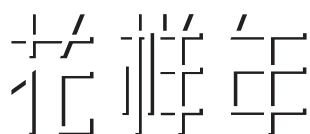


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FANTASIA

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)

**(1) ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023;
(2) CLARIFICATION OF THE 2022 ANNUAL RESULTS;
AND
(3) CLARIFICATION OF THE PROXY FORM
FOR THE EXTRAORDINARY GENERAL MEETING
TO BE HELD ON 8 SEPTEMBER 2023**

FINANCIAL HIGHLIGHTS

- Revenue of the Group was approximately RMB4,020 million, representing an increase of approximately 13.3% as compared to last corresponding period.
- Loss attributable to owners of the Company was approximately RMB2,708 million, representing a decline in loss of approximately RMB635 million (approximately 19.0%) as compared to last corresponding period.
- As at 30 June 2023, the GFA of land bank for the Group’s projects under construction and projects held for development amounted to approximately 8,838,354 sq.m.
- During the period, the Group’s selling and distribution expenses and administrative expenses amounted to approximately RMB485 million, representing a decrease of approximately 17.3% as compared to last corresponding period.
- The Board does not recommend the payment of interim dividend for the period ended 30 June 2023.

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 2023 (the “**Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	<i>NOTES</i>	Six months ended 30 June	
		2023	2022
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
Revenue			
Contracts with customers	4	3,918,519	3,450,385
Leases		101,642	97,434
		<hr/>	<hr/>
Total revenue	5	4,020,161	3,547,819
Cost of sales and services		(3,444,077)	(2,975,363)
		<hr/>	<hr/>
Gross profit		576,084	572,456
Other income		27,436	20,497
Other gains and losses		(1,280,741)	(1,432,427)
Impairment losses under expected credit loss model, net of reversal		(86,639)	(98,083)
Change in fair value of investment properties		(93,584)	(189,074)
Write-down on properties for sales		(180,092)	(248,557)
Selling and distribution expenses		(103,380)	(105,853)
Administrative expenses		(381,169)	(480,320)
Finance costs		(1,149,179)	(1,136,814)
Share of results of associates		15,142	18,778
Share of results of joint ventures		(2,646)	10,074
Net loss on disposal of subsidiaries		(15,752)	(131,780)
		<hr/>	<hr/>
Loss before tax		(2,674,520)	(3,201,103)
Income taxation	6	(130,790)	(135,367)
		<hr/>	<hr/>
Loss for the period	7	(2,805,310)	(3,336,470)
		<hr/>	<hr/>

	Six months ended 30 June	
	2023	2022
<i>NOTES</i>	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive expense		
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”)	(4,473)	(1,296)
Deferred taxation effect	1,118	324
	<hr/>	<hr/>
Other comprehensive expense for the period, net of income tax	(3,355)	(972)
	<hr/>	<hr/>
Total comprehensive expense for the period	(2,808,665)	(3,337,442)
	<hr/> <hr/>	<hr/> <hr/>
Loss for the period attributable to:		
Owners of the Company	(2,708,135)	(3,342,830)
Other non-controlling interests	(97,175)	6,360
	<hr/>	<hr/>
	(2,805,310)	(3,336,470)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive expense for the period attributable to:		
Owners of the Company	(2,709,879)	(3,343,335)
Other non-controlling interests	(98,786)	5,893
	<hr/>	<hr/>
	(2,808,665)	(3,337,442)
	<hr/> <hr/>	<hr/> <hr/>
Loss per share – basic (RMB cents)	<i>9</i> (46.91)	(57.91)
	<hr/> <hr/>	<hr/> <hr/>
Loss per share – diluted (RMB cents)	<i>9</i> (46.91)	(57.91)
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

	30 June	31 December
	2023	2022
<i>NOTE</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,037,756	1,104,986
Right-of-use assets	364,685	425,695
Investment properties	8,233,719	8,322,168
Interests in associates	1,285,713	1,425,013
Interests in joint ventures	3,093,873	3,096,519
Equity instruments designated at FVTOCI	22,202	25,139
Goodwill	902,084	906,977
Intangible assets	16,602	21,378
Other receivables	867,239	897,853
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	6,190,913	6,193,004
Deferred tax assets	1,454,665	1,473,765
	23,469,451	23,892,497
CURRENT ASSETS		
Properties for sale	43,440,600	44,135,133
Contract assets	32,848	39,878
Contract costs	185,108	214,946
Trade and other receivables	13,982,496	14,923,558
Tax recoverable	1,200,499	1,234,180
Amounts due from related parties	7,659,529	7,906,523
Restricted/pledged bank deposits	1,145,522	1,519,591
Bank balances and cash	1,183,286	1,164,432
	68,829,888	71,138,241
	92,299,339	95,030,738

		30 June	31 December
		2023	2022
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	5,625,235	6,838,236
Contract liabilities		15,378,418	17,276,961
Amounts due to related parties		356,354	383,544
Tax liabilities		6,827,584	6,782,869
Borrowings due within one year		13,894,164	14,092,214
Lease liabilities due within one year		24,989	29,849
Senior notes and bonds due within one year		40,024,981	38,957,574
Asset-backed securities issued due within one year		255,455	255,438
		<u>82,387,180</u>	<u>84,616,685</u>
NET CURRENT LIABILITIES		<u>(13,557,292)</u>	<u>(13,478,444)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,912,159</u>	<u>10,414,053</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		96,258	130,708
Borrowings due after one year		5,947,937	5,609,066
Lease liabilities due after one year		113,519	98,751
Senior notes and bonds due after one year		1,992,863	–
		<u>8,150,577</u>	<u>5,838,525</u>
NET ASSETS		<u><u>1,761,582</u></u>	<u><u>4,575,528</u></u>
CAPITAL AND RESERVES			
Share capital		498,787	498,787
Reserves		(2,152,688)	557,192
Equity attributable to owners of the Company		(1,653,901)	1,055,979
Non-controlling interests		3,415,483	3,519,549
		<u><u>1,761,582</u></u>	<u><u>4,575,528</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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. GOING CONCERN BASIS

For the period ended 30 June 2023, the Group incurred net loss of RMB2,805,310,000. As at 30 June 2023, the Group’s net current liabilities amounted to RMB13,557,292,000 and net assets amounted to RMB1,761,582,000. As at 30 June 2023, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB82,387,180,000.

As at 30 June 2023, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB30,942,446,000 according to their scheduled repayment dates. As a result, as at 30 June 2023, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB43,973,205,000 had become default or cross default. Subsequent to 30 June 2023, 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.

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 condensed consolidated financial statements for the period ended 30 June 2023 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 condensed consolidated financial statements of the Group for the period ended 30 June 2023.

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 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of amendments to Hong Kong Financial Reporting Standard ("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 2023 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 17	<i>Insurance contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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

For the period ended 30 June 2023

Segment	For the period ended 30 June 2023					
	Property development <i>RMB'000</i> (Unaudited)	Property agency services <i>RMB'000</i> (Unaudited)	Property operation services <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods and services						
<i>Property development</i>						
Sales of completed properties	2,720,132	-	-	-	-	2,720,132
<i>Property agency services</i>						
Provision of property agency services	-	767	-	-	-	767
<i>Property operation services</i>						
Provision of property management services	-	-	1,037,916	-	-	1,037,916
Provision of value-added services	-	-	31,757	-	-	31,757
Provision of engineering services	-	-	103,856	-	-	103,856
<i>Hotel operations</i>						
Provision of hotel accommodation services	-	-	-	24,091	-	24,091
<i>Others</i>						
Property project management and other related services	-	-	-	-	-	-
	<u>2,720,132</u>	<u>767</u>	<u>1,173,529</u>	<u>24,091</u>	<u>-</u>	<u>3,918,519</u>
Timing of revenue recognition						
A point in time	2,720,132	767	6,610	-	-	2,727,509
Over time	-	-	1,166,919	24,091	-	1,191,010
	<u>2,720,132</u>	<u>767</u>	<u>1,173,529</u>	<u>24,091</u>	<u>-</u>	<u>3,918,519</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segment	Property development <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property agency services <i>RMB'000</i> (Unaudited)	Property operation services <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue disclosed in segment information	2,720,132	101,642	767	1,193,986	24,091	-	4,040,618
Elimination	-	-	-	(20,457)	-	-	(20,457)
Leases	-	(101,642)	-	-	-	-	(101,642)
Revenue from contracts with customers	<u>2,720,132</u>	<u>-</u>	<u>767</u>	<u>1,173,529</u>	<u>24,091</u>	<u>-</u>	<u>3,918,519</u>

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Segment	For the period ended 30 June 2022						Total RMB'000 (Unaudited)
	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)		
	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>	

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segment	Property development RMB'000 (Unaudited)	Property investment 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)
Revenue disclosed in segment information	2,445,839	97,434	764	1,020,772	23,612	7,780	3,596,201
Elimination	-	-	-	(48,382)	-	-	(48,382)
Leases	-	(97,434)	-	-	-	-	(97,434)
Revenue from contracts with customers	<u>2,445,839</u>	<u>-</u>	<u>764</u>	<u>972,390</u>	<u>23,612</u>	<u>7,780</u>	<u>3,450,385</u>

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2023

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 revenues	2,720,132	101,642	767	1,193,986	24,091	-	4,040,618
Segment results	<u>(253,647)</u>	<u>8,058</u>	<u>(695)</u>	<u>50,182</u>	<u>(7,971)</u>	<u>-</u>	<u>(204,073)</u>

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 revenues	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>

5. SEGMENT INFORMATION (Continued)

Reconciliation:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue:		
Total revenue for operating and reportable segments	4,040,618	3,596,201
Elimination of inter-segment revenues	(20,457)	(48,382)
Group's total revenue	<u>4,020,161</u>	<u>3,547,819</u>
Total segment results	(204,073)	(429,421)
Unallocated amounts:		
Interest income	9,831	8,739
Net exchange loss	(1,279,260)	(1,480,288)
Finance costs	(1,149,179)	(1,136,814)
Share of results of associates and joint ventures	12,496	28,852
Net loss on disposal of subsidiaries, associates and joint ventures	(35,524)	(159,664)
Other unallocated gain and loss	(871)	(997)
Other unallocated expenses	(27,940)	(31,510)
Loss before tax	<u>(2,674,520)</u>	<u>(3,201,103)</u>

5. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets by reportable and operating segments:

	30 June	31 December
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property development	57,910,370	59,829,678
Property investment	8,233,719	8,322,168
Property agency services	4,771	10,939
Property operation services	4,756,630	4,631,799
Hotel operations	607,172	666,426
Others	74,711	89,924
	<hr/>	<hr/>
Total segment assets	71,587,373	73,550,934
Total unallocated assets	20,711,966	21,479,804
	<hr/>	<hr/>
Group's total assets	92,299,339	95,030,738
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAXATION

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax in the PRC		
EIT		
– Current year	60,923	148,342
LAT	84,077	106,250
	<hr/>	<hr/>
	145,000	254,592
Deferred tax		
Credit to profit and loss	(14,210)	(119,225)
	<hr/>	<hr/>
	130,790	135,367
	<hr/> <hr/>	<hr/> <hr/>

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after (crediting) charging:		
Government grant and partial exemption of PRC value-added tax (included in other income)	(6,083)	(9,674)
Interest income (included in other income)	(9,831)	(8,739)
Net exchange loss	1,279,260	1,480,288
Net loss on disposal of subsidiaries	15,752	131,780
Net loss on disposal of associates and joint ventures (included in other gain and losses)	19,772	27,884
Loss on disposal of property, plant and equipment and early termination of lease contracts (included in other gains and losses)	22,891	4,188
Depreciation of property, plant and equipment	79,840	91,451
Depreciation of right-of-use assets	33,709	33,710
Amortisation of intangible assets	4,776	4,775
Write-down of properties for sales (note)	180,092	248,557
Staff costs	877,014	901,192

Note:

During the six months ended 30 June 2023, 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 RMB180,092,000 (six months ended 30 June 2022: RMB248,557,000) 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.

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period:		
Loss for the purposes of basic and diluted loss per share		
(loss for the period attributable to owners of the Company)	<u>(2,708,135)</u>	<u>(3,342,830)</u>
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of		
basic and diluted loss per share	<u>5,772,598</u>	<u>5,772,598</u>

10. TRADE AND OTHER RECEIVABLES

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 2023 RMB'000 (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
0 to 30 days	1,153,697	1,417,500
31 to 90 days	430,827	437,121
91 to 180 days	294,566	258,011
181 to 365 days	378,672	215,415
Over 1 year	<u>298,682</u>	<u>214,986</u>
	<u><u>2,556,444</u></u>	<u><u>2,543,033</u></u>

11. TRADE AND OTHER PAYABLES

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 2023 RMB'000 (Unaudited)	31 December 2022 <i>RMB'000</i> (Audited)
0 to 60 days	1,310,888	2,365,446
61 to 180 days	1,053,215	1,488,769
181 to 365 days	402,577	310,084
1 – 2 years	311,621	187,377
2 – 3 years	<u>9,085</u>	<u>3,390</u>
	<u><u>3,087,386</u></u>	<u><u>4,355,066</u></u>

EXTRACT OF INDEPENDENT REVIEW REPORT

BASIS FOR DISCLAIMER OF CONCLUSION

Multiple Uncertainties Relating to Going Concern

As set out in Note 2 to the condensed consolidated financial statements, the Group incurred net loss of RMB2,805,310,000 for the period ended 30 June 2023. As at 30 June 2023, the Group's net current liabilities amounted to RMB13,557,292,000.

As at 30 June 2023, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB30,942,446,000 according to their scheduled repayment dates. As a result, as at 30 June 2023, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB43,973,205,000 had become default or cross default. Subsequent to 30 June 2023, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates. These conditions, together with other matters disclosed in note 2 to the condensed consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2 to the condensed consolidated financial statements. The validity of the going concern assumptions on which the condensed consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully completing the offshore debt restructuring; (ii) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties; (iii) successfully obtaining of additional new sources of financing as and when needed; (iv) successfully disposing of the Group's equity interest in project development companies when suitable; and (v) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and noncurrent liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

Disclaimer of Conclusion

Because of the multiple uncertainties related to going concern and its possible effect on these interim condensed consolidated financial statements described in the "Basis for Disclaimer of Conclusion" section of our report, we do not express a conclusion on the interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

Contracted Sales

During the first half of 2023, the Group achieved total contracted sales of approximately RMB1,612 million and contracted sales area of 252,646 sq.m.

In the face of liquidity shortage during the first half of 2023, the Group was fully aware of its social responsibilities for “guaranteed delivery and stable operations” and clearly defined 5 business goals to actively strengthen customers payment collection, optimise assets and liabilities, fulfill its social responsibilities and focus on achieving breakthroughs in core teams and management. During the reporting period, the Group recorded satisfactory results in terms of delivery, sales and capital funding.

Contracted sales amount and area attributable to different product categories in the first half of 2023

During the reporting period, the contracted sales amount of the Group was mainly derived from sales in 18 cities, including Shenzhen, Chengdu, Guilin, Wuhan, Nanjing, Qingdao and Foshan, and from approximately 20 projects, including Shenzhen Good Time, Foshan Guangyayuan, Chengdu Biyun Tianxi, Chengdu Grande Valley, Guilin, Nanjing Huahaoyuan, Beijing Mentougou and Qingdao Biyuntian. 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 2023				
Category	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	1,519	94.2%	202,024	80.0%
Urban Complexes	93	5.8%	50,622	20.0%
Total	1,612	100.0%	252,646	100.0%

Contracted sales amount and area in each region in the first half of 2023

First half of 2023				
Category	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong – Macao Greater Bay Area	543	33.7%	18,545	7.3%
Chengdu-Chongqing Metropolitan Area	406	25.2%	147,469	58.4%
Central China Metropolitan Area	105	6.5%	38,922	15.4%
Yangtze River Delta Metropolitan Area	113	7.0%	7,024	2.8%
Bohai Rim Metropolitan Area	445	27.6%	40,686	16.1%
Total	1,612	100%	252,646	100%

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 2023, 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 Foshan Guangyayuan in Foshan all commenced construction normally, with normal construction progress and normal delivery, which also secured stable sales of the projects in the local area.

During the reporting period, the Group recorded total contracted sales of RMB543 million and total contracted sales area of 18,545 sq.m. in Shenzhen, Foshan and Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 33.7% and 7.3% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2023.

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 2023, 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 RMB406 million and total contracted sales area of 147,469 sq.m. in Chengdu, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 25.2% and 58.4% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2023.

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 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 RMB105 million and total contracted sales area of 38,922 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing to approximately 6.5% and 15.4% of the total contracted sales and total contracted sales area of properties of the Group respectively in mid 2023.

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 Nanjing Huahaoyuan, Hangzhou Duiyuetian and other projects continued to achieve good sales result in 2023.

During the reporting period, the Group recorded total contracted sales of RMB113 million and total contracted sales area of 7,024 sq.m. in Nanjing, Shanghai and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 7.0% and 2.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2023.

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 2023, 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 RMB445 million and total contracted sales area of 40,686 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 27.6% and 16.1% of the total contracted sales and total contracted sales area of properties of the Group respectively in the interim period of 2023.

Completed Projects

During the reporting period, the Group completed a total of 11 phases of projects with a total GFA of approximately 1,326,638 sq.m.

Projects under construction

As at 30 June 2023, the Group had a total of 22 projects or phases of projects under construction with a total GFA of 2,682,535 sq.m.

Projects held for development

As at 30 June 2023, the Group had a total of 15 projects or phases of projects held for development with a total GFA of 6,155,819 sq.m.

Land Bank

As at 30 June 2023, after deducting projects sold, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 8,838,354 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	534,481	706,025	1,240,506
North China	246,958	3,708,163	3,955,121
Southwest China	1,030,633	1,117,601	2,148,234
East China	509,900	310,680	820,580
Central China	360,563	313,350	673,913

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.

PROSPECTS

Since the emergence of liquidity crisis in 2021, the Company is still shouldering tremendous pressures. Persistent credit risks, sluggish sales, and lack of confidence amongst all major parties have posed threats to every industry player, while private enterprises of the domestic real estate industry were badly hurt particularly. We have demonstrated our resilience by continuously addressing debt issues actively and maintaining stable operations domestically.

Firstly, for project loss arising therefrom and the remaining accumulated debts, the Company will continue to communicate actively with the government and the creditors, and will utilise profits generated from new revenue items for debt repayment by providing assistance to the government and the creditors to develop businesses such as old communities' renovation as advocated by the State.

Secondly, the Company will stay focus on risk control by rational capital structure planning in order to better adapt to market and policy changes. At the same time, the Company will also improve its asset quality, optimise liability structure and reduce financing costs, striving to maintain a stable financial position.

Last but not least, the Company will adopt a more practical management model to lead the market through constant introspection, so as to give full play to the management advantages of small-scale operations, respond quickly and act proactively, conduct in-deep market analysis and seize opportunities in full swing of the Company.

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) other services. Revenue of the Group amounted to approximately RMB4,020 million, representing an increase of 13.3% from approximately RMB3,548 million for the corresponding period of 2022. Loss for the period attributable to the owners of the Company was approximately RMB2,708 million and loss attributable to owners of the Company was approximately RMB3,343 million for the corresponding period of 2022.

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 increased by 11.2% to approximately RMB2,720 million for the six months ended 30 June 2023 from approximately RMB2,446 million for the corresponding period in 2022, which was due to the average selling price of delivered properties increased during the period.

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 2023 and 2022.

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	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 Biyun Tianxi	1,322,223	61,644	21,449	–	–	–
Chongqing Good Time	655,673	46,571	14,079	–	–	–
Qingdao Biyuntian	518,742	58,638	8,847	–	–	–
Tianjin Jiatianxia	83,557	6,278	13,309	592,707	52,882	11,208
Guilin Lakeside Eden	46,281	8,687	5,328	356,554	69,444	5,134
Wuhan Biyuntian	11,823	901	13,122	–	–	–
Chengdu Yinweilai	4,114	649	6,339	753,498	42,857	17,582
Tianjin HuaJun	–	–	–	421,896	38,701	10,901
Chengdu Jiatianxia	–	–	–	21,074	3,982	5,292
Huizhou Jiatianxia	–	–	–	13,617	4,080	3,338
Chengdu Zhihui City	–	–	–	12,021	5,788	2,077
Chengdu Longnian Plaza	–	–	–	7,317	1,030	7,104
Chengdu Grande Valley	–	–	–	3,908	624	6,263
Ziyang HuaJun	–	–	–	1,840	370	4,973
Chengdu Xiangmendi	–	–	–	1,185	520	2,279
Others	77,719			260,222		
	2,720,132			2,445,839		

Property Investment

Revenue generated from property investment increased by 4.3% to approximately RMB102 million for the six months ended 30 June 2023 from approximately RMB97 million for the corresponding period in 2022. The increase was primarily due to the slight recover of occupancy rate of investment properties.

Property Operation Services

Revenue derived from property operation services increased by 20.7% to approximately RMB1,174 million for the six months ended 30 June 2023 from approximately RMB972 million for the corresponding period in 2022. The increase was mainly due to the increase in engineering services provided.

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 2023, remained stable as compared to approximately RMB24 million for the corresponding period of 2022.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 0.6% to approximately RMB576 million for the six months ended 30 June 2023 from approximately RMB572 million for the corresponding period in 2022, while the Group's gross profit margin was approximately 14.3% for the six months ended 30 June 2023 as compared to a gross profit margin of approximately 16.1% for the corresponding period in 2022. The decrease in gross profit margin was mainly due to the longer development period and higher development costs for the properties delivered during the Period.

Selling and Distribution Expenses

The Group's selling and distribution expenses slightly decreased by 2.3% to approximately RMB103 million for the six months ended 30 June 2023 from approximately RMB106 million for the corresponding period in 2022.

Administrative Expenses

The Group's administrative expenses decreased by 20.6% to approximately RMB381 million for the six months ended 30 June 2023 from approximately RMB480 million for the corresponding period in 2022. The change was primarily due to the adoption of cost control policy and the decrease in the staff cost of the Group.

Finance Costs

The Group's finance costs slightly increased by 1.1% to approximately RMB1,149 million for the six months ended 30 June 2023 from approximately RMB1,137 million for the corresponding period in 2022.

Income Taxation

The Group's income tax expense slightly decreased by 3.4% to approximately RMB131 million for the six months ended 30 June 2023 from approximately RMB135 million for the corresponding period in 2022.

Loss Attributable to Owners of the Company

For the above changes collectively, loss attributable to owners of the Company was approximately RMB2,708 million for the six months ended 30 June 2023 as compared to the loss of approximately RMB3,343 million for the six months ended 30 June 2022.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 30 June 2023, the Group's total bank balances and cash were approximately RMB2,329 million (31 December 2022: approximately RMB2,684 million), representing a decrease of 13.2% as compared to that as at 31 December 2022. 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 3,393.9% as at 30 June 2023 as compared to 1,228.9% as at 31 December 2022, representing an increase of 2,165 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 2023, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB19,842 million (31 December 2022: approximately RMB19,701 million), approximately RMB42,018 million (31 December 2022: approximately RMB38,958 million) and approximately RMB255 million (31 December 2022: RMB255 million), respectively. Amongst the borrowings, approximately RMB13,894 million (31 December 2022: approximately RMB14,092 million) will be repayable within one year and approximately RMB5,948 million (31 December 2022: approximately RMB5,609 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB40,025 million (31 December 2022: approximately RMB38,958 million) will be repayable within one year and approximately RMB1,993 million (31 December 2022: nil) will be repayable after one year.

As at 30 June 2023, 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 2023, the Group had committed payment for the construction of investment properties and property, plant and equipment and equity acquisition amounting to approximately RMB1,162 million (31 December 2022: RMB1,209 million), respectively.

Contingent Liabilities

- (a) As at 30 June 2023, the Group had provided guarantees amounting to approximately RMB11,028 million (31 December 2022: approximately RMB10,415 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 2023, the Group's aggregate shares of such guarantees provided in respective of loans borrowed by these joint ventures amounted to approximately RMB1,837 million (31 December 2022: RMB1,912 million) and associates amounted to approximately RMB3,198 million (31 December 2022: RMB3,606 million) and guarantees to suppliers of associates amounted to approximately RMB160 million (31 December 2022: 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 2023, excluding the employees of communities managed on a commission basis, the Group had approximately 23,942 employees (31 December 2022: approximately 26,252 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 2023.

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

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

LATEST PROGRESS OF THE DEBT RESTRUCTURING

(i) Offshore debts

The Company has been working closely with its legal and financial advisors to formulate a viable offshore debt restructuring plan aimed at addressing current liquidity pressure of the Company, enhancing the credit profile of the Group and protecting the interests of all stakeholders. Over the past few months, the Company and an ad-hoc group of offshore creditors of the Company (the “**AHG**”), together with their respective advisors, have been engaged in constructive dialogue towards a consensual restructuring for the Company's offshore indebtedness (the “**Restructuring**”).

On 13 January 2023, the Company and the AHG entered into the restructuring support agreement (the “**RSA**”) in relation to the terms of the Restructuring. The contemplated Restructuring is intended to allow the Company to comprehensively enhance its capital structure, enable the Group to better manage its operations and deliver long-term value for all its stakeholders. The Restructuring is expected to be implemented through one or more schemes of arrangement. The Company expects to commence the process of implementing the Restructuring on terms set forth in the RSA as soon as possible. Further information on the RSA and the terms of the Restructuring are set out in the announcements of the Company dated 13 January 2023 and 9 March 2023.

(ii) Onshore debts

Fantasia Group (China) Co., Ltd. (“**Fantasia China**”), a wholly-owned subsidiary of the Company, had issued 5 corporate bonds on the Shanghai Stock Exchange. Since November 2021, modified repayment arrangements were made in respect of the principal and related interests of approximately RMB7 billion in aggregate, where the maturity date had been extended to between 2023 and 2028. The modified arrangement was approved at the respective bondholders’ meeting.

EVENTS AFTER THE REPORTING DATE

On 24 November 2021, a winding-up petition was filed against Fantasia Investment Holdings Company Limited (“**Fantasia Investment**”), a major subsidiary of the Company, in connection with loan facilities of alleged outstanding principal amount of US\$149 million in which Fantasia Investment was the guarantor (“**Hong Kong Petition**”). The Hong Kong Petition was dismissed on 18 July 2023.

On 26 May 2022, a winding-up petition was filed against the Company at the Grand Court of Cayman Islands in connection with loan facilities of outstanding amount of approximately US\$149 million (the “**Cayman Petition**”). The Cayman Petition has been withdrawn by consent on 20 July 2023.

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 2023, 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 2023.

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 2023.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 30 June 2023 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. The external auditors of the Company have also reviewed the unaudited interim results for the Period.

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 2023 interim report will be published on the aforementioned websites and despatched to the Company's shareholders in due course.

CLARIFICATION OF THE 2022 ANNUAL RESULTS

The Company would like to clarify that there was an inadvertent clerical error in the 2022 annual results announcement (the “**2022 Results Announcement**”) of the Company published on 10 August 2023.

On page 5 of the 2022 Results Announcement, the amount of the “Reserves” for the year ended 31 December 2022 should be RMB557,192,000, instead of RMB577,192,000.

Except as disclosed above, all other information in the 2022 Results Announcement remain unchanged. This above clarification is supplemental to and should be read in conjunction with the 2022 Results Announcement.

CLARIFICATION OF THE PROXY FORM FOR THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON 8 SEPTEMBER 2023

The Company would like to clarify that there was an inadvertent clerical error in the proxy form for the extraordinary general meeting to be held on 8 September 2023 (the “**EGM Proxy Form**”).

In the fifth line of the first paragraph of the EGM Proxy Form, the phrase “the annual general meeting” should be “the extraordinary general meeting”.

Except as disclosed above, the information and content of the EGM Proxy Form remain unchanged.

The EGM Proxy Forms which have been despatched and the EGM Proxy Forms so far received will remain valid for the purpose of the extraordinary general meeting to be held on 8 September 2023.

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

Hong Kong, 25 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.