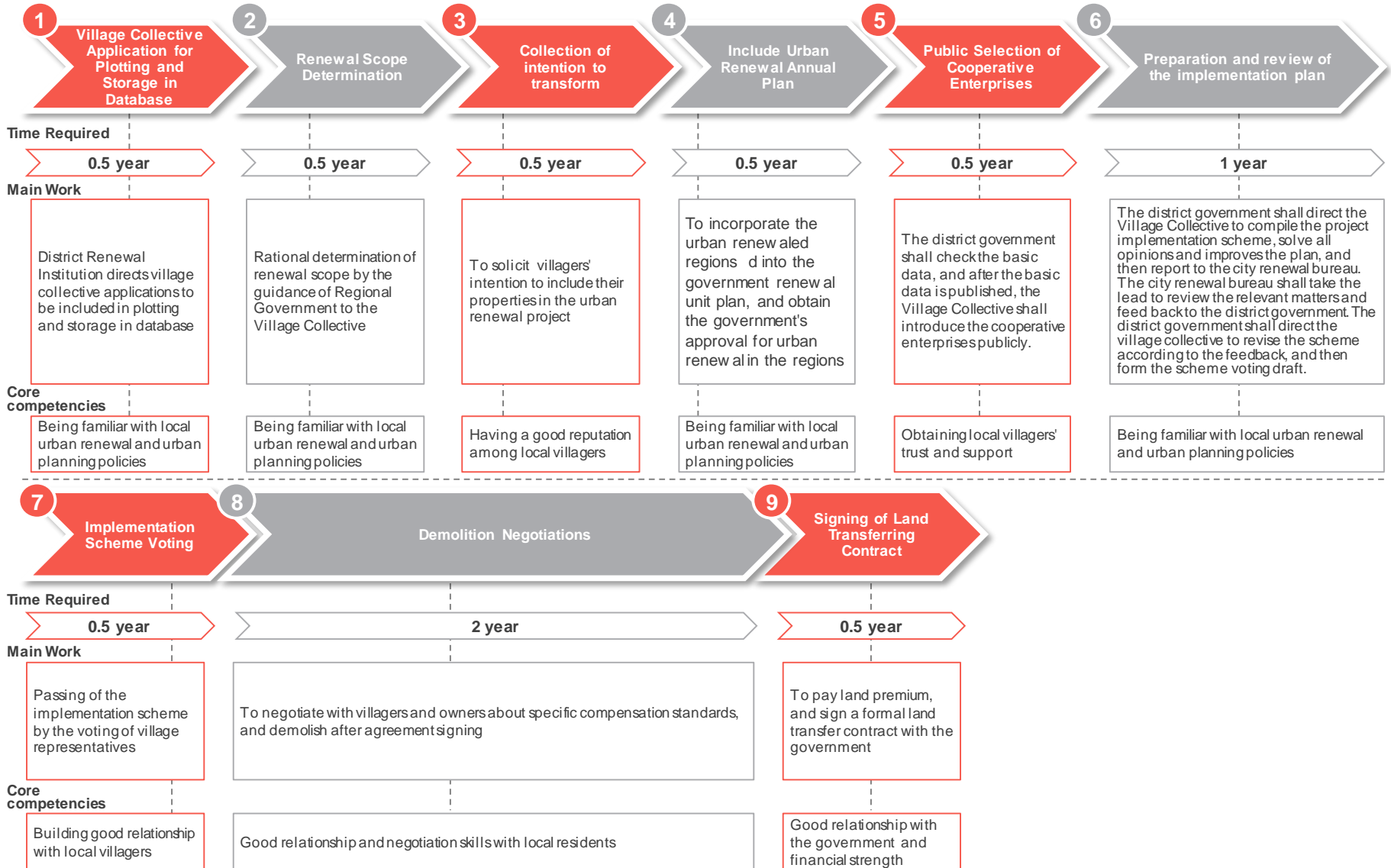
花样年  
FANTASY



# Introduction to the General Process of Guangzhou Urban Renewal Project



花样年  
HAYATIAN





花样年  
FANTASY

---

花样创造价值。

CREATING VALUE WITH ASPIRATIONS.