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

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 01777)

ANNOUNCEMENT OF 2009 ANNUAL RESULTS

FINANCIAL HIGHTLIGHTS

– The Company has been successfully listed on The Stock Exchange of Hong Kong Limited and raised gross proceeds of HK$2,679 million through the global offering of its shares on 25 November 2009

– The Group's total sales has increased by 109.4% to RMB2,459 million in 2009 from RMB1,174 million in 2008

– The Group's profit and total comprehensive income for the year attributable to the owners of the Company increased by 343.2% to RMB373 million in 2009 from RMB84 million in 2008

– The Group was in a net cash position as of 31 December 2009

– The Group's total debt (being aggregated bank borrowings and loans from shareholders) over total assets ratio continued to be healthy, maintaining at 30.0% (2008: 28.4%) as of 31 December 2009

– The Board proposed the payment of a final dividend of HK1.75 cents per share

The Board of Directors (the “Board”) of Fantasia Holdings Group Co., Limited (the “Company”) is pleased to announce the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	**2009** *RMB’000*	2008 *RMB’000*
Revenue	*3*	**2,458,673**	1,174,211
Cost of sales		**(1,431,812)**	(704,734)
Gross profit		**1,026,861**	469,477
Other income, gains and losses	*4*	**26,566**	59,034
Gain on fair value changes of investment properties		**34,476**	13,807
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		**–**	302
Selling and distribution expenses		**(80,480)**	(49,837)
Administrative expenses		**(177,229)**	(162,677)
Finance costs	*5*	**(51,800)**	(69,941)
Impairment loss recognised in respect of goodwill		**–**	(2,305)
Share of results of associates		**(1,899)**	(3,789)
Profit before taxation	*6*	**776,495**	254,071
Income tax expense	*7*	**(407,050)**	(156,550)
Profit and total comprehensive income for the year		**369,445**	97,521
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**373,469**	84,259
Minority interests		**(4,024)**	13,262
		369,445	97,521
Earnings per share – Basic (RMB)	*8*	**0.10**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	NOTES	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**163,530**	50,504
Investment properties		**581,368**	476,079
Interests in associates		**12,941**	11,248
Advance to an associate		**72,396**	58,240
Prepaid lease payments		**164,457**	1,561
Premium on prepaid lease payments		**45,794**	–
Prepayment		**70,586**	–
Deposits paid for acquisition of subsidiaries		**423,000**	–
Deposits paid for acquisition of a property project		**352,056**	–
Deferred tax assets		**88,818**	41,531
		1,974,946	639,163
CURRENT ASSETS			
Properties for sales		**4,576,936**	3,769,841
Prepaid lease payments		**4,704**	112
Premium on prepaid lease payments		**1,428**	–
Trade and other receivables	9	**987,961**	145,739
Amount due from a shareholder		**–**	21
Amounts due from customers for contract works		**3,808**	1,349
Amounts due from related parties		**–**	26,856
Held-for-trading investments		**–**	3,000
Tax recoverable		**17,503**	30,346
Restricted bank deposits		**189,712**	37,849
Bank balances and cash		**3,696,488**	303,046
		9,478,540	4,318,159
CURRENT LIABILITIES			
Trade and other payables	10	**873,797**	566,116
Deposits received for sale of properties		**2,380,242**	1,092,459
Amounts due to directors		**–**	54,012
Amount due to a related party		**1,519**	99,340
Loans from shareholders		**–**	683,460
Tax payable		**544,877**	229,787
Borrowings – due within one year		**1,266,320**	373,050
		5,066,755	3,098,224
NET CURRENT ASSETS		**4,411,785**	1,219,935
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,386,731**	1,859,098

	NOTES	2009 RMB'000	2008 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**32,280**	58,991
Amount due to a related party		**99,340**	–
Borrowings – due after one year		**2,173,750**	353,750
		2,305,370	412,741
		4,081,361	1,446,357
CAPITAL AND RESERVES			
Share capital		**429,389**	9
Reserves		**3,340,870**	1,145,955
Equity attributable to owners of the Company		**3,770,259**	1,145,964
Minority interests		**311,102**	300,393
		4,081,361	1,446,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. GENERAL

The Company was incorporated in the Cayman Islands on 17 October 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands and the shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 25 November 2009. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY 1-1111, Cayman Islands and its principal place of business in Hong Kong is Room 1103, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong while its principal place of business in the People's Republic of China (the "PRC") is 27/F, Block A, Hailrun Complex, No.6021 Shennan Boulevard, Shenzhen 518040, Guangdong Province, the PRC.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied all the new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning 1 January 2009.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

	2009	2008
	RMB'000	*RMB'000*
Sales of properties	**2,322,037**	1,064,604
Rental income from investment properties	**10,806**	11,029
Property agency services	**57,775**	40,224
Property operation services	**63,900**	57,875
Hotel services	**4,155**	479
	2,458,673	1,174,211

Included in revenue, which is under property development segment, is an amount of RMB107,919,000 (2008: nil) in respect of completed properties sold in exchange for the advertising spaces provided by the customers. The prepaid advertising spaces of RMB70,586,000 and RMB33,599,000 are recorded in prepayment under non-current assets and trade and other receivables under current assets, respectively for such arrangement.

Included in revenue from property operation services is an amount of RMB21,043,000 (2008: RMB31,131,000) in respect of the installation contract revenue.

The Group has adopted HKFRS 8 Operating Segments to report segment information for the years ended 31 December 2009 and 2008.

The segment information reported externally was analysed on the basis of their products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors, the chief operating decision maker, for the purposes of resource allocation and assessment of performance.

Inter-segment revenue are eliminated on consolidation.

The Group has five reportable operating segments as follows:

Property development – developing and selling of properties in the PRC
Property investment – leasing of investment properties
Property agency services – provision of property agency and other related services
Property operation services – provision of property management and other related services
Hotel services – provision of hotel management and other related services

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, imputed interest income on non-current interest-free advance to an associate, exchange difference and loss on disposal of a subsidiary, share of results of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker also reviews the segment assets attributable to each operating segment, which comprises assets other than interests in associates, advance to an associate, amounts due from a shareholder and related parties, held-for-trading investments, restricted bank deposits, bank balances and cash and other corporate assets.

The following is an analysis of the Group's revenue, results and other material items by reportable segment under review:

Segment revenues, results, assets and other material items for 31 December 2009:

	Property development *RMB'000*	**Property investment** *RMB'000*	**Property agency services** *RMB'000*	**Property operation services** *RMB'000*	**Hotel services** *RMB'000*	**Total** *RMB'000*
External revenues	**2,322,037**	**10,806**	**57,775**	**63,900**	**4,155**	**2,458,673**
Inter-segment revenues	**951**	**42**	**14,135**	**9,994**	**–**	**25,122**
Segment result	**783,517**	**43,979**	**13,654**	**27,574**	**(684)**	**868,040**
Segment assets	**6,170,342**	**938,989**	**12,022**	**60,533**	**193,285**	**7,375,171**
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	**143,337**	**76,766**	**962**	**3,103**	**184,137**	**408,305**
Gain on fair values changes of investment properties	**–**	**34,476**	**–**	**–**	**–**	**34,476**
Release of prepaid lease payments	**845**	**–**	**–**	**–**	**–**	**845**
Depreciation of property, plant and equipment	**4,485**	**–**	**2,015**	**1,240**	**1,046**	**8,786**
(Gain) loss on disposal of property, plant and equipment	**(10)**	**–**	**82**	**–**	**–**	**72**
Allowance on bad and doubtful debts, net	**–**	**–**	**83**	**41**	**–**	**124**

Inter-segment revenues are charged at prevailing market rate.

Segment revenues, results, assets and other material items for 31 December 2008:

	Property development *RMB'000*	Property investment *RMB'000*	Property agency services *RMB'000*	Property operation services *RMB'000*	Hotel services *RMB'000*	Total *RMB'000*
External revenues	1,064,604	11,029	40,224	57,875	479	1,174,211
Inter-segment revenues	–	–	17,767	5,989	70	23,826
Segment result	296,010	23,765	(9,255)	17,600	(2,656)	325,464
Segment assets	3,901,890	481,310	14,347	36,732	8,026	4,442,305
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	5,162	3,233	10,061	4,901	8,386	31,743
Gain on fair values changes of investment properties	–	13,807	–	–	–	13,807
Impairment loss recognised in respect of goodwill	–	–	–	2,305	–	2,305
Release of prepaid lease payments	113	–	–	–	–	113
Depreciation of property, plant and equipment	4,816	–	2,579	940	495	8,830
Loss on disposal of property, plant and equipment	–	–	577	–	–	577
Allowance on bad and doubtful debts, net	81	–	1,777	637	–	2,495

Inter-segment revenues are charged at prevailing market rate.

Note: Non-current assets excluded interests in associates, advance to an associate, prepayment, deposits paid for acquisition of subsidiaries, deposits paid for acquisition of a property project and deferred tax assets.

Reconciliation:

	2009	2008
	RMB'000	*RMB'000*
Revenue:		
Total revenue for reportable segments	**2,483,795**	1,198,037
Elimination of inter-segment revenues	**(25,122)**	(23,826)
Group's total revenues	**2,458,673**	1,174,211
Profit or loss:		
Segment result	**868,040**	325,464
Elimination of inter-segment result	**(1,650)**	(2,826)
Unallocated amounts:		
Unallocated income	**15,387**	43,537
Unallocated corporate expenses	**(51,583)**	(35,980)
Finance costs	**(51,800)**	(69,941)
Impairment loss recognised in respect of goodwill	**–**	(2,305)
Loss on disposal of a subsidiary	**–**	(89)
Share of results of associates	**(1,899)**	(3,789)
Profit before taxation	**776,495**	254,071

Reconciliation:

	2009	2008
	RMB'000	*RMB'000*
Assets:		
Total assets for reportable segments	**7,375,171**	4,442,305
Unallocated assets:		
Interests in associates	**12,941**	11,248
Advance to an associate	**72,396**	58,240
Amount due from a shareholder	**–**	21
Amounts due from related parties	**–**	26,856
Restricted bank deposits	**189,712**	37,849
Bank balances and cash	**3,696,488**	303,046
Held-for-trading investments	**–**	3,000
Corporate assets	**106,778**	74,757
Group's total assets	**11,453,486**	4,957,322

	2009	2008
	RMB'000	*RMB'000*
Other material items:		
Release of prepaid lease payments		
Reportable segment totals	**845**	113
Unallocated amount	**357**	36
Group's total	**1,202**	149
Depreciation of property, plant and equipment		
Reportable segment totals	**8,786**	8,830
Unallocated amount	**116**	110
Group's total	**8,902**	8,940
Additions to non-current assets		
Reportable segment totals	**408,305**	31,743
Unallocated amount	**32**	37
Group's total	**408,337**	31,780
Loss on disposal of property, plant and equipment		
Reportable segment totals	**72**	577
Unallocated amount	**–**	1,150
Group's total	**72**	1,727
Allowance on bad and doubtful debt, net		
Reportable segment totals	**124**	2,495
Unallocated amount	**101**	–
Group's total	**225**	2,495

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are located in the PRC.

During the years ended 31 December 2009 and 2008, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. OTHER INCOME, GAINS AND LOSSES

	2009	2008
	RMB'000	*RMB'000*
Interest income	**6,038**	7,951
Imputed interest income on non-current interest-free advance to an associate	**9,349**	–
Forfeiture income on deposits received	**384**	1,040
Government grant *(note)*	**10,448**	14,052
Exchange (loss) gain	**(1,334)**	35,586
Loss on disposal of a subsidiary	**–**	(89)
Others	**1,681**	494
	26,566	59,034

Note: The amount represents the grants received from the relevant PRC government to encourage the development of real estate industry. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.

5. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on:		
– borrowings wholly repayable within five years	**111,086**	40,787
– borrowings not wholly repayable within five years	**1,485**	4,224
– amount due to a related party	**5,153**	–
– loans from shareholders	**70,904**	82,221
Less: Amount capitalised in properties for sales under development	**(131,233)**	(57,291)
Amount capitalised in construction in progress	**(5,595)**	–
	51,800	69,941

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.65% (2008: 10.14%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAXATION

	2009	2008
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	**5,380**	4,675
Other staff costs	**101,887**	97,251
Retirement benefit scheme contributions	**10,435**	10,069
Total staff costs	**117,702**	111,995
Less: Amount capitalised to properties for sales under development	**7,131**	–
	110,571	111,995
Auditor's remuneration	**2,503**	237
Release of prepaid lease payments	**845**	149
Release of premium on prepaid lease payments	**357**	–
Depreciation of property, plant and equipment	**8,902**	8,940
Loss on disposal of property, plant and equipment	**72**	1,727
Allowance on bad and doubtful debts, net	**225**	2,495
Cost of inventories recognised as expenses	**1,338,646**	549,543
Contract cost recognised as an expense	**14,163**	17,312
Rental expenses in respect of rented premises under operating leases	**7,065**	7,317
Gross rental income from investment properties	**(10,806)**	(11,029)
Less: direct operating expenses from investment properties that generated rental income	**1,303**	1,373
	(9,503)	(9,656)

7. INCOME TAX EXPENSE

	2009	2008
	RMB'000	*RMB'000*
Current tax:		
PRC taxes		
Enterprise income tax ("EIT")	**217,833**	76,831
Land appreciation tax ("LAT")	**263,215**	104,237
	481,048	181,068
Deferred tax		
Current	**(69,237)**	(23,383)
Underprovision of deferred tax assets	**(4,761)**	(1,135)
	(73,998)	(24,518)
	407,050	156,550

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arise in nor is derived from Hong Kong.

The Group's PRC enterprise income tax is calculated based on the applicable tax rates on assessable profits, if applicable.

Under the Provisional Regulations on LAT of the PRC promulgated on 27 January 1995, the PRC subsidiaries are also subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from transfers of properties in the PRC effective from 1 January 1994.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2009	2008
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**373,469**	84,259

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,768,544,897**	3,645,000,000

No diluted earnings per share is presented as the Company did not have any potentially ordinary shares in issue during both years or at the end of the reporting period.

For the year ended 31 December 2009, the weighted average number of ordinary shares reflect the weighted average effect of the 100,000 shares in issue before the capitalisation issue, 3,644,900,000 shares issued pursuant to the capitalisation issue and 1,228,888,750 shares issued in the global offering.

For the year ended 31 December 2008, the weighted average number of ordinary shares has been adjusted to reflect the capitalisation issue and 3,644,900,000 shares issued.

9. TRADE AND OTHER RECEIVABLES

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, service and management income in respect of property management.

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, normally within 30 days from date of the sales and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and service fee income is received in accordance with the terms of the relevant property service agreements, normally within 30 – 90 days from the issuance of invoices.

Hotel operation income is in the form of cash sales.

	2009	2008
	RMB'000	*RMB'000*
Trade receivables	**105,301**	45,085
Other receivables	**85,048**	34,474
Deposits for the auction in respect of the sale of land	**143,000**	–
Deposits for the acquisition of properties for sales	**352,056**	–
Prepayments and other deposits	**99,591**	8,553
Prepayments for construction materials	**143,433**	289
Deposits for the acquisition of land use right	**–**	19,432
Other tax prepayment	**59,532**	37,906
	987,961	145,739

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the invoice date at the of the reporting period:

	2009	2008
	RMB'000	*RMB'000*
0 to 30 days	**86,481**	14,189
31 to 90 days	**10,634**	28,876
91 to 180 days	**4,082**	1,740
181 to 365 days	**1,465**	260
Over 1 year	**2,639**	20
	105,301	45,085

10. TRADE AND OTHER PAYABLES

	2009	2008
	RMB'000	*RMB'000*
Trade payables	**652,710**	325,534
Other payables	**111,253**	139,096
Other tax payables	**34,906**	21,218
Payroll payable	**26,503**	17,001
Welfare payable	**2,813**	2,817
Retention payable	**27,996**	10,828
Accruals	**17,616**	49,622
	873,797	566,116

Trade payables principally comprise amounts outstanding for purchase of materials for the construction of properties for sales, investment properties and hotels and ongoing expenditures. The average credit period for purchase of construction materials ranged from 6 months to 1 year.

The following is an aged analysis of the Group's trade payables and retention payable presented based on the invoice date at the end of the reporting period:

	2009	2008
	RMB'000	*RMB'000*
0 to 60 days	**536,031**	313,334
61 to 180 days	**50,392**	5,827
181 to 365 days	**66,287**	6,373
1 – 2 years	**26,283**	715
2 – 3 years	**275**	9,865
Over 3 years	**1,438**	248
	680,706	336,362

At 31 December 2009, the balances of approximately RMB27,996,000 (2008: RMB10,828,000) with age over 1 year represent the retention money of approximately 5% to 10% of the construction contract price.

11. EVENTS AFTER THE REPORTING PERIOD

(a) In January 2010, the Group entered into the following transactions: (i) a share purchase agreement (together with a supplemental agreement) with CITIC Shenzhen (Group) Co., Ltd 中信深圳（集團）有限公司 ("CITIC Shenzhen (Group)") and CITIC Shenzhen Real Estate Development Co., Ltd 中信深圳集團房地產開發有限公司 ("CITIC Shenzhen") in relation to the acquisition of 100% equity interest in Suzhou Huawanli Real Estate Development Co., Ltd. 蘇州市花萬里房地產開發有限公司 (the "Huawanli Acquisition"); (ii) a share purchase agreement (together with a supplemental agreement) with CITIC Shenzhen (Group) and CITIC Shenzhen in relation to the acquisition of 100% equity interest in Suzhou LKN Real Estate Development Co., Ltd. 蘇州林甲岩房地產發展有限公司 (the "LKN Acquisition"); and (iii) an asset transfer framework agreement with Suzhou CITIC Investment Co., Ltd 蘇州中信投資有限公司 in relation to the acquisition of the Hotel Land (as defined in the announcement of the Company dated 2 March 2010) and the Hotel Project (as defined in the announcement of the Company dated 2 March 2010) which shall be effective upon the completion of the Huawanli Acquisition and the LKN Acquisition. The final selling prices of the Huawanli Acquisition and the LKN Acquisition was RMB585,365,600 and RMB226,187,800, respectively, after going through the listing-for-sale processes (掛牌出讓). Details of the above transactions are more particularly stated in the announcement of the Company dated 2 March 2010. As at the date of this report, the transfers of equity interests in Suzhou Huawanli Real Estate Development Co., Ltd 蘇州市花萬里房地產開發有限公司 and Suzhou LKN Real Estate Development Co., Ltd. 蘇州林甲岩房地產發展有限公司, respectively have not been completed and the Group had paid a consideration of approximately RMB811,553,000 in relation to the Huawanli Acquisition and the LKN Acquisition. The directors of the Company are of the view that the share transfers will both be completed within the first half of 2010.

(b) In February 2010, the Group has successfully auctioned for a piece of land with an area of approximately 123,670.1 square meters in Wuxi City, the PRC, at consideration of RMB500,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a leading property developer and property related services provider in the People's Republic of China ("PRC") and is the only enterprise in the PRC which was elected as the top 100 enterprise in the three business segments of real estate development, real estate consultancy and agency and property management services by China Real Estate Top 10 Research Team. As China's economy has first shown the "green shoots" of recovery and the real estate market has rebounded rapidly, the Group, leveraging on its significant competitive edges, which included: (1) the strategic locations of our property development projects in the four most economically prosperous regions in the PRC; (2) the capability to acquire land at low cost; (3) our superior and repeatable business models: (4) our renowned brands with considerable added value in terms of real estate development and service capacity; (5) our experienced and stable management and execution team, has achieved outstanding growth in 2009.

Contract Sales and Project Development

During the year, the areas of newly launched and completed projects were 689,673 square meters and 506,566 square meters respectively, while the total gross floor area of projects under construction (including projects under construction and projects completed in 2009) was 1,805,300 square meters. During the year, the total saleable area was approximately 766,159 square meters.

During the year, the Group has achieved a total contract sales area of 433,078 square meters, while contract sales amounted to RMB 3,746.75 million, representing year-on-year growth of 266% and 248% respectively. In years 2007 to 2009, the Company achieved compound annual growth rate of 47% in terms of contract sales and its business growth remains strong and rapid.

In terms of the geographical distribution of our projects, we have extended the business coverage of the Group and pursued a more balanced approach of development. In 2009, the Group's real estate contract sales were derived from 14 projects spreading across 5 cities, as compared with 8 projects in 3 cities in 2008. We expanded our business footprint to Dongguan and Tianjin, and launched 6 projects for sale. In addition, business contribution from various geographical segments continued to increase and this has further extended the strategic coverage of the Group.

- Chengdu-Chongqing Economic Zone

  Chengdu-Chongqing Economic Zone, which is the most economically developed area in Western China, accounts for approximately 30% of the total economic value of Western China. As one of the two major cities in the Chengdu-Chongqing Economic Zone, Chengdu has developed into the third largest real estate market in the PRC. Being the leader among second-tier cities, it is expected that Chengdu will see enormous room for increase in property prices.

Driven by our insight into the huge development potential of Chengdu as a core city in the greater Southwestern region, the Group has, since its entrance into Chengdu's market in 2001, unremittingly enhanced and strengthened its leading position in the local market, and now ranks fifth among developer brands from outside and is currently one of the top ten developers in the city.

The Group has established its position as a leading developer of urban complexes in the market of Chengdu. Our Chengdu Hailrun Plaza was, at the time of completion, the tallest landmark building in Chengdu, while Meinian International Plaza in Chengdu Hi-tech Development Zone is one of the most gigantic urban complexes in the city. During the reporting period, the Group possessed the second largest saleable area in Chengdu's office market. The commencement of sale of the Group's large-scale boutique upscale residences projects, such as Grand Valley and Chengdu Mont Conquerant, has demonstrated the Group's superior development capacity as well as outstanding sales performance in Chengdu market. In 2009, the Group recorded a contract sales area of approximately 296,000 square meters and a contract sales amounting to approximately RMB1,960.4 million in Chengdu area, representing a year-on-year growth of 268% and 347% respectively, while contract sales represented 52% of the Group's total real estate contract sales.

As at the end of 2009, the Group had five projects under development in Chengdu with an aggregate planned gross floor area of approximately 850,000 square meters. Such projects will offer a saleable area of approximately 823,000 square meters, of which the pre-sales permits for approximately 287,000 square meters of land were obtained, while 88,000 square meters were pre-sold. In addition to projects under development, the Group had a land bank with an aggregate planned gross floor area of approximately 2.64 million square meters in Chengdu, which involved four projects to be developed in phases. Furthermore, the Group and the local government of Pixian, Chengdu entered into a primary land development project in relation to a site area of approximately 0.98 million square meters with an estimated planned gross floor area of approximately 3.92 million square meters. The primary land development project is expected to commence formally in 2010. The Group will continue to expand its land bank in Chengdu and further reinforce its leading position in Chengdu market.

- The Pearl River Delta

Looking forward, the Pearl River Delta is set to become one of the most competitive metropolises in the world, and its economic and social development will enter into a new era with vast potential. Shenzhen is a core economic center in the PRC and has prominent role in the Pearl River Delta. The consolidation and cooperation of the three cities of Shenzhen, Dongguan and Huizhou has further intensified, while Dongguan and Huizhou have already jointly developed a "Greater Shenzhen" market with a brighter prospect of market development.

During the year, the Group recorded a contract sales area of approximately 98,000 square meters and a contract sales of approximately RMB1,376.54 million in the Pearl River Delta, representing a year-on-year growth of approximately 261% and 219%, respectively and accounted for 23% and 37% of the Group's aggregate real estate contract sales area and aggregate contract sales, respectively.

As at the end of 2009, the Group had six projects in the Pearl River Delta which were either under development or pending for construction or available for sale, with an aggregate planned gross floor area of approximately 1.19 million square meters and an estimated saleable area of approximately 985,000 square meters.

The Group, with 14 years of proven track record and experience in development in Shenzhen, has set up its China's headquarters in the city. In view of the vigorous economic development of the region, the Group has great confidence in the growth potential of the real estate market in the Pearl River Delta and Shenzhen and will spare no effort to capture opportunities to acquire suitable land reserve in order to secure the leading position of the Group in the Pearl River Delta and Shenzhen.

• The Yangtze River Delta

With the strongest comprehensive strength among different regions in the PRC, the economy of the Yangtze River Delta will probably maintain its growth momentum in the future and will certainly provide immense room for development to the real estate industry.

Wuxi is an important city in the Yangtze River Delta and the first target city selected for implementing the Group's development strategy in the region. Located in the Yunhu environmental resort area of Yixing, Wuxi, the Town on the Water project enjoys cultural and natural heritage such as the green mountains, Yunhu and Dajue Temples and is a symbolic high end residential building in Yixing. During the year, this project realized satisfactory sales result with contract sales of approximately RMB174.6 million, representing a year-on-year growth of 2,197%.

• Beijing-Tianjin Metropolitan Area

The Beijing-Tianjin Metropolitan Area represents the third focal region in the PRC in terms of economic growth, and is one of the Chinese metropolitan areas with the greatest development potential in the 21st century.

Based on our judgment of the prospect of the economic development and real estate market in the Beijing-Tianjin Metropolitan Area, the Group strategically entered into the Tianjin market in 2006. As at the end of 2009, the Group had two projects in Tianjin, namely Tianjin Hailrun Plaza, a project under development located in the high-end real estate area in south Meijiang, and the Yingcheng Lake project, which is to be developed in the Sino-Singapore Eco-city (中新生態城) with stupendous development prospect. The planned gross floor area of these two projects is approximately 300,000 square meters.

Leverage on our strength in developing urban complexes, the Group commenced the sales of the first batch of flats at Tianjin Hailrun Plaza in April 2009 and achieved an outstanding first-day subscription rate of 80%. During the year, this project contributed contract sales of RMB235.2 million to the Group.

Our Land Bank

Notwithstanding the overheated real estate market in 2009, the Group adhered to its policy of prudently considering and analyzing every land acquisition opportunities, and selecting premium land with sharp insight under our diversification strategy, so as to maintain our advantage in acquiring land at low cost. In 2009, the Group acquired a total of 26 land plots in Chengdu-Chongqing Economic Zone and the Pearl River Delta with an aggregate planned gross floor area of approximately 2.09 million square meters, which is expected to provide a saleable area of approximately 1.97 million square meters. 23 of the above land lots with a planned gross floor area of approximately 1.35 million square meters were acquired as additional land for the Grand Valley project in the Chengdu area so that the planned gross floor area of the Grand Valley project reached 1.64 million square meters and this has further enhanced the value of Grand Valley as a long term strategic project with development period of over 10 years. We acquired three more land plots or projects with a planned gross floor area of approximately 740,000 square meters in the Pearl River Delta, thereby consolidating our leading position in the Pearl River Delta.

As of 31 December 2009, the total area of the Group's land bank amounted to approximately 10.43 million square meters. Included in the above were properties with a planned gross floor area of approximately 5.46 million square meters and the land use right certificates of which have been granted or pending, while framework agreements in respect of properties with a planned gross floor area of approximately 4.97 million square meters have been entered into with local governments or relevant third parties, which will be enough to satisfy the future business development requirement of the Group in the next 3 to 5 years.

Besides strengthening our leading positions in the Pearl River Delta and Chengdu-Chongqing Zone, the Group will also continue to enhance its leading positions in the Yangtze River Delta and Beijing-Tianjin Area and achieve relatively balanced development in the four major geographical segments in 2010. The acquisition and development plans of the Company with respect to Beijing-Tianjin Metropolitan Area and the Yangtze River Delta will serve as complements to its geographical development strategies, and therefore enhance the economies of scale and strength of the Company in the relevant core areas.

Property management business

The Group provides property management services to the Group and other real estate companies through Fantasia Property Management Co., Ltd (深圳市花樣年物業管理有限公司) ("Fantasia Property Management"), a subsidiary of Shenzhen Fantasia Colour Life Technology Co., Ltd (深圳市花樣年彩生活科技有限公司). Fantasia Property Management has obtained ISO9001 international quality management certificate and has been granted the qualification as a first class property management company (the highest qualification in the PRC property management industry) by the Ministry of Construction of the PRC. With strengths in terms of leading management scale and quality services, Fantasia Property Management has been consecutively named as one of the "Top 100 Property Management Companies" in 2008 and 2009 in a brand value research conducted by the Research Institute of Statistics of the PRC of China's Real Estate Industry (中國房地產中國指數研究所).

As of 31 December 2009, the Group's property management business has forayed into 4 cities and regions, namely Shenzhen, Chengdu, Huizhou and Dongguan, and the number of projects under its management reached 185, with an accumulated contracted and property area under management amounting to 13.79 million square meters, representing a year-on-year growth of approximately 22%.

The Group is well received by the industry and clients for its quality property management services and was awarded the title of "Shenzhen Property Management Enterprises with Strong Sense of Social Responsibility that are Relied on and Recommended by Owners" (深圳市物管行業社會責任感强、業主信賴推薦企業).

With respect to the property management business, the Group advocates the service concept of "Providing Handy Services and Delivering Colorful Life" (服務無所不在，生活多姿多彩) and has established a service platform which based on community life, the comprehensive value-added services of which include online ordering of daily accessories, bulk commodity purchases, ordinary services, provision of comprehensive value-added services, which encompass the supply of information of real estate market as well as leasing and selling services, with a view to better cater for the needs of the clients. Currently, the Group provides such services to approximately 120,000 residents in various communities.

Property agency business

The Group develops its property agency business through Shenzhen Xingyan Property Consultancy Co., Ltd (深圳市星彥地產顧問有限公司) ("Xingyan Property Consultancy"), a subsidiary. During the year, the area covered by the agency business of Xingyan Property Consultancy extended to numerous cities such as Chengdu, Shenzhen, Dongguan, Huizhou as well as Hebei Province, Henan Province and Anhui Province. The accumulated number of projects under its agency services amounted to 36 with an aggregate saleable area of approximately 890,000 square meters. In markets like Shenzhen, Chengdu and Dongguan, Xingyan Property Consultancy has secured its leading business position with its sales amount ranked top three in Chengdu market.

Capitalizing on its significant professional ability, Xingyan Property Consultancy was given the title of "Real Estate Planning and Agency Companies in Southern China with Top 10 Brand Value, 2009" (2009中國華南房地產策劃代理公司品牌價值TOP10) by the Research Group of Top 10 in the PRC Real Estate Market (中國房地產TOP10研究組) in 2009.

Hotel management business

With a view to developing our ability in providing high-end property services and building up our comprehensive competitive strength in respect of the high-end property development industry in the future, the Group has strategically entered into the hotel industry during the year. The hotel management business of the Group will be established on the basis of the Group's development of high-end properties, and we will develop all-rounded commercial auxiliary services and secure continuous value increment for our high-end property developments. The hotel management business of the Group will combine the cultural and geographical characteristics of different regions and focus on the development of boutique hotels with diversified architectural and design styles and characters. These boutique hotels will mainly comprise highly profitable suite, while minimizing the scale of low profitability facilities, which dominate traditional hotels.

Within the next three years, the Group planned to develop boutique hotels with a planned gross floor area of approximately 103,000 square meters and a total of about 1,015 rooms in our boutique upscale residences and urban complexes projects.

Financial Review

Corporate Reorganization

The Company was incorporated in the Cayman Islands on 17 October 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The companies comprising our Group underwent a reorganization (the "Reorganization") to rationalize our Group's structure in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As a result, the Company became the holding company of the Group. Details of the Reorganization are set out in the appendix VIII of the prospectus of the Company issued on 12 November 2009.

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services and (v) the provision of hotel management and related services. For the year ended 31 December 2009, turnover of the Group amounted to approximately RMB2,459 million, representing an increase of 109.4% from approximately RMB1,174 million in 2008. Profit and total comprehensive income for the year attributable to the equity holders of the Company was approximately RMB373 million, representing an increase of 343.2% from approximately RMB84 million in 2008.

Property Development

We recognize revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, which is when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of our properties held for sales. Revenue derived from property development increased by 118.1% to approximately RMB2,322 million in 2009 from approximately RMB1,065 million in 2008. This increase was due primarily to an increase in total gross floor area ("GFA") and an increase in the average selling price of properties sold to our customers.

Property Investment

Revenue generated from property investment remained stable at approximately RMB11 million in 2009 (2008: approximately RMB11 million). There was increase in the investment properties near the end of 2009 and it would contribute to the revenue in 2010.

Property Agency Services

Revenue derived from property agency services increased by 43.6% to approximately RMB58 million in 2009 from approximately RMB40 million in 2008. The increase was due primarily to an increase in the aggregate sale price of the properties that our property agency services business sold in 2009 as a result of an increase in general real estate activities in 2009 as compared to that in 2008.

Property Operation Services

Revenue derived from property operation services increased by 10.4% to approximately RMB64 million in 2009 from approximately RMB58 million in 2008. This increase was due primarily to an increase in the GFA of properties that we managed during 2009.

Hotel Services

Revenue derived from hotel services increased by 767.4% to approximately RMB4 million in 2009 from approximately RMB0.5 million in 2008. This increase was due primarily to an increase in occupancy rate of the hotel during 2009.

Gross Profit and Margin

Gross profit increased by 118.7% to approximately RMB1,027 million in 2009 from approximately RMB469 million in 2008, while our gross margin increased to 41.8% in 2009 from 40.0% in 2008. This increase was in line with the increase in the total revenue in 2009 and our change in proportion in product mix.

Other Income, Gain and Losses

Other income, gain and losses decreased by 55.0% to approximately RMB27 million in 2009 from approximately RMB59 million in 2008. This decrease was due primarily to RMB35.6 million in exchange gain in 2008, while it was a loss of RMB1.3 million in 2009. The exchange gain was due to the appreciation of Renminbi ("RMB") against the U.S. dollar related to the US$100 million pre-IPO bond, which was denominated in U.S. dollars.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 61.5% to approximately RMB80 million in 2009 from approximately RMB50 million in 2008. This increase was due primarily to an increase in general sales, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold in 2009 as compared to that in 2008.

Administrative Expenses

Our administrative expenses increased by 8.9% to approximately RMB177 million in 2009 from approximately RMB163 million in 2008. This increase was due primarily to an increase in professional fee to approximately RMB49 million and other relevant expenses relating to the listing in the Stock Exchange in November 2009.

Finance Costs

Our finance costs decreased by 25.9% to approximately RMB52 million in 2009 from approximately RMB70 million in 2008. This decrease was due primarily to an increase in interests capitalized in properties for sales, which was partially offset by an increase in interest expenses as a result of an increase in borrowing.

Income Tax Expenses

Our income tax expenses increased by 160.0% to approximately RMB407 million in 2009 from approximately RMB157 million in 2008. This increase was due primarily to an increase in enterprises income tax and land appreciation tax as a result of increase in properties sold in 2009 as compared to that in 2008.

Profit and Total Comprehensive Income Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased by 343.2% to approximately RMB373 million in 2009 from approximately RMB84 million in 2008. This increase was due primarily to an increase in properties sold in 2009 as compared to that in 2008. Our net profit margin increased to 15.2% in 2009 from 7.2% in 2008.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2009, the Group's bank balances and cash was approximately RMB3,886 million (2008: RMB341 million), representing an increase of 1,040.0% as compared to that as at 31 December 2008.

A portion of our cash are restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As at 31 December 2009, the Group's restricted cash was approximately RMB190 million (2008: RMB38 million), representing an increase of 401.2% as compared to that as at 31 December 2008.

Current Ratio and Gearing Ratio

As at 31 December 2009, the Group has current ratio (being current assets over current liabilities) of approximately 1.87 compared to that of 1.39 as at 31 December 2008. The Group was in a net cash positions as at 31 December 2009 while the gearing ratio was 0.93 as at 31 December 2008. The gearing ratio was measured by net debt (aggregated bank borrowings and loans from shareholders net of bank balances and cash and restricted cash) over the equity attributable to owners of the Company. The total debt (being aggregated bank borrowings and loans from shareholders) over total assets ratio continued to be healthy, maintaining at 30.0% (2008: 28.4%) as of 31 December 2009.

Borrowings and Charges on the Group's Assets

As at 31 December 2009, the Group had an aggregate bank borrowings of approximately RMB3,440 million, of which approximately RMB1,266 million will be repayable within 1 year, approximately RMB2,149 million will be repayable between 2 and 5 years and approximately RMB25 million will be repayable after 5 years.

As at 31 December 2009, the substantial part of the bank borrowings are secured by land use rights and properties of the Group.

Exchange Rate Risk

The Group mainly operates in the PRC. Other than the foreign currency denominated bank deposits and bank borrowings, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings.

During 2009, though the exchange rates of RMB against U.S. dollar and the Hong Kong dollar kept on increasing, the directors of the Company (the "Directors") expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 31 December 2009, the Group had no committed payment for the land premium on land acquisitions (2008: nil).

Contingent Liabilities

As at 31 December 2009, the Group had provided guarantees amounting to approximately RMB1,626 million (2008: approximately RMB719 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the buyer obtained the individual property ownership certificate.

In the opinion of the Directors, no provision for the guarantee contracts is recognized in the financial statement for the year ended 31 December 2009 as the default risk is low.

Employees and Remuneration Policies

As at 31 December 2009, the Group has approximately 2,962 employees, of which 470 employees involved in the property development sector, 415 in the property agency services sector, 2,038 in the property operation services sector and 39 in the hotel services sector. Total staff costs, including directors' emoluments, for the year ended 31 December 2009 amounted to approximately RMB118 million (2008: approximately RMB112 million). Remuneration is determined by reference to their performance, skill, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for PRC employees), a discretionary bonus program and a share option scheme.

As at 31 December 2009, no options had been granted, exercised or cancelled under the share option scheme adopted on 27 October 2009.

Use of Net Proceeds from the Company's Initial Public Offering

The Company was listed on the Stock Exchange on 25 November 2009. The net proceeds from the Company's issue of new shares (after deducting the underwriting commission and estimated expenses payable by the Group in relation to the listing of the Company after the exercise of the over-allotment option) amounted to approximately HK$2,500 million. The Company had applied approximately HK$233 million for the general working capital purposes, which is in compliance with the intended use of proceeds set out in the section headed "Future plans and use of proceeds" contained in the Prospectus. The remaining balances have been temporarily placed as bank deposits.

DIVIDEND

The Board proposed the payment of a final dividend of HK1.75 cents per share for the year ended 31 December 2009 to shareholders whose names appear on the register of members of the Company on 20 May 2010. The proposed final dividend will be paid on or about 17 June 2010 after the receipt of approval by shareholders of the Company at 2010 annual general meeting (the "AGM") of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14 May 2010 to Thursday, 20 May 2010, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of the shareholders who are entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre,183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 13 May 2010.

ANNUAL GENERAL MEETING

The AGM will be held on 20 May 2010 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange in due course.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("Code on Corporate Governance") contained in Appendix 14 of the Listing Rules on the Stock Exchange, except for the following deviation:

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Pan Jun is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

Audit Committee

The Company has established an audit committee on 12 October 2009 in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The audit committee of the Company currently comprises four independent non-executive Directors, including Mr. Ho Man, Mr. Liao Martin Cheung Kong JP, Mr. Huang Ming and Mr. Xu Quan, while Mr. Ho Man is the chairman of the audit committee.

The annual results of the Company have been reviewed by the audit committee.

Remuneration Committee

The Company has established a remuneration committee on 12 October 2009 in compliance with the Listing Rules. The remuneration committee currently comprises an executive director, Mr. Pan Jun, and four independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Mr. Liao Martin Cheung Kong JP and Mr. Xu Quan, while Mr. Huang Ming is the chairman of the remuneration committee.

Nomination Committee

The Company has established a nomination committee on 12 October 2009 in compliance with the Listing Rules. The nomination committee currently comprises two executive Directors, Ms. Zeng Jie and Mr. Pan Jun, and four independent non-executive Directors, Mr. Ho Man, Mr. Liao Martin Cheung Kong JP, Mr. Huang Ming and Mr. Xu Quan, while Ms. Zeng Jie is the chairman of the nomination committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all Directors whether the Directors have complied with the required standard set out in the Model Code regarding directors' securities transactions during the period from 25 November 2009, the date on which the trading of the shares of the Company commenced (the "Listing Date") on the Stock Exchange, up to 31 December 2009 and all Directors confirmed that they have complied with the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company is empowered by the applicable Companies Law of the Cayman Islands and the Articles of the Association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares during the period from the Listing Date to 31 December 2009.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its directors, the Company has maintained a sufficient public float throughout the period from 25 November 2009, being the Listing Date to 31 December 2009.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.cnfantasia.com). The annual report of the Company for the year ended 31 December 2009 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

APPRECIATION

We sincerely thank our shareholders, investors, business partners and customers for their continuous support and trust, and are grateful to all our staffs for their hard work and devotion. We look forward to working hand in hand with all fellows to create and share more fruitful results and to realize our grand vision in 2010.

By order of the Board
Fantasia Holdings Group Co., Limited
Pan Jun
Chairman

Hong Kong, 20 March 2010

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Mr. Feng Hui Ming and Mr. Chan Sze Hon; the independent non-executive Directors are Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan.