



FANTASIA  
花樣年

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

**Stock Code: 1777**

**2010 Semi-annual Results Presentation**

August 2010

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## Section

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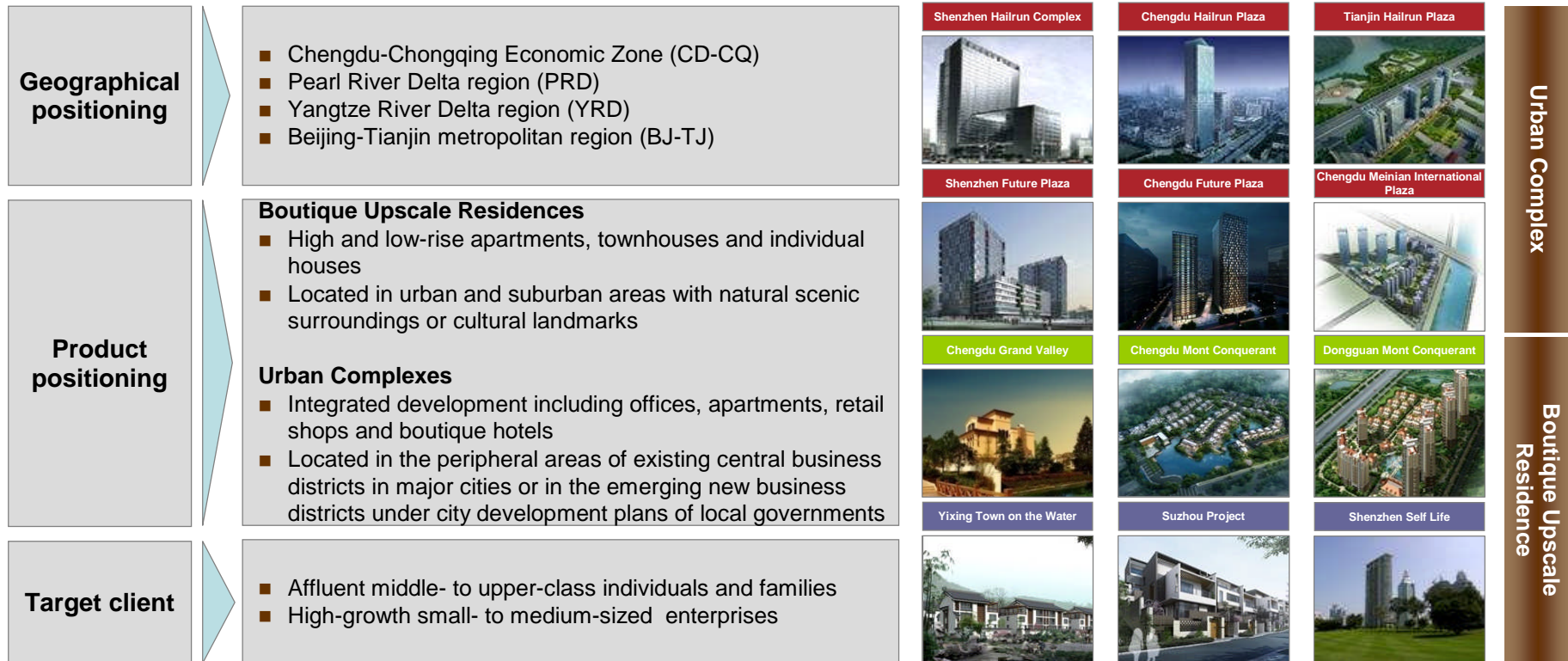


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## Company Overview

## A leading property developer and property related service provider in China

- We are a leading property developer and property related service provider in China
- 27 projects and project stages <sup>(1)</sup> completed with 1.55 mm sqm GFA in Shenzhen, Chengdu, Dongguan, Tianjin and Yixing from 1996 to Jun 30, 2010
- We have a land bank of 13.47 mm sqm GFA <sup>(2)</sup> in 11 cities, namely Shenzhen, Chengdu, Tianjin, Yixing, Dongguan, Huizhou, Suzhou, Wuxi, Dali, Beijing and Guilin, as of Jun 30, 2010



(1) Including the acquired assets of Shenzhen Meinian Hotel (No. 3 warehouse).

(2) Including land bank under framework agreements or contractual agreements which the property rights are to be obtained.

## A review of 1H 2010

### A review of China real estate market in 1H 2010

- Temporary downturn. The market fails to reach a new balance in the multi-game.
- More stringent measures have been introduced by the Chinese government in terms of credit, land appreciation tax final settlement and collection, and the market order especially for the down payment ratio and lending rates for purchasing second and more of commodity housing.
- The real estate market is entering a serious shrinkage as well as wait-and-see stage. The commercial housing turnover shrank in 1H 2010.
- The impact on the commercial sector from the market adjustment is relatively small.

### Continue to implement our strategy of “Blossoming China”

- Focusing on four fastest growing economic regions in China, we have further extended our strategic coverage and penetrated into Wuxi and Guilin
- Using prudent and diversified land acquisition strategy to acquire quality land at low cost, we have acquired **3.58mm sqm** GFA land with an average land cost of 750RMB/sqm, of which 1.95mm sqm has obtained land use right titles and 1.63mm sqm is under framework agreement.
- Continue to strengthen our competitive strengths of two core products: urban complexes and boutique upscale residence and increase the brand influence. Contracted sales in 1H 2010 reached **RMB 1.39 bn**, a YoY increase of 29%
- Excellent financial performance for 1H 2010:
  - Revenue: **RMB 1.92 bn**, a YoY increase of 42.8%
  - Net profit attributed to owners of the company : **RMB 0.41 bn**, a YoY increase of 74.5%
  - Net profit from core business<sup>(1)</sup>: **RMB 305 mm**, a YoY increase of 27.5%
  - EPS: **RMB 0.08**, a YoY increase of 33.3%
  - Our financial strength has been significantly improved. We have **RMB 3.63 bn** cash at the end June 2010
- We have successfully completed the issuance of guaranteed senior notes in the aggregate principal amount of US\$120 mm on May 12, 2010

(1) Excluding profit attributed to revaluation of investment properties



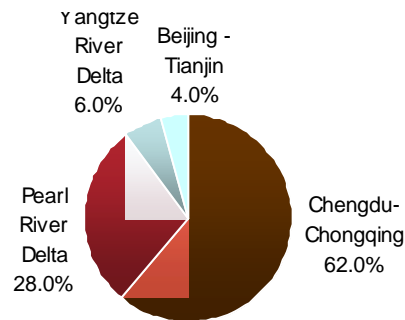


## Solid revenue base and diversified revenue streams

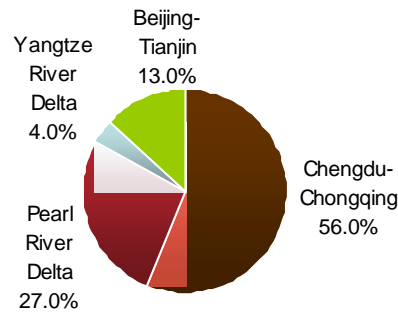
*Our income is more diversified both in terms of geographical mix and product mix in 1H 2010*

### Contracted sales breakdown by region

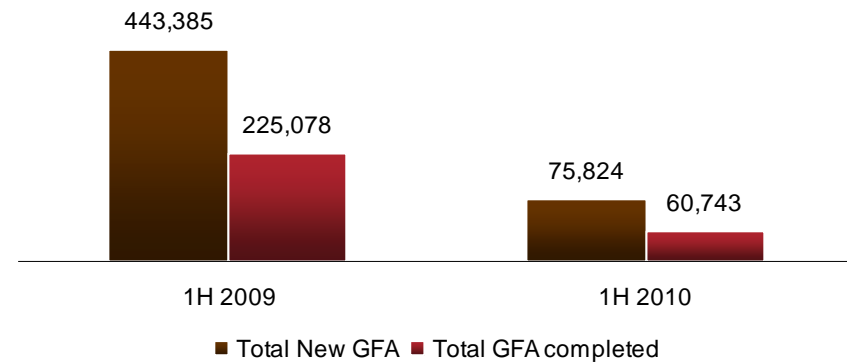
1H 2009



1H 2010

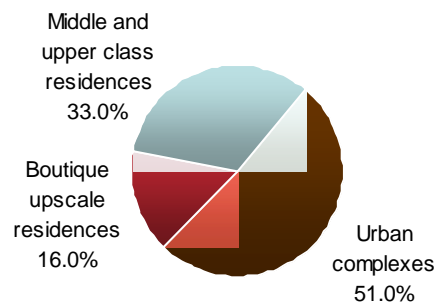


### Total new GFA and GFA completed

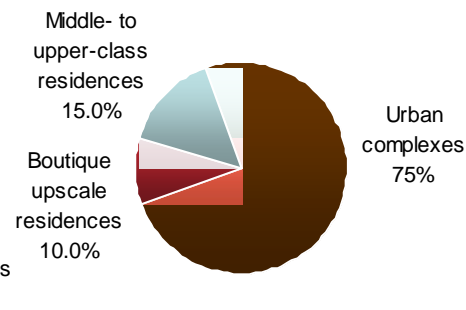


### Contracted sales breakdown by product

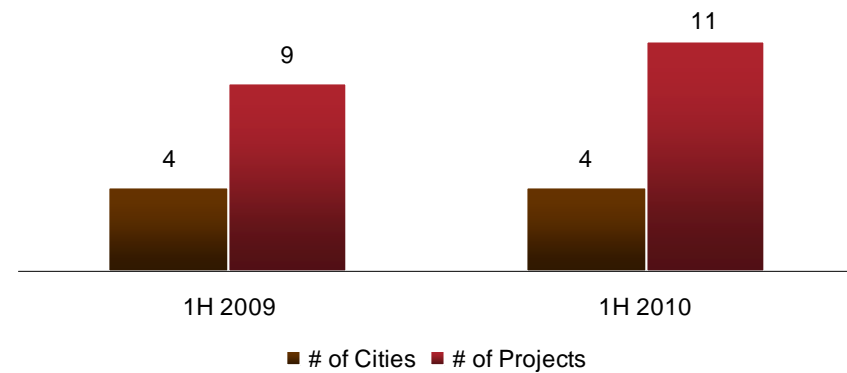
1H 2009



1H 2010



### No. of projects and cities of contracted sales

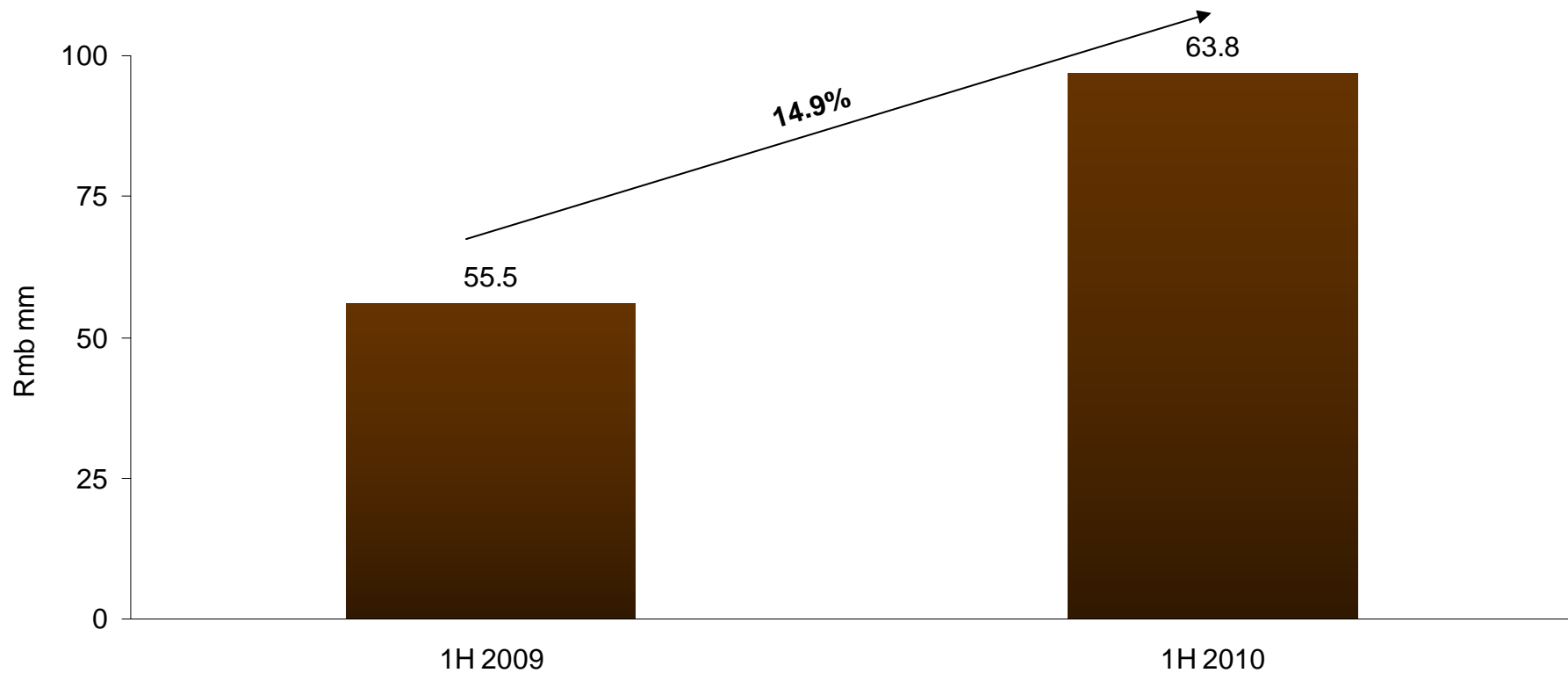




## Solid revenue base and diversified revenue streams (cont'd)

*In addition to the property development business, our property agency, property operation and hotel services also achieved substantial growth in 1H 2010*

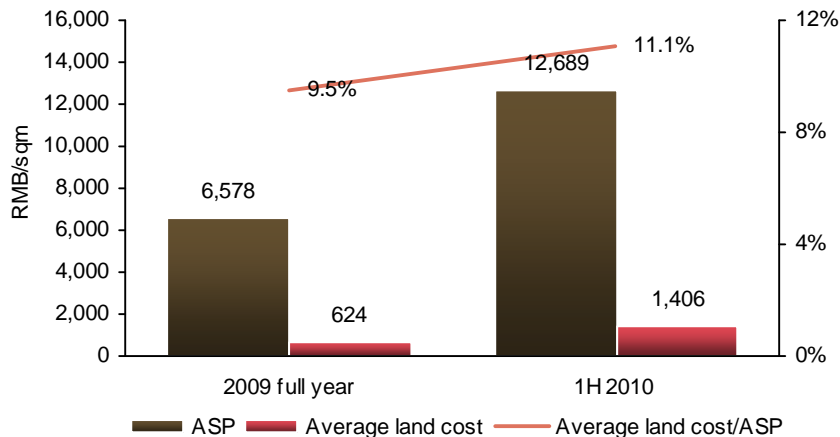
### Revenue from non-property development business



## Expanding high-quality low-cost land bank

- We have adhered to scientific and prudent land acquisition strategy to acquire quality land at low cost and maintain our competitive strength
- In 1H 2010, the gross floor area of our newly acquired land bank amounted to 3.58mm sqm, of which 1.95mm sqm has obtained land use right titles and 1.63mm sqm is under framework agreement.
- The average land cost in 1H 2010 was only 11.1% of the ASP, maintaining at a relatively low level
- We mainly select areas located in urban and suburban areas with natural scenic surroundings or cultural landmarks to develop boutique upscale residences, and the peripheral areas of existing central business districts in major cities or in the emerging new business districts to develop urban complexes

### 2009-2010 Average selling price and average land cost (recognized sales)



### Average cost of land bank as at Jun 30, 2010

Land Bank Projects	Total GFA	(RMB,0000)	(RMB/sqm)	Status
Under Development/To be developed	6,813,757	471,803	692	
Shenzhen Love Forever	132,336	10,483	792	Under development
Shenzhen Funian Plaza	67,908	14,800	2,179	To be developed
Dongguan Mont Conquerant Phase 2	122,983	18,840	1,532	Under development
Dongguan Wonderland	333,400	30,765	923	To be developed
Huizhou Endless Blue	168,545	5,262	312	To be developed
Huiyang Fantasia Special Town	586,000	24,802	423	To be developed
Guilin Zhongding project	12,072	6,000	497	Under development
Guilin Dihao project	600,000	24,877	415	To be developed
<b>Total of Pearl River Delta</b>	<b>2,023,244</b>	<b>135,829</b>	<b>671</b>	
Fantasia Town	483,762	3,912	81	Under development
Grand Valley	1,542,087	43,735	284	Under development
Meinian International Plaza	874,285	58,501	669	Under development
Chengdu Mont Conquerant	346,944	28,613	825	Under development
Chengdu Future Plaza	243,839	15,718	645	Under development
Dali Project	64,488	5,209	808	To be developed
<b>Total of Chengdu-Chongqing</b>	<b>3,555,405</b>	<b>155,688</b>	<b>438</b>	
Suzhou Project	533,121	81,155	1,522	To be developed
Wuxi Project	338,080	51,500	1,523	To be developed
<b>Total of Yangtze River Delta</b>	<b>871,201</b>	<b>132,655</b>	<b>1,523</b>	
Tianjin Hailun Plaza	131,341	22,724	1,730	Under development
Tianjin Yingcheng Lake	168,339	12,897	766	To be developed
Tianjin Chentang	64,227	12,010	1,870	To be developed
<b>Total of Beijing-Tianjin</b>	<b>363,907</b>	<b>47,631</b>	<b>1,309</b>	
<b>With Framework Agreements</b>	<b>6,656,853</b>			
Chengdu Pixian Project	3,917,332	-	-	Framework Agreement
Beijing Tongzhou Project	55,000	-	-	Framework Agreement
Yunnan Project	996,531	-	-	Framework Agreement
Suzhou Taihu Hotel Project	56,254	-	-	Framework Agreement
Guilin Gaohua Project	1,631,736	-	-	Framework Agreement
<b>Total</b>	<b>13,470,610</b>			

## Expanding high-quality low-cost land bank (Cont'd)

*In 1H 2010, we continue to expand nationwide through diversified land acquisition strategies*

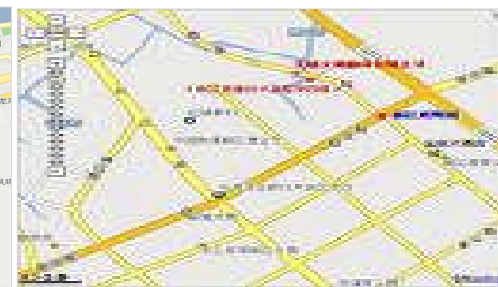
Suzhou Taihu Project



Wuxi Project



Dali Project

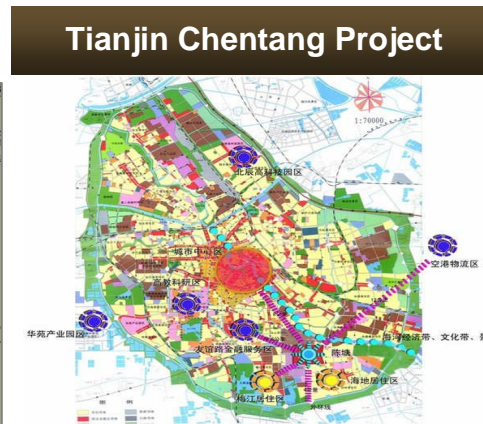
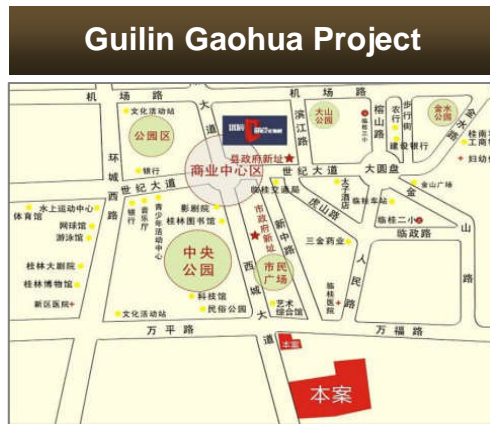


Land Location	■ Suzhou Taihu National Tourism Vacation Zone	■ Cross section of Jincheng Road and Chunyang Road	■ Xiaguan Town
Date Acquired	■ February 2010 <sup>(1)</sup>	■ February 2010	■ February 2010
Acquisition Method	■ Listing-for-sale	■ Listing	■ Auction
Total GFA	■ 533,121 sqm	■ 338,080 sqm	■ 64,488 sqm
Property Type	■ Accommodation & catering, Residential	■ Residential, Commercial and Auxiliary Facilities	■ Urban Residential
Date of Pre-sale	■ November 2010 (phase I)	■ December 2010 (phase I)	■ December 2010
Date of completion	■ November 2011(phase I)	■ November 2012 (phase I)	■ November 2012
Saleable GFA	■ 533,121 sqm	■ 338,080 sqm	■ 64,488 sqm
Consideration (RMB mm)	■ 811.55	■ 515.00	■ 52.09
Land Cost (RMB/sqm)	■ 1,522	■ 1,523	■ 808

(1) Framework agreement signed in Aug 2006, listing-for-sale process completed in Feb 2010.

## Expanding high-quality low-cost land bank (Cont'd)

*In 1H 2010, we continue to expand nationwide through diversified land acquisition strategies*





Land Location	■ Xicheng Avenue, Lingui New District, Guilin	■ South of Dongjiang Avenue, Hexi District	■ Huangjiang Town, Dongguan
Date Acquired	■ April 2010	■ May 2010	■ June 2010
Acquisition Method	■ Acquisition of project company	■ Listing	■ Acquisition of project company
Total GFA	■ 2,243,808 sqm	■ 64,227 sqm	■ 333,400 sqm
Property Type	■ Residential & Commercial	■ Scientific research & design	■ Residential & Commercial
Date of Pre-sale	■ TBD	■ December 2010	■ December 2010 (phase 1)
Date of completion	■ TBD	■ December 2011	■ December 2011 (phase 1)
Saleable GFA	■ 2,243,808 sqm	■ 32,359 sqm	■ 242,158 sqm
Consideration (RMB mm)	■ 936	■ 120.10	■ 307.65
Land Cost (RMB/sqm)	■ 390	■ 1,870	■ 923

## Enhancing brand image

*We and our projects won several awards in 1H 2010. Our brand image has been further enhanced.*

### Company level

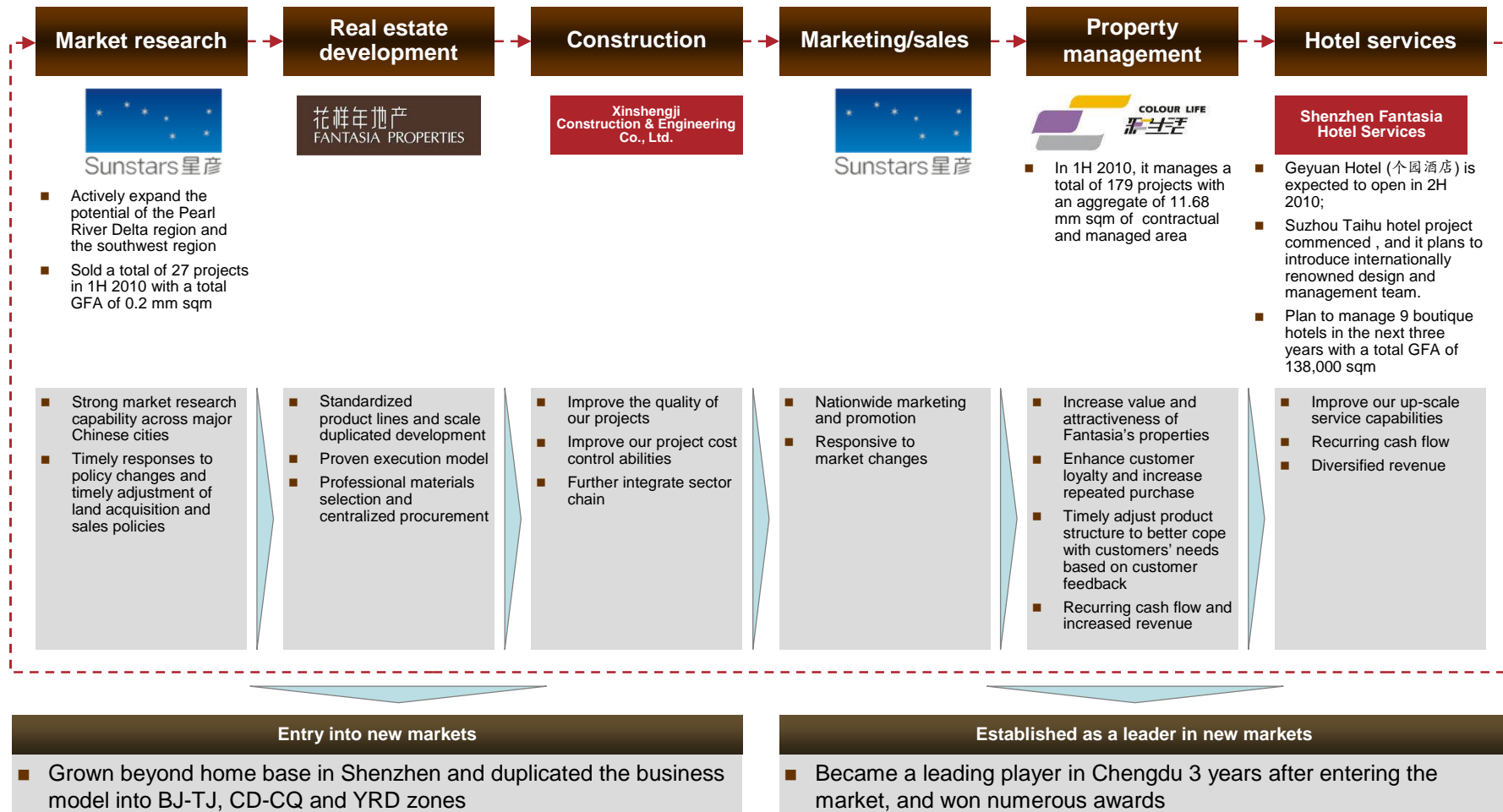
-  Jun 2010, "2010 Outstanding Chinese Property Stock"
-  May 2010, "2010 Top 50 Listed China's Real Estate Companies"
-  Mar 2010, "2010 China Top 100 Real Estate Developers" chosen by China Real Estate Top 10 Research Team
-  Mar 2010, "2010 Low-carbon Model of China's Real Estate Enterprise" by China Real Estate Association and China Index Research Institute
-  Jan 2010, "2009 Top 10 Shenzhen Brand Developers "
-  Jan 2010, "2009 • Example of China • the Fifth Rank of Top 20 out of Top 50 Non-local Real Estate Company in Western China (Sichuan) Ranking"
-  Jan 2010, Two awards from Soufun.com namely "Popular Shenzhen Developer 2009" and "Most Influential Real Estate Enterprise Brand in Shenzhen 2009"

### Project level

-  Apr 2010, Tianjin Hailrun Plaza was awarded "Seariver Cup (Structure)"
-  Mar 2010, Chengdu Mont Conquerant Project was awarded "2009 Most Influential High-end Property in Chengdu Property Market"
-  Jan 2010, Shenzhen Future Plaza was awarded "2009 Shenzhen Best Base for Entrepreneurial Headquarters"
-  Jan 2010, Chengdu Meinian International Plaza was awarded "Most Influential City Complex 2009"
-  Jan 2010, Chengdu Hailrun Plaza was awarded "2009 Chengdu Property Market Most Investment Worthy Property"

## Elevating segment synergies

*We have an integrated business model that drives our national expansion*





**3**

**1H 2010 Financial Highlights**



# Sustaining high growth of business

*Our sales volume increased 42.8 % YoY in 1H 2010*

## 1H 2010 Operating Results

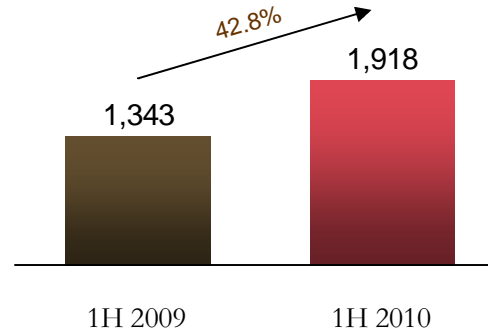
As of Jun 30			
Rmb mm	2010	2009	Change%
Revenue	1,918	1,343	42.8%
Gross profit	952	556	71.2%
EBITDA <sup>(1)</sup>	782	442	76.8%
Operating profit	912	428	113.1%
Profit before tax	845	413	104.5%
Net profit from core business <sup>(1)</sup>	305	239	27.5%
Net profit attributed to owners of the company	411	236	74.5%
Earnings per share (RMB)	0.08	0.06	33.3%
Gross margin	49.7%	41.4%	
EBITDA (1) margin	40.8%	32.9%	
Operating margin	47.6%	31.9%	
Net margin	21.5%	17.5%	

(1) Excluding profit attributed to revaluation of investment properties

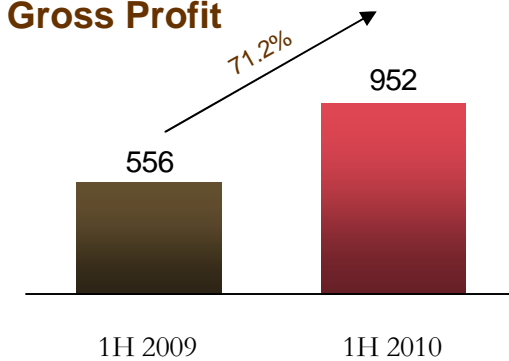
## Strong Growth

(Rmb mm)

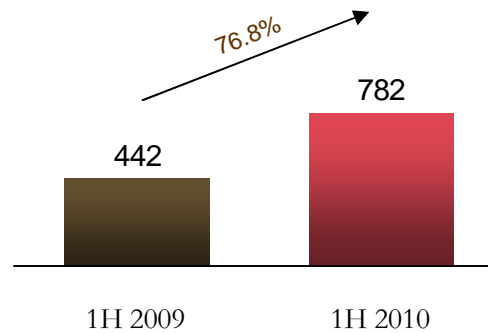
### Revenue



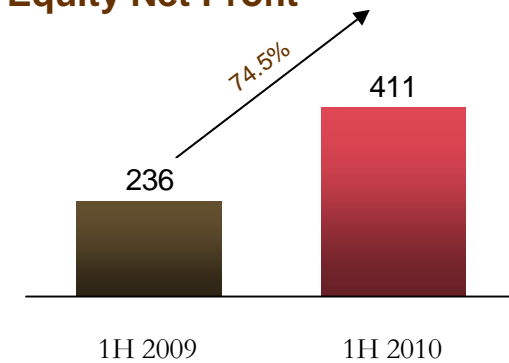
### Gross Profit



### EBITDA (1)



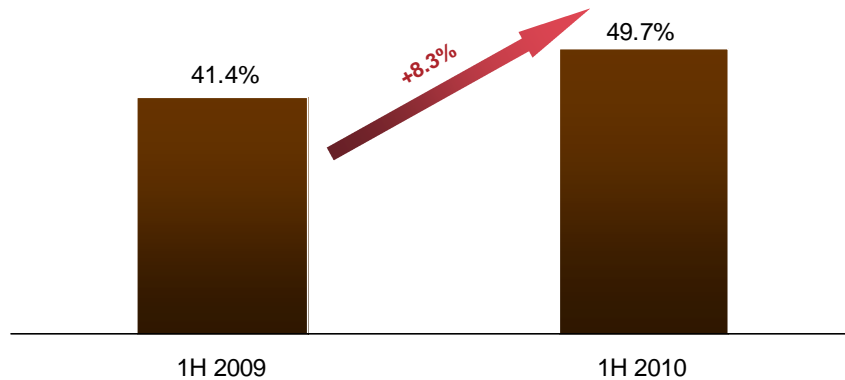
### Equity Net Profit



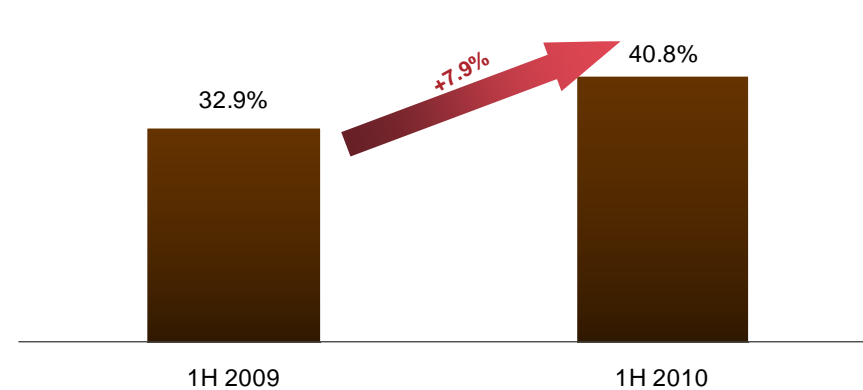
## Continuing improvement of high profitability

*All profit indicators have improved in 1H 2010, indicating strong profitability*

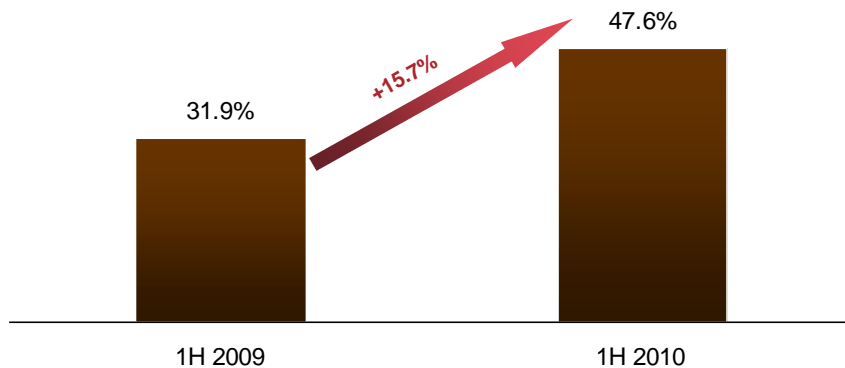
### Gross margin increase in 1H 2010



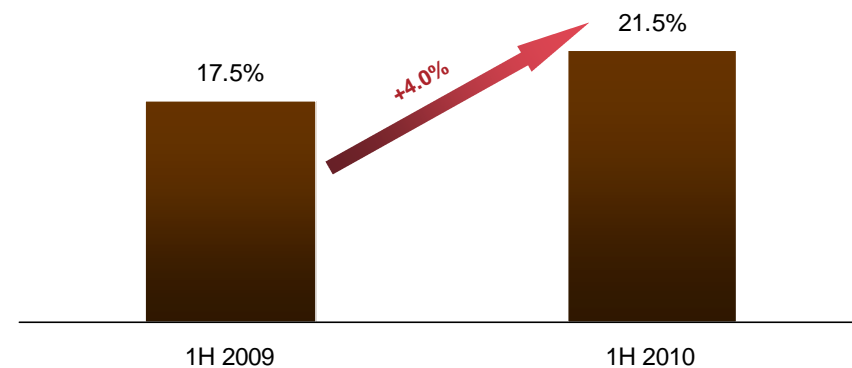
### EBITDA <sup>(1)</sup> increase in 1H 2010



### Operating margin increase in 1H 2010



### Net margin increase in 1H 2010



(1) Excluding profit attributed to revaluation of investment properties

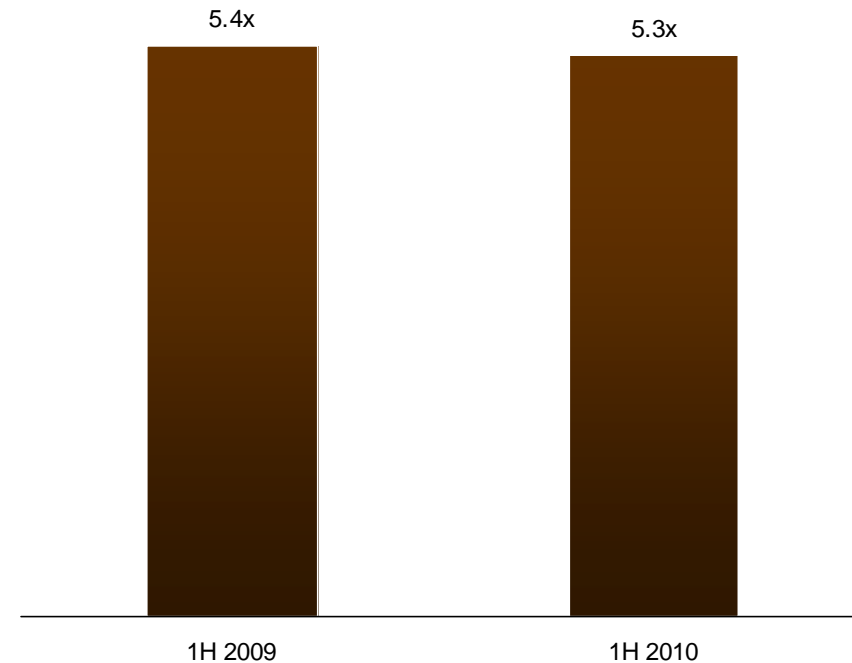
## Prudent financial management

- We successfully completed the issuance of guaranteed senior notes in the aggregate principal amount of US\$ 120 mm on May 12, 2010
- We kept an excellent credit record and have solid debt service ability

Rmb mm	As of Jun 30 2010	As of Dec 30 2009	Change %
Total assets	13,799	11,453	20.5%
Cash <sup>(1)</sup>	3,631	3,886	-6.6%
Non-restricted cash	3,578	3,696	-3.2%
Total debt	5,363	3,440	55.9%
Long-term debt	3,933	2,174	80.9%
Short-term debt	1,430	1,266	13.0%
Shareholders' equity	4,106	3,770	8.9%

Note: (1) Including bank balance and cash and restricted bank deposit.  
 (2) Excluding profit attributed to revaluation of investment properties  
 (3) Actual interest paid (uncapitalized)

### EBITDA <sup>(2)</sup> / interest <sup>(3)</sup> change



4

Market Outlook

## Market outlook for 2H 2010

### ■ 2H 2010 outlook

- The trade volume in 1H 2010 has been low and the market has not reached a new balance in the multi-game. We are not optimistic about the market trend in 2H 2010;
- The market still faces with uncertainties such as China's economic growth slowdown, slow recovery of US and European economy and unclear direction of China's policy on the real estate market;
- This round of adjustment cycle of China's real estate market might be relatively longer and funding pressure in the industry will become more serious with the ongoing adjustment;
- We are prepared for a market adjustment as long as half-year even over one year;
- The low trade volume resulting from this round of control is likely to be in the process of touching the bottom. It is believed that market confidence will recover gradually.

### ■ Prospect for the next 10 years

- China's urbanization has kept moving forward and its urbanization rate is expected to reach 60-65% in ten years;
- As China is on its way to an aging society and the second largest economy in the world, 10 years later, China will gradually become a rich consumption-driven society;
- As a cyclic industry, the rise and fall, peak and trough of real estate industry are normal;
- Commercial and residential property will retain their different structural characteristics;
- Most real estate enterprises in China will have to transform themselves into commercial real estate players or industrial real estate players in order to survive and achieve further development.

## 2H 2010 Development strategies

*Major development strategies in 2H 2010 include:*

1

**Achieve rapid business growth through highly efficient implementation**

- Plan and establish an information system, integrate in an all-round approach and establish a more efficient information management platform
- Driven by objectives and guided by incentive measures to realize the objectives through certain processes, we will strengthen HQ operating efficiency and all regional and project companies to achieve more outstanding operating performance

2

**Remain flexible in the face of change and spare no effort to promote sales**

- Play to our strong advantages as a sales agency, closely supervise market changes, actively seize favorable windows, proactively adjust sales strategies to realize high-velocity sales



4

**Enhance high-end services and operating capacity and establish long-term business competitive strengths**

- We expect that 1 hotel will be put into operation in 2H 2010, and design and renovation of another 2 hotels will be launched too. Further enhancing our ability to service high-end customers and adapt to future market changes, thus continuously improving our overall competitive advantages in the aspect of high-end products

3

**Continue to expand strategic coverage and increase quality land bank**

- Apply strict land selection methods, leverage the advantage of sufficient funds and actively seek opportunities to acquire high-quality land in four strategic regions
- According to the situation of the company's business and market development, further enhance the company's coverage in the four strategic regions and acquire selectively quality land projects with high performance/price ratio

5

**Strengthen cash flow management and maintain healthy financial and operating positions**

- Strictly adhere to sound cash flow management policy and maintain healthy operations of the company
- Continue to expand multiple financing channels and optimize the Group's capital structure to provide more capital for the Group's long-term development

## Our targets for 2H 2010

### Targets for 2H 2010

	Targets for 2H 2010	2H 2009	YoY change(%)
GFA of newly commenced projects ('0000 sqm)	90	25	260%
GFA of completed projects ('0000 sqm)	49	28	75%
Saleable GFA constructed ('0000 sqm)	70	16	338%

### Locked-in sales for 2H 2010

As of Jun 30, 2010, locked-in sales revenue for 2H 2010 is RMB 1.8 bn