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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 2023 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023:

- Revenue of the Group was approximately RMB15,844 million, representing an increase of approximately 62.4% as compared to last year.
- The loss attributable to the owners of the Company was approximately RMB6,488 million.
- As at 31 December 2023, the GFA of the land bank for the Group's projects under construction and projects held for development amounted to approximately 7,745,244 sq.m.
- During the Period, the Group's selling and distribution expenses and administrative expenses amounted to approximately RMB810 million, representing a decrease of approximately 28.9% as compared to last year.
- 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 2023 (the “**Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>NOTES</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue			
Contracts with customers	4	15,595,035	9,561,219
Leases		249,058	192,794
		<hr/>	<hr/>
Total revenue	5	15,844,093	9,754,013
Cost of sales and services		(13,371,824)	(8,027,017)
		<hr/>	<hr/>
Gross profit		2,472,269	1,726,996
Other income	6	41,006	52,510
Other gains and losses	6	(377,587)	(2,796,701)
Impairment losses under expected credit loss model, net of reversal	7	(232,768)	(194,069)
Change in fair value of investment properties		(440,839)	(325,654)
Write-down properties for sales, net of reversal	8	(1,948,478)	(525,653)
Impairment loss on deposits paid for potential acquisition of equity interests	9	(987,364)	–
Selling and distribution expenses		(95,046)	(218,954)
Administrative expenses		(715,021)	(920,995)
Finance costs	10	(2,873,403)	(2,241,205)
Share of results of associates		71,577	36,559
Share of results of joint ventures		46,743	7,048
Net loss on disposal of subsidiaries		(63,170)	(135,450)
		<hr/>	<hr/>
Loss before tax		(5,102,081)	(5,535,568)
Income taxation	11	(1,330,514)	(444,967)
		<hr/>	<hr/>
Loss for the year	12	(6,432,595)	(5,980,535)
		<hr/>	<hr/>

		2023	2022
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive expenses			
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”)		(5,933)	(350)
Deferred taxation effect		<u>1,483</u>	<u>88</u>
		<u>(4,450)</u>	<u>(262)</u>
Other comprehensive expenses for the year, net of income tax		<u>(4,450)</u>	<u>(262)</u>
Total comprehensive expenses for the year		<u><u>(6,437,045)</u></u>	<u><u>(5,980,797)</u></u>
(Loss) profit for the year attributable to:			
Owners of the Company		(6,488,010)	(6,071,227)
Other non-controlling interests		<u>55,415</u>	<u>90,692</u>
		<u><u>(6,432,595)</u></u>	<u><u>(5,980,535)</u></u>
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		(6,490,265)	(6,071,363)
Other non-controlling interests		<u>53,220</u>	<u>90,566</u>
		<u><u>(6,437,045)</u></u>	<u><u>(5,980,797)</u></u>
Loss per share – basic (<i>RMB cents</i>)	<i>14</i>	<u><u>(112.39)</u></u>	<u><u>(105.17)</u></u>
Loss per share – diluted (<i>RMB cents</i>)	<i>14</i>	<u><u>(112.39)</u></u>	<u><u>(105.17)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	<i>NOTE</i>	2023 RMB'000	2022 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,008,052	1,104,986
Right-of-use assets		350,737	425,695
Investment properties		6,739,261	8,322,168
Interests in associates		1,266,765	1,425,013
Interests in joint ventures		2,726,624	3,096,519
Equity instruments designated at FVTOCI		13,282	25,139
Goodwill		923,051	906,977
Intangible assets		14,695	21,378
Other receivables		341,255	897,853
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures		3,606,867	6,193,004
Deferred tax assets		1,005,636	1,473,765
		17,996,225	23,892,497
CURRENT ASSETS			
Properties for sale		37,247,690	44,135,133
Contract assets		32,328	39,878
Contract costs		45,543	214,946
Trade and other receivables	<i>15</i>	12,505,601	14,923,558
Tax recoverable		633,519	1,234,180
Amounts due from related parties		7,128,088	7,906,523
Restricted/pledged bank deposits		866,336	1,519,591
Bank balances and cash		1,264,764	1,164,432
		59,723,869	71,138,241
		77,720,094	95,030,738

		2023	2022
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	16	7,499,634	6,838,236
Contract liabilities		3,280,117	17,276,961
Amounts due to related parties		303,483	383,544
Tax liabilities		6,764,727	6,782,869
Borrowings due within one year		12,834,961	14,092,214
Lease liabilities due within one year		30,020	29,849
Senior notes and bonds due within one year		35,428,805	38,957,574
Asset-backed securities issued		270,394	255,438
		<u>66,412,141</u>	<u>84,616,685</u>
NET CURRENT LIABILITIES		<u>(6,688,272)</u>	<u>(13,478,444)</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>11,307,953</u>	<u>10,414,053</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		297,433	130,708
Borrowings due after one year		5,380,899	5,609,066
Lease liabilities due after one year		99,934	98,751
Bonds due after one year		7,554,299	–
		<u>13,332,565</u>	<u>5,838,525</u>
NET (LIABILITIES) ASSETS		<u><u>(2,024,612)</u></u>	<u><u>4,575,528</u></u>
CAPITAL AND RESERVES			
Share capital		498,787	498,787
Reserves		(5,933,073)	557,192
		<u>(5,434,286)</u>	<u>1,055,979</u>
Equity attributable to owners of the Company		(5,434,286)	1,055,979
Non-controlling interests		3,409,674	3,519,549
		<u><u>(2,024,612)</u></u>	<u><u>4,575,528</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL

Fantasia Holdings Group Co., Limited (the “**Company**”) is a limited liability company incorporated in the 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investment properties and contingent consideration payables, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2.2 Going concern basis

For the year ended 31 December 2023, the Group incurred net loss of RMB6,432,595,000. As at 31 December 2023, the Group’s net current liabilities and net liabilities amounted to RMB6,688,272,000 and RMB2,024,612,000, respectively. As at 31 December 2023, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB66,412,141,000.

As at 31 December 2023, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB33,917,812,000 according to their scheduled repayment dates. As a result, as at 31 December 2023, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB37,420,916,000 had become default or cross default. Subsequent to 31 December 2023, the Group did not repay certain interest-bearing liabilities 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 the management for a period of not less than 12 months from the date of the 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 in active 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 the current circumstances but do require time to formulate or implement due to the ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address its upcoming financial obligations and future operating cash flow requirements whilst engaging with its 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 the changing markets in order to meet the latest budgeted sales and pre-sales volumes and amounts;

The Group will continue to seek for suitable opportunities to dispose of its equity interest in certain project development companies in order 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 and are satisfied that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2023 on a going concern basis.

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

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2023.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules

Except as described below, the application of the new and 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback¹</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)¹</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants¹</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements¹</i>
Amendments to HKAS 21	<i>Lack of Exchangeability²</i>

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

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of all 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 2023

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	13,246,488	-	-	-	-	13,246,488
<u>Property agency services</u>						
Provision of property agency services	-	9,564	-	-	-	9,564
<u>Property operation services</u>						
Provision of property management services	-	-	2,074,354	-	-	2,074,354
Provision of value-added services	-	-	82,870	-	-	82,870
Provision of engineering services	-	-	12,710	-	-	12,710
<u>Hotel operations</u>						
Provision of hotel accommodation services	-	-	-	145,262	-	145,262
<u>Others</u>						
Property project management and other related services	-	-	-	-	23,787	23,787
	<u>13,246,488</u>	<u>9,564</u>	<u>2,169,934</u>	<u>145,262</u>	<u>23,787</u>	<u>15,595,035</u>
Timing of revenue recognition						
A point in time	13,246,488	9,564	37,840	-	23,787	13,317,679
Over time	-	-	2,132,094	145,262	-	2,277,356
	<u>13,246,488</u>	<u>9,564</u>	<u>2,169,934</u>	<u>145,262</u>	<u>23,787</u>	<u>15,595,035</u>

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>

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.

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 2023 and 2022.

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 2023 and 2022. As at 31 December 2023 and 2022, 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 2023 and 2022:

For the year ended 31 December 2023

	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>13,246,488</u>	<u>249,058</u>	<u>9,564</u>	<u>2,258,342</u>	<u>145,262</u>	<u>23,787</u>	<u>15,932,501</u>
Segment results	<u>(779,691)</u>	<u>(196,373)</u>	<u>(2,336)</u>	<u>179,451</u>	<u>(20,830)</u>	<u>(21,092)</u>	<u>(840,871)</u>

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>

6. OTHER INCOME, GAINS AND LOSSES

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Interest income	22,812	14,225
Partial exemption of PRC value-added tax	2,123	9,835
Unconditional government grants	<u>16,071</u>	<u>28,450</u>
	<u>41,006</u>	<u>52,510</u>
Other gains and losses		
Net exchange loss	(618,707)	(2,603,380)
Gain on debt restructuring	262,459	–
Net gain (loss) on disposal of interests in associates and joint ventures	4,235	(177,838)
Loss on disposal of plant, property and equipment	(30,918)	(20,966)
Others	<u>5,344</u>	<u>5,483</u>
	<u>(377,587)</u>	<u>(2,796,701)</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss recognised on		
– Trade and other receivables and deposits	(188,550)	(172,770)
– Amounts due from related parties	(19,705)	(20,452)
– Contract assets	<u>(24,513)</u>	<u>(847)</u>
	<u>(232,768)</u>	<u>(194,069)</u>

8. WRITE-DOWN OF PROPERTIES FOR SALES

During the year ended 31 December 2023, mainly due to the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments, a provision for impairment loss on properties for sale of RMB1,948,478,000 (2022: RMB525,653,000) 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. IMPAIRMENT LOSS ON DEPOSITS PAID FOR POTENTIAL ACQUISITION OF EQUITY INTERESTS

The Group assesses the carrying amounts of deposits paid for potential acquisition of equity interests according to their recoverable amounts based on the realisability of these equity interests and the underlying property projects. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

During the year ended 31 December 2023, a provision for impairment loss on deposits paid for potential acquisition of equity interests of RMB987,364,000 (2022: nil) was recognised due to the combined impact of multiple unfavourable factors in macroeconomic and industry.

10. FINANCE COSTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on:		
– bank and other borrowings	998,990	1,007,226
– senior notes and bonds	3,710,325	3,402,230
– lease liabilities	12,223	13,494
– asset-backed securities issued	18,207	22,966
	<u>4,739,745</u>	<u>4,445,916</u>
Imputed interest expenses arising from deposits received from sales of properties	<u>567,957</u>	<u>740,531</u>
	5,307,702	5,186,447
<i>Less:</i> amount capitalised in properties under development for sale	(2,434,299)	(2,940,220)
amount capitalised in investment properties under construction	–	(3,982)
amount capitalised in construction in progress	–	(1,040)
	<u>2,873,403</u>	<u>2,241,205</u>

11. INCOME TAXATION

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current income tax		
– PRC corporate income tax	364,581	381,303
– PRC land appreciation tax	<u>329,594</u>	<u>285,414</u>
	694,175	666,717
Deferred tax		
Charge (credit) to profit and loss	<u>636,339</u>	<u>(221,750)</u>
	<u><u>1,330,514</u></u>	<u><u>444,967</u></u>

12. LOSS FOR THE YEAR

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the year has been arrived at after charging (crediting) :		
Directors' emoluments	9,476	15,556
Other staff's salaries and allowances	715,779	1,492,377
Retirement benefit scheme contributions	<u>71,170</u>	<u>70,323</u>
Total staff costs	796,425	1,578,256
Less: amount capitalised in properties under development for sale	<u>(82,153)</u>	<u>(103,442)</u>
	<u>714,272</u>	<u>1,474,814</u>
Auditor's remuneration	7,000	8,000
Depreciation of property, plant and equipment	118,545	119,636
Depreciation of right-of-use assets	37,271	47,232
Amortisation of intangible assets (included in cost of sales and services)	6,683	9,551
Loss on disposal of property, plant and equipment	30,918	20,966
Cost of properties sold recognised as an expense	<u><u>11,519,854</u></u>	<u><u>6,688,814</u></u>

13. DIVIDENDS

Subsequent to the end of the reporting period, no final dividend in respect of year ended 31 December 2023 (2022: nil) was proposed by the directors for approval by the shareholders in the annual general meeting.

14. 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:

	2023	2022
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><u>(6,488,010)</u></u>	<u><u>(6,071,227)</u></u>
Number of shares (<i>'000</i>)		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>5,772,598</u></u>	<u><u>5,772,598</u></u>

For the years ended 31 December 2023 and 2022, the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

15. 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	1,223,159	1,417,500
31 to 90 days	121,398	437,121
91 to 180 days	130,076	258,011
181 to 365 days	125,607	215,415
Over 1 year	197,541	214,986
	<u>1,797,781</u>	<u>2,543,033</u>

16. 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	1,689,652	2,365,446
61 to 180 days	866,140	1,488,769
181 to 365 days	305,885	310,084
1-2 years	170,077	187,377
2-3 years	10,774	3,390
	<u>3,042,528</u>	<u>4,355,066</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 2023 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 2023, 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

For the year ended 31 December 2023, the Group incurred net loss of RMB6,432,595,000. As at 31 December 2023, the Group’s net current liabilities and net liabilities amounted to RMB6,688,272,000 and RMB2,024,612,000, respectively. As at 31 December 2023, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB66,412,141,000.

As at 31 December 2023, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB33,917,812,000 according to their scheduled repayment dates. As a result, as at 31 December 2023, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB37,420,916,000 had become default or cross default. Subsequent to 31 December 2023, the Group did not repay certain interest-bearing liabilities according to the scheduled repayment dates. These conditions, together with other matters disclosed in note 2 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 2 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 2023, after facing liquidity shortage, the Group has adhered to the social responsibilities of “guaranteed delivery and stable operations” to ensure steady progress in project delivery and steady sales while pursuing innovation. The Group has also actively cooperated with policies, optimized its debt structure, obtained credit, bond, and equity financing support to promote project progress, and strived to add more projects to the whitelist. During the reporting period, satisfactory results were achieved in terms of delivery, sales, and funding.

During the reporting period, the Group achieved total contracted sales of approximately RMB2.586 billion and contracted sales area of 374,429 sq.m., of which approximately RMB2.380 billion was derived from contracted sales of residences with contracted sales area of 272,407 sq.m., accounting for approximately 92.0% and 72.8% of the total contracted sales and total contracted sales area of properties of the Group in 2023, respectively; and approximately RMB206 million was derived from contracted sales of urban complexes with contracted sales area of 102,222 sq.m., representing approximately 8.0% and 27.2% of the total contracted sales and total contracted sales area of properties of the Group in 2023, respectively.

Contracted sales amount and area attributable to different product categories in 2023

Category	2023			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	2,380	92.0%	272,407	72.8%
Urban Complexes	206	8.0%	102,022	27.2%
Total	2,586	100%	374,429	100%

During the reporting period, contracted sales amount to the Group was mainly derived from sales in 18 cities, including Shenzhen, Chengdu, Guilin, Wuhan, Nanjing, Qingdao and Foshan, and also from approximately 20 projects, including Shenzhen Good Time, Foshan Guangyayuan, Chengdu Biyun Tianxi, Grande Valley, Guilin, Nanjing Huahaoyuan, Beijing Mentougou and Qingdao Biyuntian. The Group extended its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area 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 2023

Category	2023			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	818	31.6%	29,336	7.8%
Chengdu-Chongqing Metropolitan Area	546	21.1%	190,851	51.0%
Central China Metropolitan Area	121	4.7%	38,385	10.3%
Yangtze River Delta Metropolitan Area	424	16.4%	53,633	14.3%
Bohai Rim Metropolitan Area	677	26.2%	62,224	16.6%
Total	2,586	100%	374,429	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 2023, the Group made active efforts to push forward the delivery and sales of projects in the Greater Bay Area. During the reporting period, the Group's Shenzhen Good Time project in Shenzhen and the Foshan Guangyayuan project in Foshan all commenced construction normally, with normal construction progress and normal delivery, which also secured stable sales of the projects in the local area. During the reporting period, the Group recorded total contracted sales of RMB818 million and total contracted sales area of 29,336 sq.m. in Shenzhen, Foshan, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 31.6% and 7.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2023.

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 2023, the Group faced pressure from both the delivery and sales of numerous projects in Chengdu. 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 RMB546 million and total contracted sales area of 190,851 sq.m. in Chengdu, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 21.1% and 51.0% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2023.

Central China Metropolitan Area

As the geographical pivot of the country, Central China Metropolitan Area is increasingly becoming an important force for the development of Central China with its advantages of convenient transportation and developed economy. The Group proactively revived the sales volume of Wuhan Huahaoyuan and other projects and achieved good sales, contributing to the capital required for the delivery of various projects in Wuhan. During the reporting period, the Group recorded total contracted sales of RMB121 million and total contracted sales area of 38,385 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing to approximately 4.7% and 10.3% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2023.

Yangtze River Delta Metropolitan Area

The Yangtze River Delta Metropolitan Area is one of the most economically dynamic hubs in China. The Group has paid close attention to the core cities with high growth potential in the region for a long time. The Group took the initiative and maintained its sales after the financial turmoil, where Nanjing Huahaoyuan, Hangzhou Duiyuetian and other projects continued to achieve good sales in 2023. During the reporting period, the Group recorded total contracted sales of RMB424 million and total contracted sales area of 53,633 sq.m. in Nanjing, Shanghai and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 16.4% and 14.3% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2023.

Bohai Rim Metropolitan Area

Bohai Rim Metropolitan Area is the most important economic hub in Northern China, acting as a cluster for radiating outwards as well as serving and driving the national and regional economy, possessing great development potential. In 2023, the Group rapidly promoted the construction and sales of projects in the region, of which Beijing Mentougou and Qingdao Biyuntian maintained relatively stable sales. During the reporting period, the Group recorded total contracted sales of RMB677 million and total contracted sales area of 62,224 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 26.2% and 16.6% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2023.

Completed Projects

The Group completed a total of 21 phases of projects with a total GFA of approximately 2,089,103 sq.m. during the reporting period.

Projects Under Construction

As at 31 December 2023, the Group had a total of 16 projects or phases of projects under construction with a total GFA of 1,823,336 sq.m.

Projects held for development

The Group had a total of 14 projects or phases of projects held for development with a total GFA of 5,921,908 sq.m. on 31 December 2023.

Land Bank

As at 31 December 2023, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 7,745,244 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	255,168	706,025	961,193
North China	195,080	3,708,162	3,903,242
Southwest China	814,844	1,117,601	1,932,445
East China	197,681	76,769	274,450
Central China	360,563	313,351	673,914

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, manufacturing and sales of fuel pumps and provision of travel agency services. For the year ended 31 December 2023, revenue of the Group amounted to approximately RMB15,844 million, representing an increase of 62.4% from approximately RMB9,754 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 increased by 79.9% to approximately RMB13,246 million in 2023 from approximately RMB7,362 million in 2022, which was due to more area of properties completed and delivered during the year.

	2023			2022		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	sq.m.	RMB/sq.m.	RMB'000	sq.m.	RMB/sq.m.
Shenzhen Good Time	3,218,258	82,622	38,952	–	–	–
Hangzhou Duiyuetian	2,702,993	62,515	43,238	–	–	–
Wuhan Huahaoyuan	2,483,511	124,911	19,882	–	–	–
Nanjing Huahaoyuan	1,254,710	46,152	27,186	–	–	–
Qingdao Biyuntian	926,910	97,430	9,514	–	–	–
Hockney's Good Times	733,716	46,826	15,669	–	–	–
Ziyang HuaJun	718,378	109,709	6,548	1,840	370	4,973
Chengdu Haoweilai	551,995	52,762	10,462	–	–	–
Chengdu Grande Valley	209,615	34,802	6,023	432,205	73,297	5,897
Zhengzhou Good Time	117,768	17,623	6,683	–	–	–
Tianjin HuaJun	116,022	7,934	14,623	427,700	39,670	10,781
Guilin Lakeside Eden	72,983	14,156	5,156	852,526	159,769	5,336
Chengdu Jiatianxia	39,042	17,433	2,240	57,093	8,835	6,462
Chengdu Xiangmendi	19,652	12,620	1,557	–	–	–
Chengdu Zhihui City	18,391	12,053	1,526	18,588	9,899	1,878
Wuhan Biyuntian	9,842	1,989	4,948	1,470,202	112,466	13,072
Tianjin Huayuan Jiayuan	2,336	988	2,364	10,345	896	11,546
Chengdu Yinweilai	2,069	536	3,860	865,801	49,238	17,584
Chengdu Biyun Tianxi	–	–	–	1,574,047	72,360	21,753
Tianjin Jiatianxia	–	–	–	656,728	62,311	10,540
Huizhou Kangcheng Siji	–	–	–	492,202	47,905	10,275
Others	48,297	–	–	502,357	–	–
	13,246,488			7,361,634		

Property Investment

Revenue generated from property investment increased by 29.0% to approximately RMB249 million in 2023 from approximately RMB193 million in 2022. The increase was primarily due to an increase in occupancy rates.

Property Operation Services

Revenue derived from property operation services increased by 5.3% to approximately RMB2,170 million in 2023 from approximately RMB2,062 million in 2022, primarily due to the increase in the property management services provided by the Group in 2023.

Hotel Operations

Revenue derived from hotel accommodation services increased by 22.9% to approximately RMB145 million in 2023 from approximately RMB118 million in 2022, mainly due to the recovery of the tourism industry.

Gross Profit and Gross Profit Margin

Gross profit increased by 43.1% to approximately RMB2,472 million in 2023 from approximately RMB1,727 million in 2022, while the Group's gross profit margin was 15.6% in 2023 as compared to a gross profit margin of 17.7% in 2022. The slight decrease in gross profit margin was mainly due to the delivery of properties with higher land and construction costs during the year.

Other Income, Gains and Losses

The Group recorded net other losses in 2023 of approximately RMB337 million (2022: approximately RMB2,744 million). The change was mainly due to the net exchange losses arising from the senior notes denominated in USD.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 56.6% to approximately RMB95 million in 2023 from approximately RMB219 million in 2022, 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 22.4% to approximately RMB715 million in 2023 from approximately RMB921 million in 2022. The decrease was primarily due to the decrease in the Group's daily administrative expenses and staff costs.

Finance Costs

The Group's finance costs increased by 28.2% to approximately RMB2,873 million in 2023 from approximately RMB2,241 million in 2022. The increase in finance costs was primarily due to the decrease in the Group's projects under construction and the decrease in the amount of interest capitalisation accordingly.

Income Tax Expense

The Group's income tax expense increased by 199.1% to approximately RMB1,331 million in 2023 from approximately RMB445 million in 2022. This was mainly due to the impact of the gross profit during the period.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 31 December 2023, the Group's total bank and cash balances were approximately RMB2,131 million (2022: approximately RMB2,684 million), representing a decrease of 20.6% as compared to that as at 31 December 2022. A portion of the Group's cash is restricted bank deposits that are mainly restricted for use in the Group's property development.

Borrowings and Charges on the Group's Assets

As at 31 December 2023, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB18,216 million (31 December 2022: approximately RMB19,701 million), approximately RMB42,983 million (31 December 2022: approximately RMB38,958 million) and approximately RMB270 million (31 December 2022: RMB255 million), respectively. Amongst the borrowings, approximately RMB12,835 million (31 December 2022: approximately RMB14,092 million) will be repayable within one year and approximately RMB5,381 million (31 December 2022: approximately RMB5,609 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB35,429 million (31 December 2022: approximately RMB38,958 million) will be repayable within one year and approximately RMB7,554 million (31 December 2022: nil) will be repayable after one year.

As at 31 December 2023, a substantial part of the borrowings was secured by land use rights, properties and bank deposits of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through pledge of 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 2023, the Group had committed payment for construction and property development commitments amounting to approximately RMB1,102 million (2022: RMB1,209 million).

Contingent Liabilities

- (a) As at 31 December 2023, the Group had provided guarantees amounting to approximately RMB6,213 million (2022: approximately RMB10,415 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the date of grant of the relevant mortgage 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 2023, the Group's shares of such guarantees provided in respect of the loans borrowed by these joint ventures and associates amounted to approximately RMB1,899 million and approximately RMB3,188 million, respectively. In the opinion of the Directors, the possibility of default by the purchasers is remote and the fair value of such guaranteed contracts is insignificant at the inception and at the end of each reporting date.

Employees and Remuneration Policies

As at 31 December 2023, the Group had approximately 19,712 employees (31 December 2022: approximately 26,252 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2023 amounted to approximately RMB796 million (2022: approximately RMB1,578 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 2023.

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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

LATEST PROGRESS OF THE DEBT RESTRUCTURING

(i) Offshore debts

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

On 13 January 2023, the Company and the AHG entered into the restructuring support agreement (the “**RSA**”) in relation to the terms of the Restructuring. The contemplated Restructuring is intended to allow the Company to comprehensively enhance its capital structure, enable the Group to better manage its operations and deliver long-term value for all its stakeholders. The Restructuring is expected to be implemented through one or more schemes of arrangement. The Company expects to commence the process of implementing the Restructuring on terms set forth in the RSA as soon as possible. Further information on the terms of the RSA and the Restructuring are set out in the announcements of the Company dated 13 January 2023, 9 March 2023, 31 March 2023, 3 April 2023, 25 April 2023, 5 May 2023, 4 July 2023, 30 November 2023, 2 January 2024, 1 February 2024, 29 February 2024 and 15 March 2024.

(ii) Onshore debts

Fantasia Group (China) Co., Ltd. (“**Fantasia China**”), a wholly-owned subsidiary of the Company, had issued 5 series of 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.

DISMISSAL OF WINDING-UP PETITIONS

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 agreement on 20 July 2023.

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 at a consideration of RMB3,300 million (the “**Disposal**”). 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 for details of the Disposal. All conditions of the Disposal have been fulfilled and the Disposal was completed on 18 December 2023. Please refer to the announcement of the Company dated 22 December 2023.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group.

Under then code provision C.2.1 of the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 to the Listing Rules, the roles of chairman and chief executive officer shall be separated and shall not be performed by the same individual. Since 25 September 2023, Mr. Pan Jun retired as an executive director at the annual general meeting and ceased to be the chairman of the Board and chief executive officer. Ms. Cheng Jianli was appointed as an executive director and chairman of the Board.

Save as disclosed, the Company has complied with all code provisions set out in the CG Code for the year ended 31 December 2023.

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 C3 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 2023.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 13 May 2024 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange in due course.

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 Monday, 6 May 2024 to Monday, 13 May 2024, 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 Friday, 3 May 2024.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 December 2023 had been reviewed by the Audit Committee, which consists of three independent non-executive directors, namely Mr. Kwok Chi Shing (chairman of the audit committee), Mr. Guo Shaomu and Mr. Ma Yu-heng.

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 2023 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.

By order of the Board
Fantasia Holdings Group Co., Limited
Cheng Jianli
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the executive directors of the Company are Ms. Cheng Jianli, Mr. Ke Kasheng, Mr. Timothy David Gildner and Mr. Lin Zhifeng; the non-executive directors of the Company are Ms. Zeng Jie, Baby and 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.