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花 樣 年

FANTASIA

Fantasia Holdings Group Co., Limited

花樣年控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1777)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

FINANCIAL HIGHLIGHTS

- The Group's revenue for the period was approximately RMB3,548 million.
- The Group's net loss for the period was approximately RMB3,336 million.
- The Group's net loss attributable to the owners of the Company for the period was approximately RMB3,343 million.
- The Board does not recommend the payment of interim dividend for the period ended 30 June 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Fantasia Holdings Group Co., Limited (hereinafter referred to as “**Fantasia**” or the “**Company**”) announces the unaudited financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<i>NOTES</i>	Six months ended 30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue			
Contracts with customers	4	3,450,385	10,803,384
Leases		97,434	148,310
		<hr/>	<hr/>
Total revenue	5	3,547,819	10,951,694
Cost of sales and services		(2,975,363)	(8,674,437)
		<hr/>	<hr/>
Gross profit		572,456	2,277,257
Other income		20,497	107,554
Other gains and losses		(1,432,427)	437,802
Impairment losses under expected credit loss model, net of reversal	6	(98,083)	(16,959)
Change in fair value of investment properties		(189,074)	321,109
Write-down of properties for sales	7	(248,557)	–
Selling and distribution expenses		(105,853)	(158,981)
Administrative expenses		(480,320)	(763,030)
Finance costs		(1,136,814)	(1,109,138)
Share of results of associates		18,778	1,223
Share of results of joint ventures		10,074	7,627
Loss on disposal of subsidiaries		(131,780)	(6,733)
		<hr/>	<hr/>
(Loss) profit before tax		(3,201,103)	1,097,731
Income taxation	8	(135,367)	(794,795)
		<hr/>	<hr/>
(Loss) profit for the period	9	(3,336,470)	302,936
		<hr/>	<hr/>

		Six months ended 30 June	
		2022	2021
<i>NOTE</i>		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive (expenses) income			
Item that may be reclassified subsequently to profit or loss:			
	Fair value change on hedging instruments designated as cash flow hedges	—	16,468
Items that will not be reclassified subsequently to profit or loss:			
	Fair value change on equity instruments designated at fair value through other comprehensive income (“FVTOCI”)	(1,296)	(7,173)
	Deferred taxation effect	324	1,793
		<u>(972)</u>	<u>(5,380)</u>
Other comprehensive (expenses) income for the period, net of income tax		<u>(972)</u>	<u>11,088</u>
Total comprehensive (expenses) income for the period		<u>(3,337,442)</u>	<u>314,024</u>
(Loss) profit for the period attributable to:			
	Owners of the Company	(3,342,830)	152,755
	Other non-controlling interests	6,360	150,181
		<u>(3,336,470)</u>	<u>302,936</u>
Total comprehensive (expenses) income for the period attributable to:			
	Owners of the Company	(3,343,335)	166,426
	Other non-controlling interests	5,893	147,598
		<u>(3,337,442)</u>	<u>314,024</u>
(Loss) earnings per share – basic (RMB cents)	<i>11</i>	<u>(57.91)</u>	<u>2.65</u>
(Loss) earnings per share – diluted (RMB cents)	<i>11</i>	<u>(57.91)</u>	<u>2.64</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,116,932	1,235,411
Right-of-use assets	438,626	471,744
Investment properties	8,033,094	8,218,706
Interests in associates	1,885,667	1,987,215
Interests in joint ventures	3,832,676	4,377,387
Equity instruments designated at FVTOCI	45,862	142,437
Goodwill	902,377	902,377
Intangible assets	26,154	30,929
Other receivables	877,014	863,288
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	6,192,408	6,188,480
Deferred tax assets	1,464,198	1,455,029
	<u>24,815,008</u>	<u>25,873,003</u>

	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
CURRENT ASSETS		
Properties for sale	49,799,869	52,010,570
Contract assets	788,042	844,691
Contract costs	287,864	385,978
Trade and other receivables	12,347,345	12,904,945
Tax recoverable	1,254,180	1,012,911
Amounts due from related parties	6,430,198	6,871,726
Restricted/pledged bank deposits	2,506,663	4,232,500
Bank balances and cash	806,715	973,148
	74,220,876	79,236,469
	99,035,884	105,109,472
CURRENT LIABILITIES		
Trade and other payables	8,772,696	8,183,727
Contract liabilities	20,495,557	22,365,128
Amounts due to related parties	464,233	455,713
Tax liabilities	5,456,828	5,126,960
Borrowings due within one year	14,350,745	13,441,873
Lease liabilities due within one year	32,676	40,445
Senior notes and bonds due within one year	36,177,242	33,007,450
Asset-backed securities issued due within one year	255,455	–
Provisions	–	31,184
	86,005,432	82,652,480
NET CURRENT LIABILITIES	(11,784,556)	(3,416,011)
TOTAL ASSETS LESS CURRENT LIABILITIES	13,030,452	22,456,992

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	223,430	390,723
Borrowings due after one year	5,580,427	11,045,175
Lease liabilities due after one year	107,712	112,195
Asset-backed securities issued due after one year	–	255,438
	<u>5,911,569</u>	<u>11,803,531</u>
NET ASSETS	<u>7,118,883</u>	<u>10,653,461</u>
CAPITAL AND RESERVES		
Share capital	498,787	498,787
Reserves	<u>3,084,993</u>	<u>5,836,692</u>
Equity attributable to owners of the Company	3,583,780	6,335,479
Non-controlling interests	<u>3,535,103</u>	<u>4,317,982</u>
	<u>7,118,883</u>	<u>10,653,461</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirement of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

2.2 Going concern basis

For the period ended 30 June 2022, the Group incurred net loss of RMB3,336,470,000. As at 30 June 2022, the Group’s net current liabilities amounted to RMB11,784,556,000 and net assets amounted to RMB7,118,883,000. As at 30 June 2022, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB86,005,432,000.

As at 30 June 2022, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB14,238,730,000 according to their scheduled repayment dates. As a result, as at 30 June 2022, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB40,683,421,000 had become default or cross default. Subsequent to 30 June 2022, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates. These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going concern basis (Continued)

In view of such circumstances, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and performance of the Group and the Group’s available sources of financing and have considered the Group’s cash flow projections prepared by management for a period of not less than 12 months from the date of reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- The Company has appointed Houlihan Lokey (China) Limited as its financial adviser for its offshore debt restructuring. The Group is actively in discussions with the existing lenders on the renewal of the Group’s certain borrowings. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address upcoming financial obligations and future operating cash flow requirements whilst engaging in existing lenders;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and trade receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

The Directors, taking into account the above plans and measures, are of the opinion that, they are satisfied that it is appropriate to prepare the consolidated financial statements for the period ended 30 June 2022 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain support from the Group’s creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described above.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the period ended 30 June 2022.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</i>

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

Segment	For the period ended 30 June 2022					
	Property development RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods and services						
<i>Property development</i>						
Sales of completed properties	2,445,839	-	-	-	-	2,445,839
<i>Property agency services</i>						
Provision of property agency services	-	764	-	-	-	764
<i>Property operation services</i>						
Provision of property management services	-	-	954,431	-	-	954,431
Provision of value-added services	-	-	11,973	-	-	11,973
Provision of engineering services	-	-	5,986	-	-	5,986
<i>Hotel operations</i>						
Provision of hotel accommodation services	-	-	-	23,612	-	23,612
<i>Others</i>						
Property project management and other related services	-	-	-	-	7,780	7,780
	<u>2,445,839</u>	<u>764</u>	<u>972,390</u>	<u>23,612</u>	<u>7,780</u>	<u>3,450,385</u>
Timing of revenue recognition						
A point in time	2,445,839	764	10,939	-	7,780	2,465,322
Over time	-	-	961,451	23,612	-	985,063
	<u>2,445,839</u>	<u>764</u>	<u>972,390</u>	<u>23,612</u>	<u>7,780</u>	<u>3,450,385</u>

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Segment	For the period ended 30 June 2021					
	Property development RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods and services						
<i>Property development</i>						
Sales of completed properties	8,335,628	–	–	–	–	8,335,628
Construction of properties	18,303	–	–	–	–	18,303
<i>Property agency services</i>						
Provision of property agency services	–	39,522	–	–	–	39,522
<i>Property operation services</i>						
Provision of property management services	–	–	1,995,592	–	–	1,995,592
Provision of value-added services	–	–	197,580	–	–	197,580
Provision of engineering services	–	–	36,167	–	–	36,167
<i>Hotel operations</i>						
Provision of hotel accommodation services	–	–	–	40,345	–	40,345
<i>Others</i>						
Property project management and other related services	–	–	–	–	140,247	140,247
	<u>8,353,931</u>	<u>39,522</u>	<u>2,229,339</u>	<u>40,345</u>	<u>140,247</u>	<u>10,803,384</u>
Timing of revenue recognition						
A point in time	8,335,628	39,522	–	–	–	8,375,150
Over time	18,303	–	2,229,339	40,345	140,247	2,428,234
	<u>8,353,931</u>	<u>39,522</u>	<u>2,229,339</u>	<u>40,345</u>	<u>140,247</u>	<u>10,803,384</u>

5. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision makers, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group by different type of products sold and services rendered.

The Group has six reportable and operating segments, comprising of property development, property investment, property agency services, property operation services, hotel operation and others (including project management and other services).

Information about major customer

There were no sales to a single customer which amounted to 10% or more of the Group's revenue during the period ended 30 June 2022 and 2021.

Information about geographical areas

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the periods ended 30 June 2022 and 2021. As at 30 June 2022 and 31 December 2021, majority of the non-current assets of the Group were located in the PRC.

Set out below is an analysis on the Group's revenue and results by reportable and operating segments during the periods ended 30 June 2022 and 2021:

Six months ended 30 June 2022

Segment revenue (Unaudited)	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	2,445,839	97,434	764	1,020,772	23,612	7,780	3,596,201
Segment results	<u>(388,901)</u>	<u>(91,640)</u>	<u>(388)</u>	<u>80,271</u>	<u>(17,932)</u>	<u>(10,831)</u>	<u>(429,421)</u>

Six months ended 30 June 2021

Segment revenue (Unaudited)	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	8,353,931	148,310	39,522	2,759,408	40,345	409,669	11,751,185
Segment results	<u>602,534</u>	<u>465,673</u>	<u>11,890</u>	<u>474,506</u>	<u>(6,898)</u>	<u>200,656</u>	<u>1,748,361</u>

6. IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Impairment loss recognised on		
– Trade and other receivables and deposits	(76,784)	(13,088)
– Amounts due from related parties	(20,452)	(3,298)
– Contract assets	(847)	(573)
	<u>(98,083)</u>	<u>(16,959)</u>

7. WRITE-DOWN OF PROPERTIES FOR SALES

During the six months ended 30 June 2022, mainly due to the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments, a provision for impairment loss on properties for sale of RMB248,557,000 (six months ended 30 June 2021: nil) was recognised to reflect the decrease in relevant net realisable value.

The net realisable value is determined by reference to the estimated selling prices of the properties for sale, which takes into account a number of factors including the latest market prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC, less estimated selling expenses and estimated cost to completion. The net realisable value were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited, an independent qualified professional valuers which are not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

8. INCOME TAXATION

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax in the PRC		
PRC enterprise income tax	148,342	650,136
LAT	106,250	326,225
	<u>254,592</u>	<u>976,361</u>
Deferred tax		
Credit to profit and loss	(119,225)	(181,566)
	<u>135,367</u>	<u>794,795</u>

9. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Net exchange loss (gain)	1,480,288	(304,014)
Fair value change on hedging instruments	<u>–</u>	<u>110,434</u>
	1,480,288	(193,580)
Government grant and partial exemption of PRC value-added tax (included in other income)	(9,674)	(29,891)
Interest income (included in other income)	(8,739)	(77,663)
Net gain on repurchase and early redemption of senior notes and bonds (included in other gains and losses)	–	(71,569)
Net loss on disposal of associates and joint ventures (included in other gains and losses)	27,884	7,441
Loss (gain) on disposal of plant, property and equipment (included in other gains and losses)	4,188	(1,652)
Depreciation of property, plant and equipment	91,451	129,261
Depreciation of right-of-use assets	33,710	41,999
Amortisation of intangible assets	4,775	71,842
Staff costs	901,192	1,200,867

10. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) earnings:		
(Loss) earnings for the purposes of basic and diluted earnings per share ((loss) profit for the period attributable to owners of the Company)	<u>(3,342,830)</u>	<u>152,755</u>
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	5,772,598	5,772,200
Effect of dilutive potential ordinary shares:		
Share options	<u>–</u>	<u>17,957</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>5,772,598</u>	<u>5,790,157</u>

For the six months ended 30 June 2022, the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

12. TRADE AND OTHER RECEIVABLES

Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of agreement.

Property operation service fee is received in accordance with the terms of the relevant service agreements, normally within 30 days to 1 year after the issuance of demand note. Each customer from property operation services has a designated credit limit.

Hotel operation income are mainly in form of settlement in cash and credit cards.

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.

12. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables of the Group net of allowance for impairment losses presented based on the date of delivery of the properties to the customers for property sale or the invoice date or date of demand note for rendering of services at the end of the reporting period:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
0 to 30 days	1,316,675	1,584,786
31 to 90 days	427,883	334,008
91 to 180 days	262,197	285,912
181 to 365 days	219,269	58,162
Over 1 year	126,409	91,133
	2,352,433	2,354,001

13. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials and settlement of subcontracting fee ranged from two months to one year.

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
0 to 60 days	2,279,896	2,814,693
61 to 180 days	1,895,304	1,917,210
181 to 365 days	754,391	233,373
1 – 2 years	153,723	302,454
2 – 3 years	5,085	2,501
	5,088,399	5,270,231

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

Contracted Sales

During the first half of 2022, the Group achieved total contracted sales of approximately RMB1,720 million and contracted sales area of 204,628 sq.m.

Contracted sales amount and area attributable to different product categories in the first half of 2022

During the reporting period, the contracted sales amount of the Group was mainly derived from sales in 20 cities, including Chengdu, Guilin, Wuhan, Nanjing, Shenzhen, Foshan and Huizhou, and from approximately 51 projects, including Chengdu Biyun Tianxi, Chengdu Chunyu Xi'an, Chengdu Grande Valley, Guilin, Shenzhen Good Time, Beijing Mentougou, Qingdao Biyuntian, Wuhan Jin Xiu Town, Shaoxing Spring Breeze and Chongqing Hockney. The Group extended its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area in order to continuously expand its vertical strategic move in each metropolitan area and focus on key cities.

First half of 2022				
Category	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	1,562	90.8%	193,207	94.4%
Urban Complexes	158	9.2%	11,421	5.6%
Total	1,720	100.0%	204,628	100.0%

Contracted sales amount and area in each region in the first half of 2022

First half of 2022				
Category	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	74	4.3%	5,808	2.8%
Chengdu-Chongqing Metropolitan Area	579	33.7%	90,153	44.1%
Central China Metropolitan Area	119	6.9%	24,818	12.1%
Yangtze River Delta Metropolitan Area	740	43.0%	42,679	20.9%
Bohai Rim Metropolitan Area	208	12.1%	41,170	20.1%
Total	1,720	100.0%	204,628	100.0%

Guangdong-Hong Kong-Macao Greater Bay Area

As one of the most open and economically dynamic regions in China, Guangdong-Hong Kong-Macao Greater Bay Area has an important strategic position in China's overall development. In the first half of 2022, the Group made active efforts to push forward the delivery and sales of projects in the Greater Bay Area. During the reporting period, the Group's Shenzhen Good Time project in Shenzhen and Huizhou project all commenced construction normally, with normal construction progress, which also secured stable sales of the projects in the local area.

During the reporting period, the Group recorded total contracted sales of RMB74 million and total contracted sales area of 5,808 sq.m. in Shenzhen, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 4.3% and 2.8% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2022.

Chengdu-Chongqing Metropolitan Area

As an important economic hub in South-western China, the Chengdu-Chongqing Metropolitan Area shows robust market demand for real estate and is one of the earliest important strategic markets entered by the Group. The Group has become one of the most influential brand developers in the region. In the first half of 2022, Chengdu faced pressure from both the delivery and sales of numerous projects. The Group made active efforts to ensure perfect delivery and customer satisfaction through relief and sales in Chengdu.

During the reporting period, the Group recorded total contracted sales of RMB579 million and total contracted sales area of 90,153 sq.m. in Chengdu, Ziyang, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 33.7% and 44.1% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2022.

Central China Metropolitan Area

As the geographical center of the country, Central China Metropolitan Area is increasingly becoming an important force for the rise of Central China with its advantages of convenient transportation and developed economy. The Group proactively revitalized the sales volume of Wuhan Jin Xiu Town, Wuhan Huahaoyuan and other projects and achieved good sales, contributing to the capital required for the delivery of various projects in Wuhan.

During the reporting period, the Group recorded total contracted sales of RMB119 million and total contracted sales area of 24,818 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing to approximately 6.9% and 12.1% of the total contracted sales and total contracted sales area of properties of the Group respectively in mid 2022.

Yangtze River Delta Metropolitan Area

The Yangtze River Delta Metropolitan Area is one of the most economically dynamic hubs in China. The Group has paid close attention to the core cities with high growing potential in the region for a long time. The Group took the initiative and maintained the sales after the unravelling, where Shanghai Rugao, Shaoxing Spring Breeze, Hangzhou Duiyuetian and other projects continued to achieve good sales in 2022.

During the reporting period, the Group recorded total contracted sales of RMB740 million and total contracted sales area of 42,679 sq.m. in Nanjing, Shaoxing, Shanghai, Suzhou and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 43.0% and 20.9% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2022.

Bohai Rim Metropolitan Area

Bohai Rim Metropolitan Area is the most important economic hub in Northern China, playing an agglomeration, radiation, service and mobilization role in the national and regional economy and possessing great development potential. In 2022, the Group rapidly promoted the construction and sales of projects in the region, of which Beijing Mentougou and Qingdao Biyuntian maintained relatively stable sales.

During the reporting period, the Group recorded total contracted sales of RMB208 million and total contracted sales area of 41,170 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 12.1% and 20.1% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2022.

Completed Projects

During the reporting period, the Group completed a total of 7 phases of projects with a total GFA of approximately 789,037 sq.m.

Projects under construction

As at 30 June 2022, the Group had a total of 29 projects or phases of projects under construction with a total GFA of 4,862,763 sq.m.

Projects held for development

As at 30 June 2022, the Group had a total of 16 projects or phases of projects held for development with a total GFA of 6,338,123 sq.m.

Land Bank

As at 30 June 2022, after deducting projects sold, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 11,200,886 sq.m.

Land Bank Summary			
City Company	Projects under construction	Projects held for development	Aggregate GFA of land bank
	(sq.m.)	(sq.m.)	(sq.m.)
South China	990,142	706,025	1,696,167
North China	315,527	3,708,162	4,023,689
Southwest China	2,128,383	1,117,601	3,245,984
East China	842,699	492,984	1,335,683
Central China	586,012	313,351	899,363

Community services

Colour Life Services Group Co., Limited (“**Colour Life**”) is a renowned property management and community services provider in China, which focuses on setting up offline and online service platform via the internet technology and effectively linking the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

As communities constitute the smallest social component of the city, the services provided by the property management companies are essential in creating a stable and convenient living environment for the residents of the community and promoting the development of the society. Colour Life strives to meet the basic living needs of the residents through providing Four Basic Guarantees services (defined as cleaning, greening, security and maintenance services), which constitute the solid cornerstone of community services system.

While meeting the basic living needs of the residents of the community, Colour Life also promotes smart community construction by proactively utilising emerging technologies such as the Internet of Things, big data and artificial intelligence, and introducing the application of intelligent equipment, so as to enhance the Group's service efficiency in providing high quality property management services for the residents. Colour Life has established a powerful head office digital “cloud” system, which minimised the dependency on the function and scope of management and strengthened the service capacity for end-users, so as to arrange effective community services. For instance, Colour Life has built a new customer

service platform based on the existing Big Dipper system to upgrade it as a digital property management platform which covers the five basic services including security, cleaning, greening, maintenance and engineering, the order-oriented operation system of the lift, energy and decoration services, as well as the customer complaint platform comprising complaint, repair application, parking, payment, decoration and other services. Colour Life has divided the entire property management service process, further enhancing the service efficiency of Colour Life.

To refine the basic businesses, Colour Life has classified the projects managed by it into various service levels based on different charging standards, set standards for equipment modification and services and provided well-oriented service experiences, so as to satisfy customers' demand for performance-price ratio in different projects and secure Colour Life's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, Colour Life has realised excellent capacity of cost control under the premise of steadily increasing management areas and securing customer satisfaction. While focusing on improving service efficiency, Colour Life is dedicated to building harmonious communities. Colour Life organised a variety of community activities and proactively established communication channels to strengthen the relationship between residents as well as between residents and property management staff and enrich residents' leisure life and spiritual culture, with an ultimate aim to build a better and more caring community. By providing such services, we are able to create a harmonious environment for residents, and push forward the establishment of our unique community culture brand, so as to enhance residents' trust in Colour Life.

The improvement of our relationship with residents also laid a solid foundation for our effort to further expand community consumption scenarios. Colour Life is actively building up an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience for residents of the communities but also strengthens the interactions and communications between Colour Life and property owners living in the communities.

In addition, Colour Life designates a proportional number of customer managers to serve the communities based on the proportion to the number of residents in such communities. The customer managers will carry out following up work and seek feedback relating to customer satisfaction in a timely manner, in order to ensure the quality of the offline community services and efficiently becoming aware of the services that property owners need. Colour Life will grow the corresponding value-added services and organically integrate online and offline business in the community, which will further enhance Colour Life's competitive edges.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) lease of investment properties, (iii) provision of property operation, (iv) provision of hotel accommodation services, and (v) property project management and other related services. Revenue of the Group amounted to approximately RMB3,548 million, representing a decrease of 67.6% from approximately RMB10,952 million for the corresponding period of 2021. Loss for the period attributable to the owners of the Company was approximately RMB3,343 million and profit attributable to owners of the Company was approximately RMB153 million for the corresponding period of 2021.

The table below sets forth the total revenue derived from each of the projects and the aggregate gross floor area (“GFA”) of properties sold during the periods ended 30 June 2022 and 2021.

	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	sq.m.	RMB/sq.m.	RMB'000	sq.m.	RMB/sq.m.
Chengdu Yinweilai	753,498	42,857	17,582	–	–	–
Tianjin Jiastianxia	592,707	52,882	11,208	1,864,781	160,260	11,636
Tianjin HuaJun	421,896	38,701	10,901	–	–	–
Guilin Lakeside Eden	356,554	69,444	5,134	1,474,193	239,776	6,148
Chengdu Jiastianxia	21,074	3,982	5,292	688,981	67,129	10,264
Huizhou Jiastianxia	13,617	4,080	3,338	–	–	–
Chengdu Zhihui City	12,021	5,788	2,077	1,156,051	177,639	6,508
Chengdu Longnian Plaza	7,317	1,030	7,104	406,495	44,810	9,072
Chengdu Grande Valley	3,908	624	6,263	619,435	87,751	7,059
Ziyang HuaJun	1,840	370	4,973	1,418	185	7,665
Chengdu Xiangmendi	1,185	520	2,279	36,775	4,924	7,469
Nanjing Lishui Jiastianxia	–	–	–	2,026,328	163,773	12,373
Cixi Seasonal Mansion	–	–	–	25,178	5,933	4,244
Others	260,222			54,296		
Total	2,445,839			8,353,931		

Property Development

The Company recognises revenue from property development when the customer obtains control of the completed property and the Group has present right to payment and the collection of consideration is probable. Revenue from property development represents proceeds from the sales of the Group's properties held for sale. Revenue derived from property development decreased by 70.7% to approximately RMB2,446 million for the six months ended 30 June 2022 from approximately RMB8,354 million for the corresponding period in 2021, which was due to less area of properties completed and delivered during the period.

Property Investment

Revenue generated from property investment decreased by 34.3% to approximately RMB97 million for the six months ended 30 June 2022 from approximately RMB148 million for the corresponding period in 2021. The decrease was primarily due to the decline in unilateral rental as a result of the downward trend in leasing market.

Property Operation Services

Revenue derived from property operation services decreased by 56.4% to approximately RMB972 million for the six months ended 30 June 2022 from approximately RMB2,229 million for the corresponding period in 2021. The decrease was mainly due to the disposal of major subsidiaries which engaged in property operation services in second half of 2021.

Hotel Operations and Related Services

Revenue derived from hotel operations and related services amounted to approximately RMB24 million for the six months ended 30 June 2022, representing a decrease of 41.5% as compared to approximately RMB40 million for the corresponding period of 2021, which was mainly due to the recovery in tourism as the COVID-19 epidemic eased during the six months ended 30 June 2022.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by 74.9% to approximately RMB572 million for the six months ended 30 June 2022 from approximately RMB2,277 million for the corresponding period in 2021, while the Group's gross profit margin was approximately 16.1% for the six months ended 30 June 2022 as compared to a gross profit margin of approximately 20.8% for the corresponding period in 2021. The decrease in gross profit margin was mainly due to the higher land costs from projects brought forward to the Period.

Other Income, Gains and Losses

The Group recorded net other losses for the six months ended 30 June 2022 of approximately RMB1,412 million (the corresponding period in 2021: net other gains of approximately RMB545 million), which was mainly due to the net exchange losses arising from the senior notes and borrowings denominated in USD.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 33.4% to approximately RMB106 million for the six months ended 30 June 2022 from approximately RMB159 million for the corresponding period in 2021, mainly due to the decrease in advertising expenses for the property projects under pre-sale stage.

Administrative Expenses

The Group's administrative expenses decreased by 37.1% to approximately RMB480 million for the six months ended 30 June 2022 from approximately RMB763 million for the corresponding period in 2021. The change was primarily due to the decrease in the staff cost of the Group.

Finance Costs

The Group's finance costs slightly increased by 2.5% to approximately RMB1,137 million for the six months ended 30 June 2022 from approximately RMB1,109 million for the corresponding period in 2021.

Income Taxation

The Group's income tax expense decreased by 83.0% to approximately RMB135 million for the six months ended 30 June 2022 from approximately RMB795 million for the corresponding period in 2021. The decrease was mainly due to a decrease in enterprise income tax and land appreciation tax for property development segment as a result of the lower gross profit margin of property sales and less delivery of completed properties during the period as compared to the corresponding period of 2021.

(Loss) Profit Attributable to Owners of the Company

For the above changes collectively, (loss) profit attributable to owners of the Company changed from a profit of approximately RMB153 million for the period ended 30 June 2021 to loss of approximately RMB3,343 million for the period ended 30 June 2022.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 30 June 2022, the Group's total bank balances and cash were approximately RMB3,313 million (31 December 2021: approximately RMB5,206 million), representing a decrease of 36.4% as compared to that as at 31 December 2021. The decrease was due to the tightened liquidity environment of the PRC property sector since the second half of 2021. A portion of the Group's cash is restricted bank deposits that are mainly restricted for use of property development.

Net Gearing Ratio

The net gearing ratio of the Group was 745.2% as at 30 June 2022 as compared to 493.2% as at 31 December 2021, representing an increase of 252.0 percentage points. The net gearing ratio was measured by net debt (total of borrowings, senior notes and bonds and asset-backed securities issued, net of bank balances and cash and restricted/pledged bank deposits) over total equity.

The Group's net gearing ratio increased during the period, mainly due to the significant decrease of total equity as a result of loss incurred since 2021. The Group will actively address the current debt position and improve its net gearing ratio.

Borrowings and Charges on the Group's Assets

As at 30 June 2022, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB19,931 million (31 December 2021: approximately RMB24,487 million), approximately RMB36,177 million (31 December 2021: approximately RMB33,007 million) and approximately RMB255 million (31 December 2021: RMB255 million), respectively. Amongst the borrowings, approximately RMB14,351 million (31 December 2021: approximately RMB13,442 million) will be repayable within one year and approximately RMB5,580 million (31 December 2021: approximately RMB11,045 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB36,177 million (31 December 2021: approximately RMB33,007 million) will be repayable within one year.

As at 30 June 2022, a substantial part of the borrowings was secured by land use rights, properties and bank deposits of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through pledging their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank balances, borrowings and lease liabilities, the Group does not have any other material direct exposure to foreign exchange fluctuations.

Commitments

As at 30 June 2022, the Group had committed payment for the construction of investment properties and property, plant and equipment and equity acquisition amounting to approximately RMB1,137 million (31 December 2021: RMB1,136 million).

Contingent Liabilities

- (a) As at 30 June 2022, the Group had provided guarantees amounting to approximately RMB10,471 million (31 December 2021: approximately RMB11,613 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 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 purchaser obtained the individual property ownership certificate.
- (b) The Group provided guarantees on several basis covering its respective shares of outstanding obligations under the bank borrowings incurred by the joint ventures and associates for developing their projects. As at 30 June 2022, the Group's aggregate shares of such guarantees provided in respective of loans borrowed by these joint ventures amounted to approximately RMB1,912 million (31 December 2021: RMB1,913 million) and associates amounted to approximately RMB3,606 million (31 December 2021: RMB3,760 million) and guarantees to suppliers of associates amounted to approximately RMB160 million (31 December 2021: RMB160 million).

In the opinion of the Directors, the possibility of the default of the purchasers is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting date.

Employees and Remuneration Policies

As at 30 June 2022, excluding the employees of communities managed on a commission basis, the Group had approximately 28,357 employees (31 December 2021: approximately 32,903 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing market practice. Besides salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL TRANSACTIONS

On 28 September 2021, Colour Life as vendor, Shenzhen Colour Life Services Group Co., Limited (“**Shenzhen Colour Life**”) as guarantor, Country Garden Property Services HK Holdings Company Limited as purchaser (“**Country Garden**”) and Link Joy Holdings Group Co., Limited (“**Link Joy**”) entered into the share transfer agreement (“**Share Transfer Agreement**”) in relation to the sale of the entire issued share capital of Link Joy (“**Sale Share**”) at an aggregated consideration of RMB3,300 million. Subsequently, on 28 March 2022, the parties to the Share Transfer Agreement entered into a supplemental agreement to supplement the terms of the Share Transfer Agreement. Please refer to the circular of the Company dated 25 July 2023.

On 19 May 2022, 紹興花美房地產開發有限公司 (Shaoxing Huamei Real Estate Development Co., Ltd.*) (the “**First Vendor**”), 深圳市聯雅諮詢有限公司 (Shenzhen Lianya Consulting Co., Ltd.*) (the “**Second Vendor**”) and 上海花樣年房地產開發有限公司 (Shanghai Fantasia Real Estate Development Co., Ltd.*) (the “**Third Vendor**”) entered into the equity transfer agreement (“**Agreement**”) with 中交美廬(杭州)置業有限公司 (CCCG Meilu (Hangzhou) Real Estate Co., Ltd.*) (the “**Purchaser**”) under which the First Vendor and the Second Vendor agreed to sell 51% of the registered capital (“**Sale Shares**”) of 中交花創(紹興)置業有限公司 (CCCG Huachuang (Shaoxing) Real Estate Co., Ltd.*) (“**Project Company**”), and the Third Vendor agreed to assign the rights to the debt owed by the Project Company to the Third Vendor to the Purchaser, for an aggregate consideration of RMB760,557,004.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the disposal of the Project Company are more than 25% but less than 75%, the disposal of the Project Company constitutes a major transaction for the Company and is subject to the shareholders' approval requirement under Chapter 14 of the Listing Rules. As no shareholder of the Company is interested in the transaction and is required to abstain from voting at the shareholders' meeting, the disposal of the Project Company has been approved by the written approval of Fantasy Pearl International Limited, a shareholder holding 3,314,090,500 shares in the Company, representing approximately 57.41% of the issued share capital of the Company. Pursuant to Rule 14.44 of the Listing Rules, the disposal of the Project Company is exempted from convening a Shareholders' meeting for the approval of the Disposal. Please refer to the Company's circular dated 25 July 2023 for details of the disposal of the Project Company.

EVENTS AFTER THE REPORTING DATE

For details of events after the reporting period, please refer to the section headed "Events After the Reporting Date" in the Company's annual results announcement for the year ended 31 December 2021 published on the same date as this announcement.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

Under then code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and shall not be performed by the same individual. Mr. Pan Jun ("**Mr. Pan**") currently holds both positions. Throughout the business history, Mr. Pan has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors (including independent non-executive directors of the Company) consider that Mr. Pan is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders as a whole.

Reference is made to the announcement of the Company dated 12 November 2021 in relation to, among others, the non-compliance with certain requirements under Chapter 3 of the Listing Rules in relation to the composition of the board of directors of the Company. For the six months ended 30 June 2022, the Company did not comply with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules. As at the date of this announcement, the Company has re-complied with the relevant rules.

Save as disclosed above, the Company has complied with all code provisions set out in the CG Code for the six months ended 30 June 2022.

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 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The annual results of the Company for the six months ended 30 June 2022 had been reviewed by the Audit Committee, which consists of three independent non-executive directors, namely Mr. Kwok Chi Shing (chairman of the audit committee), Mr. Guo Shaomu and Mr. Ma Yu-heng.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.cnfantasia.com). The Company’s 2022 interim report will be published on the aforementioned websites and despatched to the Company’s shareholders in due course.

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

Hong Kong, 10 August 2023

As at the date of this announcement, the executive directors of the Company are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Ke Kasheng, Mr. Chen Xinyu and Mr. Timothy David Gildner; the non-executive director of the Company is Mr. Su Boyu; and the independent non-executive directors of the Company are Mr. Guo Shaomu, Mr. Kwok Chi Shing and Mr. Ma Yu-heng.