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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 2021 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2021:

- As at 31 December 2021, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 12,749,702 sq.m.
- The Group's total revenue was approximately RMB15,750 million in 2021, net loss to the Group was approximately RMB10,840 million.
- The loss attributable to the owners of the Company was approximately RMB10,466 million.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

The board (the “**Board**”) of Directors (the “**Directors**”) of Fantasia Holdings Group Co., Limited (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (the “**Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue			
Contracts with customers	4	15,462,745	21,586,402
Leases		287,668	172,442
		<hr/>	<hr/>
Total revenue	5	15,750,413	21,758,844
Cost of sales and services		(13,413,261)	(16,414,675)
		<hr/>	<hr/>
Gross profit		2,337,152	5,344,169
Other income	6	156,691	240,461
Other gains and losses	6	582,677	2,457,241
Impairment losses under expected credit loss model, net of reversal	7	(1,241,797)	(98,522)
Change in fair value of investment properties		(1,765,840)	129,399
Write-down of properties for sales	8	(6,216,291)	–
Selling and distribution expenses		(465,868)	(494,623)
Administrative expenses		(1,763,558)	(1,652,591)
Finance costs	9	(2,870,498)	(2,902,766)
Share of results of associates		61,620	31,420
Share of results of joint ventures		(252,738)	2,642
Net gain on disposal of subsidiaries		22,095	869,283
		<hr/>	<hr/>
(Loss) profit before tax		(11,416,355)	3,926,113
Income taxation	10	576,557	(2,174,797)
		<hr/>	<hr/>
(Loss) profit for the year	11	(10,839,798)	1,751,316
		<hr/>	<hr/>

	<i>NOTE</i>	2021 RMB'000	2020 <i>RMB'000</i>
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		<u>(11,145)</u>	<u>10,706</u>
Items that will not be reclassified subsequently to profit or loss:			
Fair value (loss) gain on equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		<u>(2,125)</u>	2,866
Deferred taxation effect		<u>531</u>	<u>(716)</u>
		<u>(1,594)</u>	<u>2,150</u>
Other comprehensive (expenses) income for the year, net of income tax		<u>(12,739)</u>	<u>12,856</u>
Total comprehensive (expenses) income for the year		<u>(10,852,537)</u>	<u>1,764,172</u>
(Loss) profit for the year attributable to:			
Owners of the Company		<u>(10,465,578)</u>	977,420
Other non-controlling interests		<u>(374,220)</u>	<u>773,896</u>
		<u>(10,839,798)</u>	<u>1,751,316</u>
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		<u>(10,477,552)</u>	989,244
Other non-controlling interests		<u>(374,985)</u>	<u>774,928</u>
		<u>(10,852,537)</u>	<u>1,764,172</u>
(Loss) earnings per share – basic (<i>RMB cents</i>)	<i>13</i>	<u>(181.30)</u>	<u>16.94</u>
(Loss) earnings per share – diluted (<i>RMB cents</i>)	<i>13</i>	<u>(181.30)</u>	<u>16.85</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	<i>NOTE</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,235,411	1,216,526
Right-of-use assets		471,744	697,905
Investment properties		8,218,706	10,298,393
Interests in associates		1,987,215	3,562,881
Interests in joint ventures		4,377,387	3,369,445
Equity instruments designated at FVTOCI		142,437	54,582
Goodwill		902,377	2,329,732
Intangible assets		30,929	953,461
Other receivables		863,288	679,358
Contract assets		–	14,572
Amounts due from related parties		–	768,889
Pledged bank deposits		–	560,000
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures		6,188,480	4,074,195
Deferred tax assets		1,455,029	746,467
		<u>25,873,003</u>	<u>29,326,406</u>
CURRENT ASSETS			
Properties for sale		52,010,570	32,709,730
Contract assets		844,691	801,968
Contract costs		385,978	348,236
Trade and other receivables	<i>14</i>	12,904,945	9,097,375
Tax recoverable		1,012,911	114,384
Amounts due from related parties		6,871,726	5,080,621
Restricted/pledged bank deposits		4,232,500	3,148,103
Bank balances and cash		973,148	24,923,383
		<u>79,236,469</u>	<u>76,223,800</u>
		<u>105,109,472</u>	<u>105,550,206</u>

	<i>NOTE</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	<i>15</i>	8,183,727	7,926,045
Contract liabilities		22,365,128	17,264,645
Derivative financial instruments		–	193,780
Amounts due to related parties		455,713	817,461
Tax liabilities		5,126,960	6,464,480
Borrowings due within one year		13,441,873	3,690,034
Lease liabilities due within one year		40,445	87,234
Senior notes and bonds due within one year		33,007,450	14,489,978
Asset-backed securities issued		–	20,206
Provisions		31,184	31,184
		82,652,480	50,985,047
NET CURRENT (LIABILITIES) ASSETS		(3,416,011)	25,238,753
TOTAL ASSETS LESS			
CURRENT LIABILITIES		22,456,992	54,565,159
NON-CURRENT LIABILITIES			
Derivative financial instruments		–	688
Deferred tax liabilities		390,723	1,310,494
Borrowings due after one year		11,045,175	7,505,897
Lease liabilities due after one year		112,195	265,959
Senior notes and bonds due after one year		–	21,158,479
Asset-backed securities issued		255,438	–
		11,803,531	30,241,517
NET ASSETS		10,653,461	24,323,642
CAPITAL AND RESERVES			
Share capital		498,787	498,588
Reserves		5,836,692	14,030,208
Equity attributable to owners of the Company		6,335,479	14,528,796
Non-controlling interests		4,317,982	9,794,846
		10,653,461	24,323,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL

Fantasia Holdings Group Co., Limited (the “**Company**”) is a limited liability company incorporated in Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited. Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both being limited liability companies incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Ms. Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company and the major subsidiaries.

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 year ended 31 December 2021, the Group incurred net loss of RMB10,839,798,000. As at 31 December 2021, the Group’s net current liabilities amounted to RMB3,416,011,000 and net assets amounted to RMB10,653,461,000. As at 31 December 2021, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB82,652,480,000.

As at 31 December 2021, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB8,762,127,000 according to their scheduled repayment dates. As a result, as at 31 December 2021, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB36,103,303,000 had become default or cross default. Subsequent to 31 December 2021, 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 consolidated financial statements for the year ended 31 December 2021 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 year ended 31 December 2021.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2

HKFRS 7, HKFRS 4 and HKFRS 16

Amendments to HKFRS 16

COVID-19-Related Rent Concessions

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

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021 ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ^{2, 4}
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

For the year ended 31 December 2021

Segments	Property development <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>
Types of goods and services						
<u>Property development</u>						
Sales of completed properties	11,164,164	-	-	-	-	11,164,164
Construction of properties	96,195	-	-	-	-	96,195
<u>Property agency services</u>						
Provision of property agency services	-	43,246	-	-	-	43,246
<u>Property operation services</u>						
Provision of property management services	-	-	3,583,945	-	-	3,583,945
Provision of value-added services	-	-	211,773	-	-	211,773
Provision of engineering services	-	-	44,195	-	-	44,195
<u>Hotel operations</u>						
Provision of hotel accommodation services	-	-	-	114,381	-	114,381
<u>Others</u>						
Property project management and other related services	-	-	-	-	204,846	204,846
	<u>11,260,359</u>	<u>43,246</u>	<u>3,839,913</u>	<u>114,381</u>	<u>204,846</u>	<u>15,462,745</u>
Timing of revenue recognition						
A point in time	11,164,164	43,246	87,398	-	129,571	11,424,379
Over time	96,195	-	3,752,515	114,381	75,275	4,038,366
	<u>11,260,359</u>	<u>43,246</u>	<u>3,839,913</u>	<u>114,381</u>	<u>204,846</u>	<u>15,462,745</u>

For the year ended 31 December 2020

Segments	Property development <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>
Types of goods and services						
<u>Property development</u>						
Sales of completed properties	16,382,795	-	-	-	-	16,382,795
Construction of properties	61,390	-	-	-	-	61,390
<u>Property agency services</u>						
Provision of property agency services	-	24,980	-	-	-	24,980
<u>Property operation services</u>						
Provision of property						
management services	-	-	4,029,953	-	-	4,029,953
Provision of value-added services	-	-	257,567	-	-	257,567
Provision of engineering services	-	-	64,461	-	-	64,461
<u>Hotel operations</u>						
Provision of hotel accommodation services	-	-	-	99,864	-	99,864
<u>Others</u>						
Property project management and						
other related services	-	-	-	-	206,138	206,138
Manufacturing and sales of fuel pumps	-	-	-	-	420,063	420,063
Provision of travel agency services	-	-	-	-	39,191	39,191
	<u>16,444,185</u>	<u>24,980</u>	<u>4,351,981</u>	<u>99,864</u>	<u>665,392</u>	<u>21,586,402</u>
Timing of revenue recognition						
A point in time	16,382,795	24,980	-	-	420,063	16,827,838
Over time	61,390	-	4,351,981	99,864	245,329	4,758,564
	<u>16,444,185</u>	<u>24,980</u>	<u>4,351,981</u>	<u>99,864</u>	<u>665,392</u>	<u>21,586,402</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 year ended 31 December 2021 and 2020.

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 years ended 31 December 2021 and 2020. As at 31 December 2021 and 2020, 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 years ended 31 December 2021 and 2020:

For the year ended 31 December 2021

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency <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	<u>11,260,359</u>	<u>287,668</u>	<u>43,246</u>	<u>3,965,513</u>	<u>114,381</u>	<u>204,846</u>	<u>15,876,013</u>
Segment results	<u>(7,661,056)</u>	<u>(1,478,172)</u>	<u>(1,488)</u>	<u>291,581</u>	<u>(34,840)</u>	<u>(23,680)</u>	<u>(8,907,655)</u>

For the year ended 31 December 2020

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency <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	<u>16,444,185</u>	<u>232,660</u>	<u>24,980</u>	<u>4,599,431</u>	<u>100,116</u>	<u>809,110</u>	<u>22,210,482</u>
Segment results	<u>2,405,176</u>	<u>301,841</u>	<u>(16,696)</u>	<u>802,543</u>	<u>(44,260)</u>	<u>77,518</u>	<u>3,526,122</u>

6. OTHER INCOME, GAINS AND LOSSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income		
Interest income	123,223	154,776
Partial exemption of PRC value-added tax	15,876	59,893
Unconditional government grants	13,557	25,792
Others	4,035	–
	<u>156,691</u>	<u>240,461</u>
Other gains and losses		
Change in fair value of financial assets at FVTPL	–	677,894
Loss on disposal of interests in associates and joint ventures	(149,883)	–
Gain on remeasurement of interests in associates and joint ventures	97,466	193,995
Net exchange gain	435,264	1,773,297
Fair value change on hedging instruments	91,814	(174,890)
Loss on repurchase/early redemption of senior notes and bonds and asset-backed securities issued	94,639	(5,467)
Loss on disposal of plant, property and equipment	(5,452)	(5,915)
Impairment of property, plant and equipment	–	(15,029)
Others	18,829	13,356
	<u>582,677</u>	<u>2,457,241</u>

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Impairment loss recognised on		
– Trade and other receivables and deposits	(981,824)	(93,240)
– Amounts due from related parties	(258,535)	(4,010)
– Contract assets	(1,438)	(1,272)
	<u>(1,241,797)</u>	<u>(98,522)</u>

8. WRITE-DOWN OF PROPERTIES FOR SALES

During the year ended 31 December 2021, 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 RMB6,216,291,000 (2020: 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.

9. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on:		
– bank and other borrowings	1,189,056	1,044,242
– senior notes and bonds	3,210,832	2,956,468
– lease liabilities	23,843	27,441
– asset-backed securities issued	15,754	7,715
	<u>4,439,485</u>	<u>4,035,866</u>
Imputed interest expenses arising from deposits received from sales of properties	<u>935,194</u>	<u>998,137</u>
	5,374,679	5,034,003
<i>Less:</i> amount capitalised in properties under development for sale	(2,425,361)	(2,065,242)
amount capitalised in investment properties under construction	(76,162)	(63,021)
amount capitalised in construction in progress	<u>(2,658)</u>	<u>(2,974)</u>
	<u><u>2,870,498</u></u>	<u><u>2,902,766</u></u>

10. INCOME TAXATION

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax in the PRC		
EIT		
– Current year	808,231	1,641,003
LAT	471,134	978,492
	<u>1,279,365</u>	<u>2,619,495</u>
Deferred tax		
Credit to profit and loss	(1,855,922)	(444,698)
	<u>(576,557)</u>	<u>2,174,797</u>

11. (LOSS) PROFIT FOR THE YEAR

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(Loss) profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	21,254	24,969
Other staff's salaries and allowances	2,523,972	2,340,807
Retirement benefit scheme contributions	95,616	130,447
Share-based payments	2,660	6,698
	<u>2,643,502</u>	<u>2,502,921</u>
Total staff costs	2,643,502	2,502,921
Less: amount capitalised in properties under development for sale	(184,812)	(194,132)
	<u>2,458,690</u>	<u>2,308,789</u>
Auditor's remuneration	5,700	5,700
Depreciation of property, plant and equipment	216,156	230,102
Depreciation of right-of-use assets	79,049	100,199
Amortisation of intangible assets (included in cost of sales and services)	119,076	138,685
Loss on disposal of property, plant and equipment	5,452	5,915
Cost of properties sold recognised as an expense	11,139,672	12,105,061

12. DIVIDENDS

During the year ended 31 December 2021, a final dividend in respect of the year ended 31 December 2020 of RMB5.93 cents (2020: final dividend in respect of the year ended 31 December 2019 of RMB5.0 cents) per share was declared and RMB342,315,000 (2020: RMB288,384,000) was paid to the owners of the Company.

Subsequent to the end of the reporting period, no final dividend in respect of year ended 31 December 2021 (2020: final dividend in respect of year ended 31 December 2020 of RMB5.93 cents) was proposed by the directors for approval by the shareholders in the annual general meeting.

13. (LOSS) EARNINGS PER SHARE

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

	2021	2020
(Loss) earnings (<i>RMB'000</i>)		
(Loss) earnings for the purpose of basic and diluted earnings per share ((loss) profit for the year attributable to owners of the Company)	<u>(10,465,578)</u>	<u>977,420</u>
Number of shares (<i>'000</i>)		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	5,772,401	5,768,814
Effect of dilutive potential ordinary shares:		
Share options	<u>–</u>	<u>32,851</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>5,772,401</u>	<u>5,801,665</u>

For the years ended 31 December 2021, 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.

14. 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.

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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	1,584,786	1,036,529
31 to 90 days	334,008	283,314
91 to 180 days	285,912	263,994
181 to 365 days	58,162	153,979
Over 1 year	91,133	65,919
	<u>2,354,001</u>	<u>1,803,735</u>

15. 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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	2,814,693	3,627,559
61 to 180 days	1,917,210	610,244
181 to 365 days	233,373	212,197
1-2 years	302,454	265,107
2-3 years	2,501	1,608
Over 3 years	—	368
	<u>5,270,231</u>	<u>4,717,083</u>

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s audited consolidated financial statements for the year ended 31 December 2021 which has included a disclaimer of opinion.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Fantasia Holdings Group Co., Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in Note 3 to the consolidated financial statements, the Group incurred net loss of RMB10,839,798,000 for the year ended 31 December 2021. As at 31 December 2021, the Group’s net current liabilities amounted to RMB3,416,011,000.

As at 31 December 2021, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB8,762,127,000 according to their scheduled repayment dates. As a result, as at 31 December 2021, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB36,103,303,000 had become default or cross default. Subsequent to 31 December 2021, 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 3 to the 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 respective note to the financial statements. The validity of the going concern assumptions on which the 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 non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

Contracted Sales

In 2021, faced with the negative impact of COVID-19 on the macro-economy and the real estate industry, the Group made satisfactory progress in destocking by expanding customer base through online marketing platforms and facilitating sales at the offline sales offices. In response to the liquidity issues that permeated the industry since the second half of 2021, the Group took proactive initiatives to address the issue in our efforts to ensure people's livelihoods, timely delivery and employee benefit.

During the reporting period, the Group achieved total contracted sales of approximately RMB46,594 million and contracted sales area of 2,979,794 sq.m..

During the reporting period, the contracted sales of the Group was mainly derived from sales in 21 cities, including Chengdu, Guilin, Wuhan, Nanjing, Shenzhen, Shanghai, Tianjin and Foshan, and also from approximately 63 projects, including Shaoxing Spring Breeze, Chengdu Biyun Tianxi, Hangzhou Duiyuetian, Foshan Guangyayuan, Shanghai Rugaocheng, Ningbo Haishu, Beijing Miyun Tanying, Foshan Yunjing, Ningbo Qiubi, Nanjing Huahaoyuan and Guilin Lakeside Eden. 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.

Contracted sales amount and area in each region in 2021

Categories	Year 2021			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	6,759	14.5%	278,904	9.4%
Chengdu-Chongqing Metropolitan Area	12,335	26.5%	1,186,888	39.8%
Central China Metropolitan Area	3,626	7.8%	375,881	12.6%
Yangtze River Delta Metropolitan Area	18,868	40.5%	852,519	28.6%
Bohai Rim Metropolitan Area	5,006	10.7%	285,602	9.6%
Total	46,594	100%	2,979,794	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 2021, the Group proactively seized the historic significant opportunity to build an internationally first-class bay area and a world-class urban agglomeration, sparing no effort to promote the project development in the Guangdong-Hong Kong-Macao Greater Bay Area. During the reporting period, the Group launched a new project under the name of Guangyayuan in Foshan City, and recorded contracted sales of over RMB1.9 billion for the year as the project was well received by the market due to its excellent unit design, decoration style and geographical location, while the urban renewal project – Shenzhen Good Time in Shenzhen and Foshan Yunjing project in Foshan City also received warm response from the market.

During the reporting period, the Group recorded total contracted sales of RMB6.759 billion and total contracted sales area of 278,904 sq.m. in Shenzhen, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 14.5% and 9.4% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2021.

Chengdu-Chongqing Metropolitan Area

As an important economic hub in South-western China, the Chengdu-Chongqing Metropolitan Area shows its robust market demand for real estate and is one of the earliest important strategic markets of the Group. The Group has become one of the most influential brand developers in the region. In 2021, the Group launched Chengdu Haoweilai project which has appealed to the spillover of home buyers from Chengdu and Chongqing Hockney which became the landmark project of the city due to its unique project design. The Group continued to achieve good sales for its prominent projects in Chengdu such as Biyun Tianxi and Ziyang HuaJun, further strengthening its leading edge in the region.

During the reporting period, the Group recorded total contracted sales of RMB12.335 billion and total contracted sales area of 1,186,888 sq.m. in Chengdu, Ziyang, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 26.5% and 39.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2021.

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. In 2021, as the property market gradually recovered from pandemic containment following the rampant spread of the pandemic in 2020, the Group made proactive efforts to facilitate work and production resumption, and launched products that cater to the rigid and improvement-oriented demands of Wuhan residents, such as Wuhan Biyuntian and Wuhan Ezhou Xiangmendi projects, further improving its name recognition and brand reputation among the customers in the regional market.

During the reporting period, the Group recorded total contracted sales of RMB3.626 billion and total contracted sales area of 375,881 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing to approximately 7.8% and 12.6% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2021.

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. During the fourth quarter of 2019 to 2020, the Group acquired a number of parcels of land in Ningbo, Hangzhou, Yangzhou and other cities. In particular, the Group launched Yangzhou Rongyuechunxiao, Ningbo Emerald Residence, Guangqi Garden and other projects in 2021, which received warm response from the local residents, driving the excellent sales performance of the Group in the Yangtze River Delta Metropolitan Area in 2021.

During the reporting period, the Group recorded total contracted sales of RMB18.868 billion and total contracted sales area of 852,519 sq.m. in Ningbo, Nanjing, Hangzhou, Shaoxing, Shanghai, Suzhou and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 40.5% and 28.6% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2021.

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 2021, the Group rapidly promoted the construction and sales of projects in the region, of which Beijing Miyun has recorded sales of nearly RMB2 billion, further expanding its influence in the region.

During the reporting period, the Group recorded total contracted sales of RMB5.006 billion and total contracted sales area of 285,602 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 10.7% and 9.6% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2021.

Newly Commenced Projects

During the reporting period, the Group commenced development of 15 projects or phases of projects with a total planned GFA of approximately 1,672,904 sq.m..

Completed Projects

During the reporting period, the Group completed a total of 13 projects or phases of projects with a total GFA of approximately 2,435,104 sq.m..

Projects Under Construction

As at 31 December 2021, the Group had a total of 39 projects or phases of projects under construction with a total GFA of 6,264,596 sq.m..

Projects Held For Development

As at 31 December 2021, the Group had a total of 17 projects or phases of projects held for development with a total GFA of approximately 6,485,106 sq.m..

Land Bank

As at 31 December 2021, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 12,749,702 sq.m..

City branches	Details of Land Bank		
	Projects under construction (sq.m.)	Projects held for development (sq.m.)	Aggregate GFA of land bank (sq.m.)
South China	1,375,477	706,025	2,081,501
North China	537,123	3,708,162	4,245,286
Southwest China	2,326,860	1,264,584	3,591,444
East China	1,231,556	492,984	1,724,540
Central China	770,821	313,351	1,084,172
Singapore	22,759	–	22,759

Community services

Colour Life Services Group Co., Limited (“**Colour Life**”), a subsidiary of the Company, is a leading property management and community services provider in China, 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 Colour Life’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 function and scope of “management” and strengthened the service capacity of the “terminal”, so as to organise effective community services. For instance, Colour Life has built a new customer service platform based on the existing Big Dipper system to upgrade as “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 into orders, further enhancing the service efficiency of Colour Life.

In addition to its efforts in refining 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 the residents as well as between the residents and the property management staff and enrich the residents' off-work life and spiritual culture, with an aim to build a better and more caring community. By providing such services, we are able to create a harmonious community for the residents, and push forward the establishment of our unique community culture brand, so as to enhance the residents' trust in Colour Life. The improvement of Colour Life's relationship with the residents also laid a solid foundation for its 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 the (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. For the year ended 31 December 2021, revenue of the Group amounted to approximately RMB15,750 million, representing a decrease of 27.6% from approximately RMB21,759 million in 2020. Loss for the year attributable to the owners of the Company was approximately RMB10,466 million, representing a decrease of RMB11,443 million from profit for the year attributable to the owners of the Company of approximately RMB977 million in 2020.

Property Development

The Company recognised 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. Revenue derived from property development decreased by 31.5% to approximately RMB11,260 million in 2021 from approximately RMB16,444 million in 2020, which was due to the decrease in the floor area of properties completed and delivered during the year.

	2021			2020		
	Total Revenue <i>RMB'000</i>	GFA sold <i>Square meters</i>	Average Selling Price <i>RMB/Square meters</i>	Total Revenue <i>RMB'000</i>	GFA sold <i>Square meters</i>	Average Selling Price <i>RMB/Square meters</i>
Tianjin Jiatianxia	2,130,530	160,270	13,293	244,930	16,728	14,642
Nanjing Lishui Jiatianxia	2,087,048	165,100	12,641	–	–	–
Guilin Lakeside Eden Community	1,618,753	261,421	6,192	979,029	164,323	5,958
Chengdu Zhihui City	1,556,750	219,715	7,085	1,082,954	148,436	7,296
Tianjin Huayuan Jiayuan	1,114,266	93,470	11,921	–	–	–
Chengdu Jiatianxia	785,012	83,468	9,405	2,323,869	183,238	12,682
Chengdu Grande Valley	667,401	116,698	5,719	798,004	110,367	7,230
Chengdu Longnian Plaza	456,188	51,964	8,779	160,810	33,792	4,759
Kunming Luhu International	303,950	67,277	4,518	178,859	40,965	4,366
Ziyang HuaJun	94,411	31,985	2,952	814,289	131,929	6,172
Chengdu Xiangmendi	66,846	14,088	4,745	2,757,636	308,399	8,942
Cixi Seasonal Mansion	25,178	5,933	4,244	2,217,999	203,644	10,892
Chengdu Kanjinzhao	23,152	2,510	9,224	931,380	92,751	10,042
Huizhou Fantasia Special Town	22,910	4,902	4,674	10,493	1,788	5,869
Suzhou Oriental Bay	7,728	1,506	5,131	1,543,992	94,228	16,386
Huizhou Zijin Huafu	6,989	859	8,136	337,995	28,115	12,022
Huizhou Jiatianxia	–	–	–	1,567,767	138,081	11,354
Nanjing Fantasia Town	–	–	–	165,071	23,512	7,021
Yuechange No.9 Garden	–	–	–	58,070	9,474	6,129
Shenzhen Jiatianxia	–	–	–	–	–	–
Others	293,247	–	–	271,038	–	–
	11,260,359			16,444,185		

Property Investment

Revenue generated from property investment increased by 67.4% to approximately RMB288 million in 2021 from approximately RMB172 million in 2020. Such increase was primarily due to the increase in occupancy rate and leased area of investment properties leased externally.

Property Operation Services

Revenue derived from property operation services decreased by 11.8% to approximately RMB3,840 million in 2021 from approximately RMB4,352 million in 2020, primarily due to the disposal of certain substantial subsidiaries engaged in provision of property operation services in the second half of 2021.

Hotel Operations

Revenue derived from hotel accommodation services increased by 14.5% to approximately RMB114 million in 2021 from approximately RMB100 million in 2020, which was primarily due to the recovery of the tourism business following the easing of COVID-19.

Gross Profit and Margin

Gross profit decreased by 56.3% to approximately RMB2,337 million in 2021 from approximately RMB5,344 million in 2020, while the Group's gross profit margin was 14.8% in 2021 as compared with the gross profit margin of 24.6% in 2020. The decrease in gross profit margin was mainly because the Group, in line with market participants, lowered the selling price to accelerate the sales of properties, which affected the gross profit, and also the unit cost of property sold recognised in 2021 was higher than that of 2020.

Other Income, Gains and Losses

In 2021, the Group recorded net other gain of approximately RMB739 million (2020: approximately RMB2,698 million). Such a difference was mainly attributable to the net foreign exchange gain and gain on repurchase/redemption arising from the senior notes denominated at USD.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

The impairment losses under expected credit loss model, net of reversal, increased from approximately RMB99 million in 2020 to approximately RMB1,242 million in 2021, mainly due to the increase in impairment loss recognised on trade and other receivables and amounts due from related parties.

Write-down of Properties for Sales

The Group made provision for impairment loss on properties for sales of RMB6,216 million was recognised in 2021 mainly due to the decrease in relevant net realisable value under the sudden downturn of the property market and home buyer sentiment in the second half of 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 5.8% to approximately RMB466 million in 2021 from approximately RMB495 million in 2020, mainly due to the decrease in advertising expenses.

Administrative Expenses

The Group's administrative expenses increased by 6.7% to approximately RMB1,764 million in 2021 from approximately RMB1,653 million in 2020. This increase was mainly due to the administrative, legal and advisory expenses incurred for debt reorganisation and the disposal of certain substantial subsidiaries.

Finance Costs

The Group's finance costs decreased by 1.1% to approximately RMB2,870 million in 2021 as compared to approximately RMB2,903 million in 2020.

Income Taxation

The Group's income tax credit was approximately RMB577 million in 2021 as compared to the income tax expenses of approximately RMB2,175 million in 2020, which was mainly due to impact of deferred tax of impairment recognised on properties for sales and expected credit loss recognised on financial assets.

(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 RMB977 million in 2020 to a loss of approximately RMB10,466 million in 2021.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 31 December 2021, the Group's total bank balances and cash were approximately RMB5,206 million (2020: approximately RMB28,631 million), representing a decrease of 81.8% as compared to that as at 31 December 2020. 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 was 493.2% as at 31 December 2021 as compared to 75.0% as at 31 December 2020, representing an increase of 418.2 basic 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 experienced fluctuations this year. The Group will take proactive measures to address the existing debt situation, in an effort to improve its net gearing ratio.

Borrowings and Charges on the Group's Assets

As at 31 December 2021, the Group had an aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB24,487 million (31 December 2020: approximately RMB11,196 million), approximately RMB33,007 million (31 December 2020: approximately RMB35,648 million) and approximately RMB255 million (31 December 2020: RMB20 million), respectively. Amongst the borrowings, approximately RMB13,442 million (31 December 2020: approximately RMB3,690 million) will be repayable within one year and approximately RMB11,045 million (31 December 2020: approximately RMB7,506 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB33,007 million (31 December 2020: approximately RMB14,490 million) will be repayable within one year and none (31 December 2020: approximately RMB21,158 million) will be repayable after one year.

As at 31 December 2021, a substantial part of the borrowings was secured by land use rights, properties and bank deposits. 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 31 December 2021, the Group had committed payment for the construction of investment properties and property, plant and equipment and equity acquisition amounting to approximately RMB1,136 million (2020: RMB570 million).

Contingent Liabilities

- (a) As at 31 December 2021, the Group had provided guarantees amounting to 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 borrowings incurred by the joint ventures and associates for developing their projects. The joint ventures are principally engaged in property development. As at 31 December 2021, the Group's aggregate shares of such guarantees provided in respective of loans borrowed by these joint ventures amounted to approximately RMB1,913 million and associates amounted to approximately RMB3,760 million, and the guarantees provided to the suppliers of the associated companies amounted to approximately 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 31 December 2021, excluding the employees of communities managed on a commission basis, the Group had approximately 32,903 employees (31 December 2020: approximately 35,965 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2021 amounted to approximately RMB2,644 million (2020: approximately RMB2,503 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry 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.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2021.

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

On 10 February 2021, the Company issued additional US\$150,000,000 11.875% senior notes due 2023 (the "**February 11.875% Additional Senior Notes Due 2023**"), which was consolidated and form a single series with the US\$300,000,000 11.875% senior notes due 2023 issued on 1 June 2020.

On 19 February 2021, the Company has completed the offer to purchase for cash of its outstanding 8.375% senior notes due 2021 (the "**8.375% Senior Notes Due 2021**") of an aggregate of US\$141,209,000 in principal amount of the 8.375% Senior Notes Due 2021, representing approximately 29.39% of the total outstanding amount of the 8.375% Senior Notes Due 2021. Subsequently, the Company has repaid the aggregate amount of the 8.375% Senior Notes Due 2021 remained outstanding thereafter upon its maturity on 8 March 2021.

On 2 March 2021, the Company issued senior notes due 2024 with principal amount of US\$250,000,000 at a coupon rate of 10.875% per annum (the "**10.875% Senior Notes due 2024**").

On 17 March 2021, the Company issued senior notes due 2023 with principal amount of US\$50,000,000 at a coupon rate of 14.5% per annum.

On 1 June 2021, the Company has completed the offer to purchase for cash of its outstanding 7.375% senior notes due 2021 (the “**7.375% Senior Notes due 2021**”) of an aggregate of US\$100,000,000 in principal amount of the 7.375% Senior Notes due 2021. Subsequently, the Company has made another offer to purchase for cash of the outstanding 7.375% Senior Notes due 2021 on 17 June 2021 and has settled the aggregate of US\$187,844,000 in principal amount of the 7.375% Senior Notes due 2021.

On 3 June 2021, the Company issued additional US\$100,000,000 11.875% senior notes due 2023, which was consolidated and form a single series with the US\$450,000,000 11.875% Senior Notes due 2023 issued by the Company on 1 June 2020 and 10 February 2021, for the purpose of refinancing certain of its indebtedness.

On 16 June 2021, the Company issued senior notes due 2024 with principal amount of US\$200,000,000 at a coupon rate of 14.5% per annum (the “**14.5% Senior Notes due 2024**”).

On 20 July 2021, Colour Life issued senior notes due 2022 with principal amount of US\$80,000,000 at a coupon rate of 13% per annum (the “**13% Senior Notes Due 2022**”).

For the year ended 31 December 2021, the Company has made on-market repurchases of parts of its senior notes in an aggregated principal amount of US\$83.8 million, comprising: (i) the 7.375% senior notes due 2021 in the aggregate principal amount of US\$6,500,000; (ii) the 6.950% senior notes due 2021 in the aggregate principal amount of US\$2,000,000; (iii) the 15% senior notes due 2021 in the aggregate principal amount of US\$4,500,000; (iv) the 11.75% senior notes due 2022 in the aggregate principal amount of US\$3,000,000; (v) the 12.250% senior notes due 2022 in the aggregate principal amount of US\$3,500,000; (vi) the 10.875% Senior Notes due 2023 in the aggregate principal amount of US\$5,200,000; (vii) the 11.875% senior notes due 2023 in the aggregate principal amount of US\$14,500,000; (viii) the July 2023 Notes in the aggregate principal amount of US\$6,500,000; (ix) the October 2023 Notes in the aggregate principal amount of US\$17,500,000; (x) the March 2024 Notes in the aggregate principal amount of US\$20,400,000; and (xi) the June 2024 Notes in the aggregated principal amount of US\$200,000 (collectively the “**Repurchased Notes**”).

On 5 November 2021, Colour Life has entered into a sale and purchase agreement to repurchase the total outstanding amount of 13% Senior Notes Due 2022. The 13% Senior Notes due 2022 have been cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

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, in 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 5 July 2021, 深圳市富昌商業服務有限公司 (Shenzhen Wealth Charm Commercial Services Limited*)(“**Shenzhen Wealth Charm**”), a wholly-owned subsidiary of the Company, entered into an agreement with Greenland Holdings Corporation Limited and 綠地金融投資控股集團有限公司 (Greenland Financial Investment Holding Group Co., Ltd.*); under which Shenzhen Wealth Charm agreed to acquire the entire equity interests of 上海綠閔物業管理有限公司 (Shanghai Lumin Property Management Co., Ltd.*) for an aggregated consideration of RMB1,260,000,000. As at the date of this announcement, the Greenland Acquisition had not been completed.

EVENTS AFTER THE REPORT DATE

(i) The Winding-up Petitions and Its Latest Progress

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.

(ii) Lasted Progress of the Offshore Debt Restructuring

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 longterm 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.

(iii) Latest Progress of the Onshore Debt Restructuring

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.

(iv) Material Transactions

Link Joy Disposal

On 28 September 2021, Colour Life, Shenzhen Colour Life, Country Garden and Link Joy entered into the Share Transfer Agreement in relation to the sale of the Sale Share at an aggregated consideration of RMB3,300 million. The first installment of consideration of RMB2,300 million was settled by Country Garden upon entering into the Share Transfer Agreement.

Subsequently, Colour Life as borrower, Shenzhen Colour Life as guarantor and Country Garden as lender, entered into a loan agreement dated 30 September 2021 (“**Loan Agreement**”). Under the Loan Agreement, Country Garden provided a loan in the amount of RMB700 million (the “**Loan**”) to Colour Life. The proceeds of the Loan was applied for the general working capital and repayment of debts of the Colour Life Group. As security for repayment of the Loan, the Sale Share was charged in favour of Country Garden.

The Loan was not repaid when it became due on 4 October 2021. Country Garden enforced the charge on the Sale Share. Subsequently, the parties to the Share Transfer Agreement commenced negotiation for an agreement to supplement the Share Transfer Agreement, which took into account the transfer of the Sale Share by enforcement.

On 28 March 2022, the Colour Life Group and Country Garden (among others) entered into the Supplemental Agreement to supplement the terms of the Share Transfer Agreement. Pursuant to the Supplemental Agreement, the balance of the consideration under the Share Transfer Agreement will be payable as follows:

- (i) the amount of RMB700 million will be set off against the loan of RMB700 million that has been advanced by Country Garden to the Colour Life Group under the Loan Agreement. Upon the set-off, Colour Life will be deemed to have discharged its payment obligation under the Loan Agreement in full; and
- (ii) the balance of RMB300 million will be payable in two instalment, subject to certain conditions precedents.

Please refer to the circular of the Company dated 25 July 2023.

Shaoxing Disposal

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 (CCCC Meilu (Hangzhou) Real Estate Co., Ltd.*) (the “**Purchaser**”) under which the First Vendor and the Second Vendor agreed to sell the 51% of the registered capital (“**Sale Shares**”) of 中交花創(紹興)置業有限公司 (CCCC Huachuang (Shaoxing) Real Estate Co., Ltd.*) (“**Project Company**”), and the Third Vendor agreed to assign the rights to the debt owing 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.

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 year ended 31 December 2021, 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 year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its directors, as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

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 year ended 31 December 2021.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 25 September 2023 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 19 September 2023 to Monday, 25 September 2023, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 18 September 2023.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 December 2021 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 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL 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 2021 annual report along with the AGM circular, the notice of AGM, the proxy form and such documents will be published on the aforementioned websites and despatched Company's shareholders in due course

CONTINUED SUSPENSION OF TRADING

At the request of the Company, the trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Trading in the Shares will remain suspended until further notice.

Holders of securities and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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.