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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)

(1) ANNOUNCEMENT OF 2022 ANNUAL RESULTS
(2) FULFILMENT OF RESUMPTION GUIDANCE
(3) RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2022:

- The Group's total revenue was approximately RMB9,754 million, net loss to the Group was approximately RMB5,981 million.
- The loss attributable to the owners of the Company was approximately RMB6,071 million.
- As at 31 December 2022, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 10,340,647 sq.m.
- The Board does not recommend the payment of final dividend.

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 2022 (the “**Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue			
Contracts with customers	4	9,561,219	15,462,745
Leases		192,794	287,668
Total revenue	5	9,754,013	15,750,413
Cost of sales and services		(8,027,017)	(13,413,261)
Gross profit		1,726,996	2,337,152
Other income	6	52,510	156,691
Other gains and losses	6	(2,796,701)	582,677
Impairment losses under expected credit loss model, net of reversal	7	(194,069)	(1,241,797)
Change in fair value of investment properties		(325,654)	(1,765,840)
Write-down properties for sales	8	(525,653)	(6,216,291)
Selling and distribution expenses		(218,954)	(465,868)
Administrative expenses		(920,995)	(1,763,558)
Finance costs	9	(2,241,205)	(2,870,498)
Share of results of associates		36,559	61,620
Share of results of joint ventures		7,048	(252,738)
Net (loss) gain on disposal of subsidiaries		(135,450)	22,095
Loss before tax		(5,535,568)	(11,416,355)
Income taxation	10	(444,967)	576,557
Loss for the year	11	(5,980,535)	(10,839,798)

		2022	2021
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive expenses			
Item that may be reclassified subsequently to profit or loss:			
Fair value change on hedging instruments designated as cash flow hedges		—	(11,145)
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”)		(350)	(2,125)
Deferred taxation effect		88	531
		<u>(262)</u>	<u>(1,594)</u>
Other comprehensive expenses for the year, net of income tax		<u>(262)</u>	<u>(12,739)</u>
Total comprehensive expenses for the year		<u>(5,980,797)</u>	<u>(10,852,537)</u>
Loss for the year attributable to:			
Owners of the Company		(6,071,227)	(10,465,578)
Other non-controlling interests		90,692	(374,220)
		<u>(5,980,535)</u>	<u>(10,839,798)</u>
Total comprehensive expenses for the year attributable to:			
Owners of the Company		(6,071,363)	(10,477,552)
Other non-controlling interests		90,566	(374,985)
		<u>(5,980,797)</u>	<u>(10,852,537)</u>
Loss per share – basic (<i>RMB cents</i>)	13	<u>(105.17)</u>	<u>(181.30)</u>
Loss per share – diluted (<i>RMB cents</i>)	13	<u>(105.17)</u>	<u>(181.30)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	<i>NOTE</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,104,986	1,235,411
Right-of-use assets		425,695	471,744
Investment properties		8,322,168	8,218,706
Interests in associates		1,425,013	1,987,215
Interests in joint ventures		3,096,519	4,377,387
Equity instruments designated at FVTOCI		25,139	142,437
Goodwill		906,977	902,377
Intangible assets		21,378	30,929
Other receivables		897,853	863,288
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures		6,193,004	6,188,480
Deferred tax assets		1,473,765	1,455,029
		<u>23,892,497</u>	<u>25,873,003</u>
CURRENT ASSETS			
Properties for sale		44,135,133	52,010,570
Contract assets		39,878	844,691
Contract costs		214,946	385,978
Trade and other receivables	<i>14</i>	14,923,558	12,904,945
Tax recoverable		1,234,180	1,012,911
Amounts due from related parties		7,906,523	6,871,726
Restricted/pledged bank deposits		1,519,591	4,232,500
Bank balances and cash		1,164,432	973,148
		<u>71,138,241</u>	<u>79,236,469</u>
		<u>95,030,738</u>	<u>105,109,472</u>

		2022	2021
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	15	6,838,236	8,183,727
Contract liabilities		17,276,961	22,365,128
Amounts due to related parties		383,544	455,713
Tax liabilities		6,782,869	5,126,960
Borrowings due within one year		14,092,214	13,441,873
Lease liabilities due within one year		29,849	40,445
Senior notes and bonds due within one year		38,957,574	33,007,450
Asset-backed securities issued		255,438	–
Provisions		–	31,184
		<u>84,616,685</u>	<u>82,652,480</u>
NET CURRENT LIABILITIES		<u>(13,478,444)</u>	<u>(3,416,011)</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>10,414,053</u>	<u>22,456,992</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		130,708	390,723
Borrowings due after one year		5,609,066	11,045,175
Lease liabilities due after one year		98,751	112,195
Asset-backed securities issued		–	255,438
		<u>5,838,525</u>	<u>11,803,531</u>
NET ASSETS		<u><u>4,575,528</u></u>	<u><u>10,653,461</u></u>
CAPITAL AND RESERVES			
Share capital		498,787	498,787
Reserves		<u>577,192</u>	<u>5,836,692</u>
Equity attributable to owners of the Company		<u>1,055,979</u>	6,335,479
Non-controlling interests		<u>3,519,549</u>	<u>4,317,982</u>
		<u><u>4,575,528</u></u>	<u><u>10,653,461</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, the Group incurred net loss of RMB5,980,535,000. As at 31 December 2022, the Group’s net current liabilities amounted to RMB13,478,444,000 and net assets amounted to RMB4,575,528,000. As at 31 December 2022, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB84,616,685,000.

As at 31 December 2022, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB22,164,919,000 according to their scheduled repayment dates. As a result, as at 31 December 2022, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB43,459,829,000 had become default or cross default. Subsequent to 31 December 2022, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates. These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group’s ability to continue as a going concern.

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 2022 on a going concern basis.

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

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2022.

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 Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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

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 (including the June 2020 and December 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ³
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ³
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all other 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 2022

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	7,361,634	-	-	-	-	7,361,634
<u>Property agency services</u>						
Provision of property agency services	-	1,222	-	-	-	1,222
<u>Property operation services</u>						
Provision of property management services	-	-	1,948,778	-	-	1,948,778
Provision of value-added services	-	-	94,045	-	-	94,045
Provision of engineering services	-	-	18,872	-	-	18,872
<u>Hotel operations</u>						
Provision of hotel accommodation services	-	-	-	117,774	-	117,774
<u>Others</u>						
Property project management and other related services	-	-	-	-	18,894	18,894
	<u>7,361,634</u>	<u>1,222</u>	<u>2,061,695</u>	<u>117,774</u>	<u>18,894</u>	<u>9,561,219</u>
Timing of revenue recognition						
A point in time	7,361,634	1,222	28,010	-	18,894	7,409,760
Over time	-	-	2,033,685	117,774	-	2,151,459
	<u>7,361,634</u>	<u>1,222</u>	<u>2,061,695</u>	<u>117,774</u>	<u>18,894</u>	<u>9,561,219</u>

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>

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 2022 and 2021.

Information about geographical areas

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

Set out below is an analysis on the Group's revenue and results by reportable and operating segments during the years ended 31 December 2022 and 2021:

For the year ended 31 December 2022

	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>7,361,634</u>	<u>192,794</u>	<u>1,222</u>	<u>2,170,968</u>	<u>117,774</u>	<u>18,894</u>	<u>9,863,286</u>
Segment results	<u>(286,269)</u>	<u>(132,860)</u>	<u>(663)</u>	<u>163,992</u>	<u>(35,077)</u>	<u>(19,822)</u>	<u>(310,699)</u>

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>

6. OTHER INCOME, GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income		
Interest income	14,225	123,223
Partial exemption of PRC value-added tax	9,835	15,876
Unconditional government grants	28,450	13,557
Others	–	4,035
	<u>52,510</u>	<u>156,691</u>
Other gains and losses		
Net exchange (loss) gain	(2,603,380)	435,264
Fair value change on hedging instruments	–	91,814
Loss on repurchase/early redemption of senior notes and bonds and asset-backed securities issued	–	94,639
Net loss on disposal of interests in associates and joint ventures	(177,838)	(149,883)
Gain on remeasurement of interests in associates and joint ventures	–	94,639
Loss on disposal of plant, property and equipment	(20,966)	(5,452)
Others	5,483	18,829
	<u>(2,796,701)</u>	<u>582,677</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Impairment loss recognised on		
– Trade and other receivables and deposits	(172,770)	(981,824)
– Amounts due from related parties	(20,452)	(258,535)
– Contract assets	(847)	(1,438)
	<u>(194,069)</u>	<u>(1,241,797)</u>

8. WRITE-DOWN OF PROPERTIES FOR SALES

During the year ended 31 December 2022, mainly due to the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments, a provision for impairment loss on properties for sale of RMB525,653,000 (2021: RMB6,216,291,000) 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. 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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on:		
– bank and other borrowings	1,007,226	1,189,056
– senior notes and bonds	3,402,230	3,210,832
– lease liabilities	13,494	23,843
– asset-backed securities issued	22,966	15,754
	<u>4,445,916</u>	<u>4,439,485</u>
Imputed interest expenses arising from deposits received from sales of properties	<u>740,531</u>	<u>935,194</u>
	5,186,447	5,374,679
<i>Less:</i> amount capitalised in properties under development for sale	(2,940,220)	(2,425,361)
amount capitalised in investment properties under construction	(3,982)	(76,162)
amount capitalised in construction in progress	<u>(1,040)</u>	<u>(2,658)</u>
	<u><u>2,241,205</u></u>	<u><u>2,870,498</u></u>

10. INCOME TAXATION

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax in the PRC		
EIT		
– Current year	381,303	808,231
LAT	<u>285,414</u>	<u>471,134</u>
	666,717	1,279,365
Deferred tax		
Credit to profit and loss	<u>(221,750)</u>	<u>(1,844,922)</u>
	<u>444,967</u>	<u>(576,557)</u>

11. LOSS FOR THE YEAR

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	15,556	21,254
Other staff's salaries and allowances	1,492,377	2,523,972
Retirement benefit scheme contributions	70,323	95,616
Share-based payments	<u>–</u>	<u>2,660</u>
	1,578,256	2,643,502
<i>Less: amount capitalised in properties under development for sale</i>	<u>(103,442)</u>	<u>(184,812)</u>
	<u>1,474,814</u>	<u>2,458,690</u>
Auditor's remuneration	8,000	5,700
Depreciation of property, plant and equipment	119,636	216,156
Depreciation of right-of-use assets	47,232	79,049
Amortisation of intangible assets (included in cost of sales and services)	9,551	119,076
Loss on disposal of property, plant and equipment	20,966	5,452
Cost of properties sold recognised as an expense	<u>6,688,814</u>	<u>11,139,672</u>

12. DIVIDENDS

Subsequent to the end of the reporting period, no final dividend in respect of year ended 31 December 2022 (2021: nil) was proposed by the directors for approval by the shareholders in the annual general meeting.

13. LOSS PER SHARE

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

	2022	2021
Loss (<i>RMB'000</i>)		
Loss for the purpose of basic and diluted earnings per share (loss for the year attributable to owners of the Company)	<u>(6,071,227)</u>	<u>(10,465,578)</u>
Number of shares (<i>'000</i>)		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>5,772,598</u>	<u>5,772,401</u>

For the years ended 31 December 2022 and 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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	1,417,500	1,584,786
31 to 90 days	437,121	334,008
91 to 180 days	258,011	285,912
181 to 365 days	215,415	58,162
Over 1 year	214,986	91,133
	<u>2,543,033</u>	<u>2,354,001</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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	2,365,446	2,814,693
61 to 180 days	1,488,769	1,917,210
181 to 365 days	310,084	233,373
1-2 years	187,377	302,454
2-3 years	3,390	2,501
	<u>4,355,066</u>	<u>5,270,231</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 2022 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 2022, 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 RMB5,980,535,000 for the year ended 31 December 2022. As at 31 December 2022, the Group’s net current liabilities amounted to RMB13,478,444,000.

As at 31 December 2022, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB22,164,919,000 according to their scheduled repayment dates. As a result, as at 31 December 2022, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB43,459,829,000 had become default or cross default. Subsequent to 31 December 2022, 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 note 3 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 2022, with its sense of social responsibility in the aftermath of the unravelling of ensuring people's livelihood, deliveries and protecting employees, the Group cut costs and expenses by abolishing distribution and strengthening self-marketing internally. Externally, the Group proactively negotiated with investors on extensions, negotiated with suppliers on payment methods, and improved customer satisfaction and satisfaction from all parties. Despite the pressure from both delivery and sales, the Group addressed the problems head on and communicated proactively, and achieved good results in deliveries, extensions and sales.

During the reporting period, the Group achieved total contracted sales of approximately RMB2.875 billion and contracted sales area of 350,932 sq.m., of which approximately RMB2.617 billion was derived from contracted sales of residences with contracted sales area of 329,309 sq.m., accounting for approximately 91.0% and 93.8% of the total contracted sales and total contracted sales area of properties of the Group in 2022, respectively; and approximately RMB258 million was derived from contracted sales of urban complexes with contracted sales area of 21,623 sq.m., representing approximately 9.0% and 6.2% of the total contracted sales and total contracted sales area of properties of the Group in 2022, respectively.

Contracted sales amount and area attributable to different product categories in 2022

Category	Jan to Dec 2022			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	2,617	91.0%	329,309	93.8%
Urban Complexes	258	9.0%	21,623	6.2%
Total	2,875	100.0%	350,932	100.0%

During the reporting period, contracted sales contribution to the Group was mainly derived from sales in 20 cities, including Chengdu, Guilin, Wuhan, Nanjing, Shenzhen, Qingdao and Foshan, and also from approximately 55 projects, including Chengdu Biyun Tianxi, Grande Valley, Guilin, Shenzhen Good Time, Beijing Mentougou, Wuhan Jin Xiu Town, Shaoxing Spring Breeze and Chongqing Hockney. The Group extended its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area 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 2022

Category	Year 2022			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	319	11.1%	16,538	4.7%
Chengdu-Chongqing Metropolitan Area	994	34.5%	165,214	48.3%
Central China Metropolitan Area	197	6.9%	33,323	9.5%
Yangtze River Delta Metropolitan Area	877	30.5%	53,837	15.3%
Bohai Rim Metropolitan Area	488	17.0%	77,901	22.2%
Total	2,875	100%	346,813	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 2022, the Group made active efforts to push forward the delivery and sales of projects in the Greater Bay Area. During the reporting period, the Group's Shenzhen Good Time project in Shenzhen and Huizhou project all commenced construction normally, with normal construction progress, which also secured stable sales of the projects in the local area.

During the reporting period, the Group recorded total contracted sales of RMB319 million and total contracted sales area of 16,538 sq.m. in Shenzhen, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing approximately 11.1% and 4.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2022.

Chengdu-Chongqing Metropolitan Area

As an important economic hub in Southwest 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 2022, Chengdu faced pressure from both the delivery and sales of numerous projects. The Group made active efforts to ensure perfect delivery and customer satisfaction through relief and sales in Chengdu.

During the reporting period, the Group recorded total contracted sales of RMB994 million and total contracted sales area of 165,214 sq.m. in Chengdu, Ziyang, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing approximately 34.5% and 48.3% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2022.

Central China Metropolitan Area

As the geographical pivot 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 revived the sales volume of Wuhan Jin Xiu Town, Wuhan Huahaoyuan and other projects and achieved good sales, contributing capital required for the delivery of various projects in Wuhan.

During the reporting period, the Group recorded total contracted sales of RMB197 million and total contracted sales area of 33,323 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing approximately 6.9% and 9.5% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2022.

Yangtze River Delta Metropolitan Area

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

During the reporting period, the Group recorded total contracted sales of RMB877 million and total contracted sales area of 53,837 sq.m. in Nanjing, Shaoxing, Shanghai, Suzhou and other cities in the Yangtze River Delta Metropolitan Area, contributing approximately 30.5% and 15.3% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2022.

Bohai Rim Metropolitan Area

Bohai Rim Metropolitan Area is the most important economic hub in Northern China, acting as a cluster for radiating outwards as well as serving and driving the national and regional economy, possessing great development potential. In 2022, the Group rapidly promoted the construction and sales of projects in the region, of which Beijing Mentougou and Qingdao Biyuntian maintained relatively stable sales.

During the reporting period, the Group recorded total contracted sales of RMB488 million and total contracted sales area of 77,901 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing approximately 17.0% and 22.2% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2022.

Completed Projects

The Group completed a total of 13 phases of projects with a total GFA of approximately 1,466,972 sq.m. during the reporting period.

Projects Under Construction

As at 31 December 2022, the Group had a total of 26 projects or phases of projects under construction with a total GFA of 4,184,828 sq.m.

Projects held for development

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. on 31 December 2022.

Land Bank

As at 31 December 2022, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 10,340,647 sq.m. after deducting projects already sold.

City Company	Details of Land Bank		
	Projects under construction (sq.m.)	Projects held for development (sq.m.)	Aggregate GFA of land bank (sq.m.)
South China	777,965	706,025	1,483,990
North China	315,527	3,708,163	4,023,689
Southwest China	1,872,107	1,117,601	2,989,708
East China	633,217	310,680	943,897
Central China	586,012	313,351	899,363

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) lease of investment properties, (iii) provision of property operation, (iv) provision of hotel accommodation services, and (v) property project management and other related services. For the year ended 31 December 2022, revenue of the Group amounted to approximately RMB9,754 million, representing a decrease of 38.1% from approximately RMB15,750 million in 2021. Loss for the year attributable to the owners of the Company decreased from approximately RMB10,466 million in 2021 to approximately RMB6,071 million in 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 decreased by 34.6% to approximately RMB7,362 million in 2022 from approximately RMB11,260 million in 2021, which was due to less area of properties completed and delivered during the year.

	2022			2021		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	sq.m.	RMB/sq.m.	RMB'000	sq.m.	RMB/sq.m.
Chengdu Biyun Tianxi	1,574,047	72,360	21,753	-	-	-
Wuhan Biyuntian	1,470,202	112,466	13,072	-	-	-
Chengdu Yinweilai	865,801	49,238	17,584	-	-	-
Tianjin Jiatianxia	656,728	62,311	10,540	2,130,530	160,270	13,293
Guilin Lakeside Eden	494,712	89,949	5,500	1,618,753	261,421	6,192
Huizhou Kangcheng Siji	492,202	47,905	10,275	-	-	-
Chengdu Grande Valley	432,205	73,297	5,897	-	-	-
Tianjin HuaJun	427,700	39,670	10,781	-	-	-
Guilin Lakeside Eden	357,814	69,820	5,125	-	-	-
Chengdu Jiatianxia	57,093	8,835	6,462	785,012	65,266	9,405
Huizhou Jiatianxia	26,116	8,545	3,056	-	-	-
Chengdu Zhihui City	18,588	9,899	1,878	1,556,750	219,715	7,085
Suzhou Oriental Bay	10,616	4,968	2,137	-	-	-
Kunming Haoweilai	10,551	8,202	1,286	303,950	67,277	4,518
Tianjin Huayuan Jiayuan	10,345	896	11,546	1,114,266	93,470	11,921
Chengdu Longnian Plaza	5,806	721	8,053	456,188	51,964	8,779
Ziyang HuaJun	1,840	370	4,973	94,411	31,985	2,952
Nanjing Lishui Jiatianxia	-	-	-	2,087,048	165,100	12,641
Chengdu Grande Valley	-	-	-	667,401	116,698	5,719
Chengdu Xiangmendi	-	-	-	66,846	14,088	4,745
Cixi Seasonal Mansion	-	-	-	25,178	5,933	4,244
Chengdu Kanjinzhao	-	-	-	23,152	17,102	1,354
Huizhou Fantasia Special Town	-	-	-	22,910	9,803	2,337
Suzhou Oriental Bay	-	-	-	7,728	1,506	5,131
Others	449,268	-	-	300,236	-	-
	7,361,634	-	-	11,260,359	-	-

Property Investment

Revenue generated from property investment decreased by 33.0% to approximately RMB193 million in 2022 from approximately RMB288 million in 2021. The decrease was primarily due to the decline in unilateral rental as a result of the downward trend in leasing market.

Property Operation Services

Revenue derived from property operation services decreased by 46.3% to approximately RMB2,062 million in 2022 from approximately RMB3,840 million in 2021, the decrease was mainly due to the disposal of major subsidiaries which provided property operation services in second half of 2021.

Hotel Operations

Revenue derived from hotel accommodation services increased by 3.0% to approximately RMB118 million in 2022 from approximately RMB114 million in 2021, hotel operations remained stable.

Gross Profit and Gross Profit Margin

Gross profit decreased by 26.1% to approximately RMB1,727 million in 2022 from approximately RMB2,337 million in 2021, while the Group's gross profit margin was 17.7% in 2022 as compared to a gross profit margin of 14.8% in 2021. The increase in gross profit margin was mainly due to the delivery of properties with lower land costs during the year.

Other Income, Gains and Losses

The Group recorded net other losses in 2022 of approximately RMB2,744 million while in 2021 net other gains approximately RMB739 million. The change was mainly due to the net exchange losses of approximately RMB2,603 million arising from the senior notes and borrowings denominated in USD, as compared to the net exchange gain of approximately RMB435 million in 2021.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 53.0% to approximately RMB219 million in 2022 from approximately RMB466 million in 2021, mainly due to the decrease in advertising expenses for the property projects under pre-sale stage.

Administrative Expenses

The Group's administrative expenses decreased by 47.8% to approximately RMB921 million in 2022 from approximately RMB1,764 million in 2021. The decrease was primarily due to the decrease in staff cost.

Finance Costs

The Group's finance costs decreased by 21.9% to approximately RMB2,241 million in 2022 from approximately RMB2,870 million in 2021. The decrease in finance costs was primarily due to the decrease in interest-bearing liabilities.

Income Tax Expense

The Group's income tax expense was approximately RMB445 million in 2022 as compared to income tax credit of approximately RMB577 million in 2021. This was mainly due to the deferred tax effect of impairment recognised for properties for sale and expected credit loss recognised for financial assets in 2021.

Loss Attributable to Owners of the Company

For the above changes collectively, loss attributable to owners of the Company was approximately RMB10,466 million in 2021 as compared to loss attributable to owners of the Company of approximately RMB6,071 million in 2022.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 31 December 2022, the Group's total bank balances and cash were approximately RMB2,684 million (2021: approximately RMB5,206 million), representing a decrease of 48.4% as compared to that as at 31 December 2021. The decrease was due to the tightened liquidity environment of the PRC property sector since the second half of 2021. A portion of the Group's cash is restricted bank deposits that are mainly restricted for use of property development.

Net Gearing Ratio

The net gearing ratio of the Group was 1,228.9% as at 31 December 2022 as compared to 493.2% as at 31 December 2021, representing an increase of 735.7 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 year, mainly due to the significant decrease of total equity as a result of loss incurred for both years. 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 31 December 2022, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB19,701 million (31 December 2021: approximately RMB24,487 million), approximately RMB38,958 million (31 December 2021: approximately RMB33,007 million) and approximately RMB255 million (31 December 2021: RMB255 million), respectively. Amongst the borrowings, approximately RMB14,092 million (31 December 2021: approximately RMB13,442 million) will be repayable within one year and approximately RMB5,609 million (31 December 2021: approximately RMB11,045 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB38,958 million (31 December 2021: approximately RMB33,007 million) will be repayable within one year.

As at 31 December 2022, a substantial part of the borrowings was secured by land use rights, properties and bank deposits of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through pledging their shares.

Exchange Rate Risk

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

Commitments

As at 31 December 2022, the Group had committed payment for the construction of investment properties and property, plant and equipment and equity acquisition amounting to approximately RMB1,209 million (2021: RMB1,136 million).

Contingent Liabilities

- (a) As at 31 December 2022, the Group had provided guarantees amounting to approximately RMB10,415 million (2021: approximately RMB11,613 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate.
- (b) The Group provided guarantees on several basis covering its respective shares of outstanding obligations under the bank borrowings incurred by the joint ventures and associates for developing their projects. As at 31 December 2022, the Group's aggregate shares of such guarantees provided in respect of loans borrowed by these joint ventures amounted to approximately RMB1,912 million (2021: approximately RMB1,913 million) and associates amounted to approximately RMB3,606 million (2021: approximately RMB3,760 million) and guarantees to suppliers of associates amounted to approximately RMB160 million (2021: 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 2022, excluding the employees of communities managed on a commission basis, the Group had approximately 26,252 employees (31 December 2021: approximately 32,903 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2022 amounted to approximately RMB1,578 million (2021: approximately RMB2,644 million). 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.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2022.

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

For the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL TRANSACTIONS

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

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

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

EVENTS AFTER THE REPORTING DATE

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

CORPORATE GOVERNANCE CODE

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

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

Reference is made to the announcement of the Company dated 12 November 2021 in relation to, among others, the non-compliance with certain requirements under Chapter 3 of the Listing Rules in relation to the composition of the board of directors of the Company. For the year ended 31 December 2022, the Company did not comply with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules. As at the date of this announcement, the Company has re-complied with the relevant rules.

Save as disclosed above, the Company has complied with all code provisions set out in the CG Code for the year ended 31 December 2022.

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 2022.

ANNUAL GENERAL MEETING

The annual general meeting (the “**AGM**”) will be held on Monday, 25 September 2023.

The Company expects that the resolutions to be put forward for voting at the AGM will include, among others, customary ordinary resolutions:

- (i) the consideration and adoption of the 2021 annual results, 2022 annual results and the reports of the Directors and auditors;

- (ii) the election of Directors by rotation. In this regard, in accordance with Article 84(1) of the articles of association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. As at the date of this announcement, the Board comprised nine Directors. As such, three Directors shall retire from office by rotation at the Annual General Meeting. Article 84(2) also provides that a retiring Director shall be eligible for re-election. Mr. Pan Jun has informed the Company that he will retire with effect from the conclusion of the AGM, and will not offer himself for re-election. Upon Mr. Pan's retirement, he will cease to be the chairman of the Board, the chief executive officer, the chairman of the nomination committee of the Company and a member of the remuneration committee. As disclosed in the circular of Colour Life Services Group Co., Limited ("**Colour Life**") dated 10 August 2023, which is a principal subsidiary of the Company listed on the Main Board of the Stock Exchange (Stock Code: 1778), Mr. Pan has also not offered himself for re-election upon his retirement by rotation at Colour Life's upcoming annual general meeting. With effect from the conclusion of the Annual General Meeting, Mr. Pan will no longer hold any position in the Company and its subsidiaries (including Colour Life). The other directors subject to retirement by rotation shall be determined in accordance with Article 84(2) of the articles of association;
- (iii) the re-appointment of the auditors of the Company and the fixing of their remuneration; and
- (iv) the granting of the mandates (including the general mandate and the repurchase mandate) to the Directors of the Company.

In addition, the Company will also put forward a special resolution to amend its existing articles of association such that the amended and restated articles of association will comply with the core shareholder protection standards set out in Appendix 3 of the Listing Rules currently in force.

Details of the proposed resolutions will be set out in the circular of the Company, which will be accompanied by the notice of the AGM, to be published and despatched 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 2022 had been reviewed by the Audit Committee, which consists of three independent non-executive directors, namely Mr. Kwok Chi Shing (chairman of the audit committee), Mr. Guo Shaomu and Mr. Ma Yuheng.

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 2022 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.

FULFILMENT OF RESUMPTION GUIDANCE

Reference is made to the announcements of the Company dated 23 June 2022 and 21 April 2023 in relation to, among others, the resumption guidance. The Company is pleased to announce that it has fulfilled the resumption guidance.

Resumption guidance 1 – publish all outstanding financial results required under the Listing Rules and address any audit modifications

Following publication of the announcements of the Company dated 10 August 2023 for the 2021 annual results, 2022 annual results and the 2022 interim results, there is no outstanding financial results required to be published under the Listing Rules.

Resumption guidance 2 – demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules

The Group carries out its business with a sufficient level of operations.

The Group is principally engaged in property development, property investment, property agency services, property operation services, hotel operation and others (including project management and other services).

As at 31 December 2022, the GFA of land bank for the Group’s projects under construction and projects held for development amounted to approximately 10,340,647 sq.m.

During 2022, the Group achieved total contracted sales of approximately RMB2,875 million and contracted sales area of 350,932 sq.m.

Please also refer to the section headed “BUSINESS OVERVIEW” of the 2022 annual results announcement for an overview of the Group’s operations (including the geographical locations, contracted sales and GFA in which the Group carries out its business).

The Group’s revenue for the year ended 31 December 2022 was approximately RMB9,754 million.

The Group carries out its business with assets of sufficient value. The Group’s total assets and net assets as at 31 December 2022 was approximately RMB95,031 million and RMB4,576 million, respectively.

Resumption guidance 3 – have the petition (or winding up order, if made) against the Company (the “Petition”) withdrawn or dismissed and the appointment of any liquidators (provisional or not) discharged

As disclosed in the announcement of the Company dated 21 July 2023, the winding-up petition against the Company was withdrawn by consent.

Resumption guidance 4 – inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position

Since the suspension of trading in the shares of the Company, the Company has continued to update the market on its latest developments. It has published updates on a quarterly basis about the status of the preparation of its financial statements and the operations of the Group.

Resumption guidance 5 – to re-comply with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules

Following the changes in the composition of the Board (including each of the nomination committee, the remuneration committee and the audit committee of the Board) as disclosed in the announcement of the Company dated 3 August 2023, the Company has re-complied with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2022. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 11 August 2023.

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.