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FANTASIA

**Fantasia Holdings Group Co., Limited**

**花樣年控股集團有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 1777)**

## **ANNOUNCEMENT OF 2018 ANNUAL RESULTS**

### **FINANCIAL HIGHLIGHTS**

- The Group recorded total contract sales for the year of 2018 of approximately RMB30,173 million, representing an accumulative increase of 49.6% year on year.
- The Group's total revenue was approximately RMB13,986 million in 2018, representing an increase of 43.0% as compared with RMB9,783 million in 2017.
- The Group's gross profit was approximately RMB4,184 million in 2018, representing an increase of 44.4% as compare with RMB2,898 million in 2017.
- The Group's gross profit margin in 2018 was 29.9%, representing an increase of 0.3 percentage points year-on-year, which maintained a relatively high level in the industry.
- The Group's annual net profit was approximately RMB1,168 million. If excluding the impact of exchange gains or losses, the annual net profit was approximately RMB1,909 million, representing an increase of 135.4% year-on-year.
- Basic earnings per share was RMB12.64 cents. The Board recommend payment of a final dividend of HK4.00 cents per share in cash.

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 2018 (the “Period”) as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	NOTE	2018 RMB'000	2017 RMB'000
Revenue			
Goods and services	3	13,733,624	9,539,381
Rental		252,509	243,187
Total revenue		13,986,133	9,782,568
Cost of sales and services		(9,802,167)	(6,884,964)
Gross profit		4,183,966	2,897,604
Other income	5	149,649	99,972
Other gains and losses	5	561,873	909,077
Impairment losses, net of reversal		(82,424)	(62,012)
Change in fair value of investment properties		136,802	966,184
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		82,409	118,589
Selling and distribution expenses		(439,032)	(417,872)
Administrative expenses		(1,389,214)	(1,167,835)
Finance costs	6	(1,464,674)	(1,279,587)
Share of results of associates		34,880	8,843
Share of results of joint ventures		(11,140)	167,670
Gain on disposal of subsidiaries		1,273,824	326,285
Profit before tax	7	3,036,919	2,566,918
Income tax expense	8	(1,868,735)	(1,157,207)
Profit for the year		1,168,184	1,409,711
<b>Other comprehensive income (expense)</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of defined benefit obligations		(238)	(8,035)
Deferred taxation effect		60	2,009
Other comprehensive expense for the year, net of income tax		(178)	(6,026)
Total comprehensive income for the year		1,168,006	1,403,685

	<i>NOTE</i>	<b>2018</b> <b>RMB'000</b>	2017 RMB'000
Profit for the year attributable to:			
Owners of the Company		<b>728,339</b>	1,154,316
Other non-controlling interests		<b>439,845</b>	255,395
		<b>1,168,184</b>	1,409,711
Total comprehensive income for the year attributable to:			
Owners of the Company		<b>728,233</b>	1,150,710
Other non-controlling interests		<b>439,773</b>	252,975
		<b>1,168,006</b>	1,403,685
Earnings per share – basic (RMB cents)	10	<b>12.64</b>	20.03
Earnings per share – diluted (RMB cents)	10	<b>12.58</b>	19.95

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	NOTE	2018 RMB'000	2017 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,596,806	2,611,084
Investment properties		10,515,977	10,194,164
Interests in associates		1,346,586	1,174,908
Interests in joint ventures		1,426,958	1,060,057
Available-for-sale (“AFS”) investments		–	117,663
Equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		51,551	–
Goodwill		2,339,723	2,299,758
Intangible assets		1,188,896	1,319,901
Prepaid lease payments		206,743	754,720
Premium on prepaid lease payments		76,418	1,268,992
Other receivables	11	158,698	167,624
Amount due from a joint venture		81,505	–
Pledged bank deposits		558,457	–
Deposits paid for potential acquisitions of subsidiaries		194,427	799,606
Deposit paid for acquisition of a property project		202,961	159,214
Deposits paid for acquisition of land use rights		228,703	118,103
Deferred tax assets		565,707	461,990
		<u>21,740,116</u>	<u>22,507,784</u>
<b>CURRENT ASSETS</b>			
Properties for sale		34,882,404	23,777,966
Inventories		544,407	194,655
Prepaid lease payments		6,750	18,228
Premium on prepaid lease payments		2,548	19,233
Contract assets		449,590	–
Contract costs		201,414	–
Trade and other receivables	11	5,938,028	4,129,404
Amounts due from customers for contract works		–	104,079
Tax recoverable		105,212	85,990
Amounts due from non-controlling shareholders of the subsidiaries of the Company		319,230	1,052,812
Amounts due from joint ventures		101,272	362,935
Amounts due from associates		15,909	27,567
Financial assets at fair value through profit or loss (“FVTPL”)		2,127,196	234,460
Restricted/pledged bank deposits		1,789,411	2,106,552
Bank balances and cash		26,222,584	14,335,075
		<u>72,705,955</u>	<u>46,448,956</u>

	<i>NOTE</i>	<b>2018</b> <b>RMB'000</b>	2017 <i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>10,393,583</b>	9,282,468
Deposits received for sale of properties		–	5,503,060
Amounts due to customers for contract works		–	13,778
Contract liabilities		<b>13,039,071</b>	–
Amounts due to joint ventures		<b>368</b>	10,000
Amounts due to associates		<b>19,971</b>	13,513
Amounts due to non-controlling shareholders of the subsidiaries of the Company		<b>335,850</b>	–
Tax liabilities		<b>5,504,651</b>	4,431,080
Borrowings due within one year		<b>7,959,810</b>	3,022,026
Obligations under finance leases		<b>69,164</b>	51,693
Senior notes and bonds		<b>6,397,660</b>	4,484,610
Asset-backed securities issued		<b>208,636</b>	42,533
Provisions		<b>30,740</b>	40,131
Other current liabilities		<b>2,625</b>	220
		<b>43,962,129</b>	26,895,112
<b>NET CURRENT ASSETS</b>		<b>28,743,826</b>	19,553,844
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>50,483,942</b>	42,061,628
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>1,734,943</b>	1,754,528
Borrowings due after one year		<b>11,195,744</b>	6,841,619
Obligations under finance leases		<b>236,880</b>	259,299
Senior notes and bonds		<b>17,810,083</b>	15,320,332
Asset-backed securities issued		<b>51,783</b>	185,204
Other non-current liabilities		–	2,615
		<b>31,029,433</b>	24,363,597
<b>NET ASSETS</b>		<b>19,454,509</b>	17,698,031
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>497,945</b>	497,868
Reserves		<b>12,465,583</b>	12,139,049
Equity attributable to owners of the Company		<b>12,963,528</b>	12,636,917
Non-controlling interests		<b>6,490,981</b>	5,061,114
		<b>19,454,509</b>	17,698,031

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

## 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.

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

## 2. 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

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 2.1 HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and the related interpretations.

## **2.2 HKFRS 9 “Financial Instruments”**

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts) and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

## **2.3 Amendments to HKAS 40 “Transfers of Investment Property”**

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 January 2018.

***Impacts on opening consolidated statement of financial position arising from the application of all new standards***

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be adjusted. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	<b>31 December 2017</b>	<b>HKFRS 15</b>	<b>HKFRS 9</b>	<b>1 January 2018</b>
	(Audited)	<b>HKFRS 15</b>	<b>HKFRS 9</b>	(Adjusted)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current Assets</b>				
Equity instruments designated at				
FVTOCI	–	–	117,663	117,663
AFS investments	117,663	–	(117,663)	–
Deferred tax assets	461,990	13,708	3,630	479,328
<b>Current Assets</b>				
Properties for sale	23,777,966	9,919	–	23,787,885
Contract assets	–	125,627	(2,983)	122,644
Contract costs	–	111,000	–	111,000
Trade and other receivables	4,129,404	(21,548)	(11,537)	4,096,319
Amounts due from customers for contract works	104,079	(104,079)	–	–
<b>Current Liabilities</b>				
Trade and other payables	9,282,468	(497,536)	–	8,784,932
Deposits received for sale of properties	5,503,060	(5,503,060)	–	–
Amounts due to customers for contract works	13,778	(13,778)	–	–
Contract liabilities	–	6,117,128	–	6,117,128
<b>Net Current Assets</b>	19,553,844	18,165	(14,520)	19,557,489
<b>Total Assets Less Current Liabilities</b>	42,061,628	31,873	(10,890)	42,082,611
<b>Non-current Liabilities</b>				
Deferred tax liabilities	1,754,528	18,250	–	1,772,778
<b>Net Assets</b>	17,698,031	13,623	(10,890)	17,700,764
<b>Capital and Reserves</b>				
Reserves	12,139,049	14,417	(10,134)	12,143,332
Equity attributable to owners of the Company	12,636,917	14,417	(10,134)	12,641,200
Non-controlling interests	5,061,114	(794)	(756)	5,059,564
<b>Total Equity</b>	<u>17,698,031</u>	<u>13,623</u>	<u>(10,890)</u>	<u>17,700,764</u>



*New and revised HKFRSs in issue but not yet effective*

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

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>4</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2020

### 3. REVENUE FROM GOODS AND SERVICES

#### A. For the year ended 31 December 2018

##### *Revenue from contracts with customer*

Segments	For the year ended 31 December 2018					Total RMB'000
	Property development RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	
<b>Types of goods and services</b>						
<u>Property development</u>						
Sales of completed properties	7,695,367	-	-	-	-	7,695,367
Construction of properties	859,141	-	-	-	-	859,141
<u>Property agency services</u>						
Provision of property agency services	-	129,666	-	-	-	129,666
<u>Property operation services</u>						
Provision of property management services	-	-	3,601,065	-	-	3,601,065
Provision of value-added services	-	-	340,311	-	-	340,311
Provision of engineering services	-	-	216,190	-	-	216,190
<u>Hotel operations</u>						
Provision of hotel accommodation services	-	-	-	135,700	-	135,700
<u>Others</u>						
Manufacturing and sales of fuel pumps	-	-	-	-	414,400	414,400
Provision of travel agency services	-	-	-	-	341,784	341,784
	<u>8,554,508</u>	<u>129,666</u>	<u>4,157,566</u>	<u>135,700</u>	<u>756,184</u>	<u>13,733,624</u>
<b>Timing of revenue recognition</b>						
A point in time	7,695,367	129,666	-	-	414,400	8,239,433
Over time	859,141	-	4,157,566	135,700	341,784	5,494,191
	<u>8,554,508</u>	<u>129,666</u>	<u>4,157,566</u>	<u>135,700</u>	<u>756,184</u>	<u>13,733,624</u>

#### B. For the year ended 31 December 2017

Revenue from major services goods and services for the year ended 31 December 2017 is set out in note 4.

#### 4. 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 travel agency services and manufacturing and sale of fuel pumps).

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

##### For 31 December 2018

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External revenues	<u>8,554,508</u>	<u>252,509</u>	<u>129,666</u>	<u>4,157,566</u>	<u>135,700</u>	<u>756,184</u>	<u>13,986,133</u>
Inter-segment revenues	<u>13,906</u>	<u>2,727</u>	<u>-</u>	<u>118,078</u>	<u>-</u>	<u>-</u>	<u>134,711</u>
Segment results	<u>1,439,402</u>	<u>351,727</u>	<u>83,540</u>	<u>901,975</u>	<u>(5,035)</u>	<u>(99,159)</u>	<u>2,672,450</u>

##### For 31 December 2017

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Property agency services <i>RMB'000</i>	Property operation services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
External revenues	<u>6,598,470</u>	<u>243,187</u>	<u>57,967</u>	<u>2,015,378</u>	<u>134,033</u>	<u>733,533</u>	<u>9,782,568</u>
Inter-segment revenues	<u>15,970</u>	<u>-</u>	<u>-</u>	<u>84,327</u>	<u>-</u>	<u>-</u>	<u>100,297</u>
Segment results	<u>877,444</u>	<u>1,088,765</u>	<u>23,036</u>	<u>504,902</u>	<u>(5,802)</u>	<u>(171,252)</u>	<u>2,317,093</u>

**Reconciliation:**

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Revenue:		
Total revenue for operating and reportable segments	14,120,844	9,882,865
Elimination of inter-segment revenues	<u>(134,711)</u>	<u>(100,297)</u>
Group's total revenue	<u><b>13,986,133</b></u>	<u><b>9,782,568</b></u>
Total segment results	2,672,450	2,317,093
Elimination of inter-segment results	(32,872)	(13,470)
Unallocated amounts:		
Interest income	140,257	88,631
Net exchange (loss) gain	(740,583)	598,535
Change in fair value of financial assets at FVTPL	939,273	4,457
Share-based payment expenses	(17,470)	(47,216)
Finance costs	(1,464,674)	(1,279,587)
Share of results of associates and joint ventures	23,740	176,513
Gain on disposal of subsidiaries	1,273,824	326,285
Gain on remeasurement of interests in joint ventures and AFS investment	384,487	562,719
Loss on repurchase/early redemption of senior notes and bonds	(975)	(116,933)
Loss on modification of senior notes and bonds	(48,350)	–
Other unallocated expenses	<u>(92,188)</u>	<u>(50,109)</u>
Profit before tax	<u><b>3,036,919</b></u>	<u><b>2,566,918</b></u>
	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Assets:		
Total assets for operating and reportable segments	59,944,588	48,026,877
Unallocated assets:		
Interests in associates	1,346,586	1,174,908
Interests in joint ventures	1,426,958	1,060,057
AFS investments	–	117,663
Equity instruments designated at FVTOCI	51,551	–
Amounts due from non-controlling shareholders of the subsidiaries of the Company	319,230	1,052,812
Amounts due from associates	15,909	27,567
Amounts due from joint ventures	182,777	362,935
Financial assets at FVTPL	2,127,196	234,460
Restricted/pledged bank deposits	2,347,868	2,106,552
Bank balances and cash	26,222,584	14,335,075
Other unallocated corporate assets	<u>460,824</u>	<u>457,834</u>
Group's total assets	<u><b>94,446,071</b></u>	<u><b>68,956,740</b></u>

During the years ended 31 December 2018 and 2017, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

## 5. OTHER INCOME, GAINS AND LOSSES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<u>Other income</u>		
Interest income	140,257	88,631
Unconditional government grants	9,392	11,341
	<u>149,649</u>	<u>99,972</u>
<u>Other gains and losses</u>		
Change in fair value of financial assets at FVTPL	939,273	4,457
Gain on remeasurement of interests in joint ventures and available-for-sale investment	384,487	562,719
Net exchange (loss) gain	(740,583)	598,535
Loss on repurchase/early redemption of senior notes and bonds	(975)	(116,933)
Loss on modification of senior notes and bonds	(48,350)	–
Loss on settlement of defined benefit obligation	–	(107,014)
Gain (loss) on disposal of plant, property and equipment	1,660	(3,146)
Impairment of goodwill	–	(50,058)
Others	26,361	20,517
	<u>561,873</u>	<u>909,077</u>

## 6. FINANCE COSTS

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<u>Interest on:</u>		
– bank and other borrowings	1,208,428	602,953
– senior notes and bonds	1,942,299	1,649,157
– finance leases	15,631	4,815
– asset-backed securities issued	22,083	19,332
Imputed interest expenses arising from deposits received from sales of properties included in contract liabilities	627,300	–
Other finance costs	13,442	21,036
	<u>3,829,183</u>	<u>2,297,293</u>
Less: Amount capitalised in properties under development for sale	(2,303,626)	(995,433)
Amount capitalised in investment properties under construction	(59,855)	(20,523)
Amount capitalised in construction in progress	(1,028)	(1,750)
	<u>1,464,674</u>	<u>1,279,587</u>

During the year ended 31 December 2018, certain amounts of finance costs capitalised arose from the general borrowing pool and were calculated by applying the capitalisation rate of 9.9% per annum (2017: 9.1% per annum) to expenditures on qualifying assets.

## 7. PROFIT BEFORE TAXATION

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	17,656	17,691
Other staff's salaries and allowances	1,527,422	926,644
Defined benefit scheme costs	60	3,818
Retirement benefit scheme contributions	249,811	148,702
Share-based payments	17,218	47,216
	<hr/>	<hr/>
Total staff costs	1,812,167	1,144,071
Less: Amount capitalised in properties under development for sale	(287,202)	(230,522)
	<hr/>	<hr/>
	<b>1,524,965</b>	<b>913,549</b>
	<hr/> <hr/>	<hr/> <hr/>
Auditor's remuneration	5,400	5,200
Release of prepaid lease payments	14,374	19,218
Release of premium on prepaid lease payments	13,671	23,990
Depreciation of property, plant and equipment	237,973	176,906
Amortisation of intangible assets	139,925	32,199
(Gain) loss on disposal of property, plant and equipment	(1,660)	3,146
Cost of properties sold recognised as an expense	5,960,570	4,685,371
	<hr/>	<hr/>
Gross rental income from investment properties	(252,509)	(243,187)
Less: Direct operating expenses from investment properties that generated rental income	15,767	15,209
	<hr/>	<hr/>
	<b>(236,742)</b>	<b>(227,978)</b>
	<hr/> <hr/>	<hr/> <hr/>
Rental expenses in respect of rented premises under operating leases	21,317	50,675
	<hr/> <hr/>	<hr/> <hr/>

## 8. INCOME TAX EXPENSE

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Current tax in the PRC		
PRC enterprise income tax	893,103	350,960
Land appreciation tax	803,119	557,584
	<hr/>	<hr/>
	<b>1,696,222</b>	<b>908,544</b>
	<hr/>	<hr/>
Deferred tax		
Charge to profit and loss	172,513	248,663
	<hr/>	<hr/>
	<b>1,868,735</b>	<b>1,157,207</b>
	<hr/> <hr/>	<hr/> <hr/>

## 9. DIVIDENDS

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2017 final dividend HK7.00 cents (2017: 2016 final dividend HK5.00 cents) per share	<u>329,217</u>	<u>250,049</u>

Subsequent to the end of the reporting period, a final dividend in respect of year ended 31 December 2018 of HK4.00 cents, equivalent to RMB3.4 cents (2017: final dividend in respect of year ended 31 December 2017 of HK7.00 cents, equivalent to RMB5.8 cents) per share amounting to approximately RMB195,940,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

## 10. EARNINGS PER SHARE

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

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	728,339	1,154,316
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	<u>(93)</u>	<u>–</u>
Earnings for the purpose of diluted earnings per share	<u>728,246</u>	<u>1,154,316</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,762,746,463	5,761,971,836
Effect of dilutive potential ordinary shares:		
Share options	<u>27,204,965</u>	<u>22,696,062</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,789,951,428</u>	<u>5,784,667,898</u>

Those share options granted by Morning Star Group Limited (“Morning Star”), a wholly owned subsidiary of the Company, have no impact on the computation of diluted earnings per share for both the years ended 31 December 2018 and 2017, where Morning Star’s share options are anti-dilutive.

## 11. TRADE AND OTHER RECEIVABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Trade receivables		
– goods and services	<b>1,915,161</b>	2,026,537
– leasing	<b>41,966</b>	33,884
– retention receivables and invoices to be issued	–	21,548
Other receivables	<b>889,364</b>	495,612
Loan receivables	<b>247,211</b>	88,302
Prepayments and other deposits	<b>1,446,854</b>	271,564
Prepayments to suppliers	<b>229,926</b>	228,826
Prepayments for construction work	<b>641,626</b>	596,232
Consideration receivables on disposal of partial interests in subsidiaries resulting in loss of control	<b>32,000</b>	9,000
Amount due from Pixian Government	<b>122,830</b>	122,830
Other tax prepayments	<b>529,788</b>	402,693
	<b>6,096,726</b>	4,297,028
Less: Amounts shown under non-current assets	<b>(158,698)</b>	(167,624)
Amounts shown under current assets	<b>5,938,028</b>	4,129,404



The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts/ credit 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:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
0 to 30 days	996,756	989,820
31 to 90 days	506,815	639,412
91 to 180 days	280,436	212,806
181 to 365 days	84,682	141,949
Over 1 year	88,438	97,982
	<u>1,957,127</u>	<u>2,081,969</u>

## 12. TRADE AND OTHER PAYABLES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Trade payables	5,612,333	3,857,418
Deposit received	620,582	567,644
Other payables	872,599	835,599
Advances from customers for property operation services	–	497,536
Other tax payables	1,492,445	471,689
Accrued staff costs	848,205	625,366
Consideration payables for acquisition of subsidiaries	869,397	2,352,484
Accruals	78,022	74,732
	<u>10,393,583</u>	<u>9,282,468</u>

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:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
0 to 60 days	2,801,902	1,994,373
61 to 180 days	1,541,021	905,494
181 to 365 days	784,916	642,043
1 – 2 years	383,922	232,191
2 – 3 years	82,438	74,942
Over 3 years	18,134	8,375
	<u>5,612,333</u>	<u>3,857,418</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Property Development

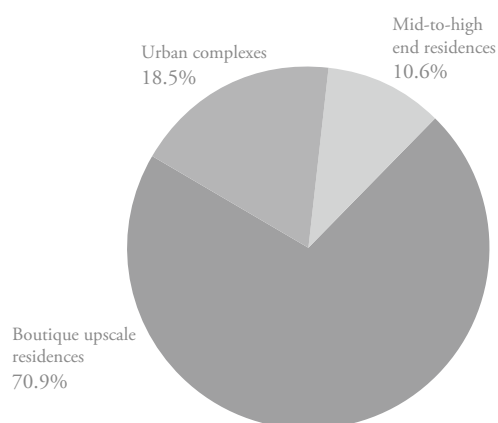
##### *Contracted Sales and Project Development*

Throughout the domestic real estate market environment in 2018, under the strict implementation of the positioning of “house are for living and non for speculation”, in the first three quarters, the four limit policies continued to be in high-pressure, and continued to be increased in controlling financial credit. In the fourth quarter, the regulatory policies were slightly loose, and the overall market tends to be stable. In this context, the overall sales growth rate has slowed down in the sector, but the major property developers still maintained a year-on-year growth. The Group also actively responded to policy and market changes. With an accurate strategic layout, it continued to deepen further its expansion in four major regions, including the Pearl River Delta, the Yangtze River Delta, the Beijing-Tianjin Metropolitan Area, and the Chengdu-Chongqing Economic Zone, as well as the core cities in Central China, and thereby achieved a quality increase.

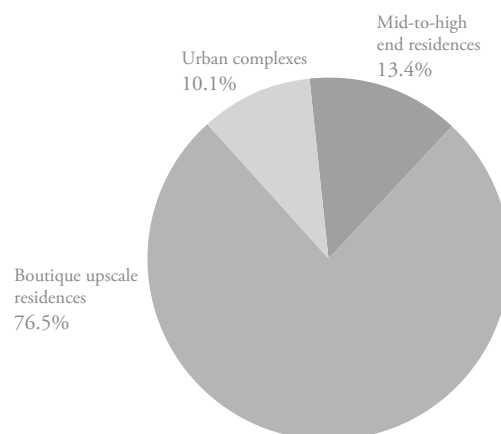
At the same time, we have always focused on development of quality products from a humanistic perspective at a grateful heart. At present, Fantasia has formed four major product lines: Jiatianxia, Xingfuwanxiang, Huayang Jinjiang and smart community industrial park. In particular, the intelligent community product line represented by “Jiatianxia” has been recognised by the market, and the “Jiatianxia” product lines have demonstrated fully the idea of Fantasia to become a “smart” manufacturer in happy communities. “Jiatianxia” has integrated hardware, software, services and technology to bring together the concepts of technology and beauty, smart communities and warm services. The Group has focused on creating quality boutique products with its own characteristics and will continue to launch on the market, and promote the Group to become the leading community “smart” manufacturer.

During the Period, the Group recorded contracted sales of RMB30,173 million and contracted sales area of 2,698,893 sq.m. of which, RMB5,570 million was derived from urban complexes projects, representing approximately 18.5% of the Group’s total contracted sales. RMB21,404 million was derived from boutique upscale residences projects, representing approximately 70.9% of the Group’s total contracted sales; and RMB3,199 million was derived from mid-to-high end residences projects, representing approximately 10.6% of the Group’s total contracted sales.

**Proportion of contracted sales value attributable to different product categories**



**Proportion of contracted sales area attributable to different product categories**

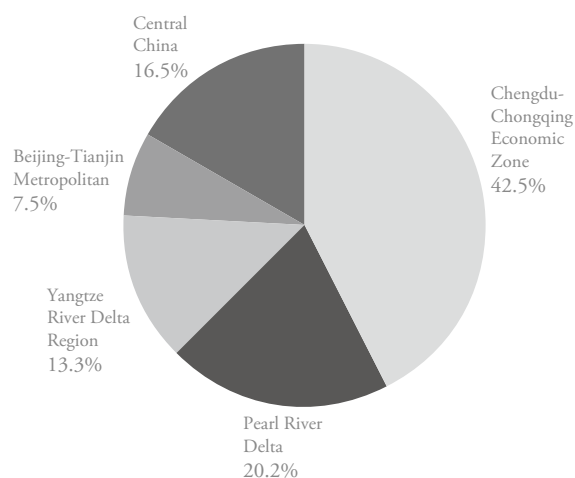


**The proportion of contracted sales and contracted sales area attributable to different product categories for 2018**

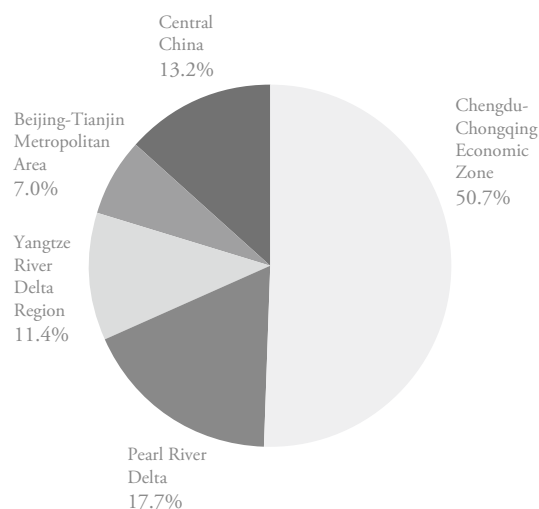
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	5,570	18.5	271,495	10.1
Mid-to-high End Residences	3,199	10.6	361,500	13.4
Boutique Upscale Residences	21,404	70.9	2,065,898	76.5
<b>Total</b>	<b>30,173</b>	<b>100.0</b>	<b>2,698,893</b>	<b>100.0</b>

During the Period, the contracted sales contribution to the Group's real estate business were mainly derived from 17 cities, including Chengdu, Wuhan, Guilin, Tianjin and Nanjing, and also from 51 projects including Jiatianxia at Chengdu, Xiangmendi at Chengdu, Chengdu Longnian International Center, Huahaoyuan (Jinshanghua) at Wuhan, Guilin Lakeside Eden, Tianjin Jiatianxia and Nanjing Jiatianxia. As compared to last year, the Group used Chengdu as the center for the Chengdu-Chongqing market, Wuhan as the center for the Central China market, Shenzhen as the center for the Pearl River Delta market, Tianjin as the center for the Beijing-Tianjin Metropolitan Area market and Shanghai as the center for the Yangtze River Delta market, and earned good reputation and impact in the local markets. These cities became the major force that contributed to the fulfillment of our target this year. At the same time, the Jiatianxia series, our brand new product, were sold out in all major regions, boosting huge contributions in unveiling the sales layout in 2018.

### Contracted sales value distribution in five major regions for 2018



### Contracted sales area distribution in five major regions for 2018



### Breakdown of the Group's contracted sales in five major economic regions in 2018

Economic Regions	Amount		Area	
	Sales value (RMB million)	Proportion of sales %	Sales area (sq.m.)	Proportion of area %
Chengdu-Chongqing Economic Zone	12,816	42.5	1,367,509	50.7
Pearl River Delta	6,090	20.2	478,223	17.7
Central China	4,988	16.5	357,402	13.2
Yangtze River Delta Region	4,007	13.3	307,702	11.4
Beijing-Tianjin Metropolitan Area	2,272	7.5	188,057	7.0
<b>Total</b>	<b>30,173</b>	<b>100.0</b>	<b>2,698,893</b>	<b>100.0</b>

### Chengdu-Chongqing Economic Zone

As a vital economic hub in South-western China, the Chengdu-Chongqing Economic Zone shows its robust market demand, and is one of the earliest important strategic markets of the Group. After 18 years of development in this region, the Group has become one of the most influential branded property developers. During the Period, the Group secured a leading market position in terms of sales performance by integrating hotel, property, retirement life services and other resources to improve products and strengthen community management, develop benchmark projects and star products, ranked amongst the top four in the market in term of sales area, achieved its ten billion sales value in a single region for the entire year and had exceeded expectation.

During the Period, the Group recorded contracted sales area of approximately 1,367,509 sq.m. in the Chengdu-Chongqing Economic Zone and contracted sales of approximately RMB12,816 million, attributing to 50.7% and 42.5% of the total contracted sales area and total contracted sales of properties of the Group respectively.

### **Pearl River Delta Region**

By leveraging on the development of Guangdong-Hong Kong-Macao Greater Bay Area, the Pearl River Delta Region market will become a vital testing ground for China to build the world-class city clusters and participate in global competition.

Under the new policy environment, the Group seizes the opportunity to accelerate its business development in Shenzhen, Guangzhou, Huizhou and Guilin markets to seek greater business growth and acquire more land reserves. During the Period, the market conditions in Pearl River Delta Region were healthy. Several projects such as Shenzhen Jiatianxia and Guilin Lakeside Eden had robust sales and became the “top sales” projects in this market segment. Meanwhile, the Group actively expanded its projects to the surrounding regions which strongly supported the Group’s future development in the Pearl River Delta Region.

During the Period, the Group recorded contracted sales area of approximately 478,223 sq.m. in the Pearl River Delta Region and contracted sales of approximately RMB6,090 million, attributing to 17.7% and 20.2% of the total contracted sales area and total contracted sales of properties of the Group respectively.

### **Central China**

Central China, is the nation’s geographical center, relatively developed in terms of transportation and economy, and its development is of strategic significance to the Group. During the Period, the Group proactively promoted the development of its existing projects and seized market opportunities to expedite de-stocking, achieving rapid sales of projects in rigid demand with increasing price premiums and achieved better annual results. Leveraging on its reputation and customer recognition in regional markets, the Group accelerated its business development and acquired a number of new projects in such key cities as Wuhan, Zhengzhou, Changsha and Xi’an in Central China, laying a solid foundation for its subsequent development in the region.

During the Period, the Group recorded contracted sales area of 357,402 sq.m. and contracted sales of approximately RMB4,988 million in Central China, attributing to 13.2% and 16.5% of the total contracted sales area and total contracted sales of properties of the Group respectively.

## **Yangtze River Delta Region**

Yangtze River Delta Region is a resource allocation pivot with great economic vitality, a technology innovation hub with global influence, and a vital international gateway in the Asian-Pacific region. The Group has long been paying great attention to its existing projects and the key cities with high growth potential within the region. It successively expanded the surrounding cities of Shanghai, such as Suzhou, Taicang, Ningbo Cixi and the current fast-growing Hangzhou Bay segment, and achieved good sales within 18 years, laying a solid foundation for the expansion of the Yangtze River Delta Region.

During the Period, the Group focused on customers' needs and strived to develop products with high market recognition, thus greatly boosting the sales of key projects and gaining considerable market attention and influence.

During the Period, the Group recorded contracted sales area of 307,702 sq.m. and contracted sales of approximately RMB4,007 million in the Yangtze River Delta Region, attributing to 11.4% and 13.3% of the total contracted sales area and total contracted sales of properties of the Group respectively.

## **Beijing-Tianjin Metropolitan Area**

The Beijing-Tianjin Metropolitan Area is the most important economic hub in Northern China. Strengthening the development of Beijing-Tianjin Metropolitan Area has always been one of the Group's development priorities.

During the Period, the Group accelerated the development of its existing projects in the region, and at the same demonstrated its market strength through the intelligent community concept, represented by Jiatianxia (家天下) product series, as its core advantage. On top of that, it sped up its business expansion in key cities such as Tianjin, Beijing and Shijiazhuang by acquiring land reserves and undertaking new cooperation projects, to grow bigger and have greater influence in regional markets.

During the Period, the Group recorded contracted sales area of approximately 188,057 sq.m. and contracted sales of approximately RMB2,272 million in the Beijing-Tianjin Metropolitan Area, attributing to 7.0% and 7.5% of the total contracted sales area and total contracted sales of properties of the Group respectively.

## **Newly Commenced Projects**

During the Reporting Period, the Group commenced development of 20 projects or phases of projects with a total planned GFA of approximately 4,630,571 sq.m..

## Breakdown of newly commenced projects in 2018

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
<b>Pearl River Delta</b>						
1	Land I of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	2020	70%	387,650
2	Huahaoyuan (Zijin Huafu (紫金華府))	Huiyang District, Huizhou City	Residential and commercial purposes	2020	100%	80,396
3	Phase 1 of Huizhou Jiatianxia	Huiyang District, Huizhou City	Residential and commercial purposes	2021	100%	241,091
4	Land H of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	2021	100%	248,680
<b>Chengdu-Chongqing Economic Zone</b>						
1	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	2020	80%	655,574
2	Chengdu of Grande Valley	Pujiang County, Chengdu	Residential land use	2020	70%	158,944
3	Phase 3 of Chengdu Jiatianxia	Shuangliu District, Chengdu	Residential and commercial purposes	2020	55%	219,395
4	Xiangmendi (South Area)	Pi County, Chengdu City	Residential and commercial purposes	2020	100%	353,632
5	Phase 4 of Chengdu Family Isall	Shuangliu District, Chengdu	Residential and commercial purposes	2021	55%	219,908
6	Phase 5 of Chengdu Family Isall	Shuangliu District, Chengdu	Residential and commercial purposes	2021	55%	80,911
7	Xinjin Kanjinzhao	Xinjin District, Chengdu	Residential and commercial purposes	2021	100%	136,151
8	Qing Baijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial purposes	2021	100%	251,486
9	Ziyang Love Forever	Hi-tech District, Ziyang	Residential land use	2020	91%	241,227
10	Land No.2 of Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	2020	63%	217,088

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
<b>Beijing-Tianjin Metropolitan Area</b>						
1	Phase 2 of Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	2020	60%	173,494
2	Phase 3 of Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	2021	60%	153,298
3	Tangshan Huayangerwan	Leting County, Tangshan	Residential land use	2021	51%	69,289
<b>Central China</b>						
1	Guanggu Love Forever	Gedian Hi-tech District, Wuhan	Residential and commercial purposes	2021	100%	191,939
<b>Yangtze River Delta</b>						
1	Lishui Jiatianxia	Lishui District, Nanjing	Residential and commercial purposes	2020	100%	316,507
2	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	2023	49%	233,911

### **Completed Projects**

During the reporting period, the Group completed 10 projects or phases of projects, with a total GFA of approximately 1,342,727 sq.m..



## Breakdown of completed projects in 2018

Region	GFA (sq.m.)
Yangtze River Delta	500,043
Pearl River Delta	266,672
Chengdu-Chongqing Economic Zone	340,266
Central China	235,746

## Projects Under Construction

As at 31 December 2018, the Group had 26 projects or phases of projects under construction, with a total planned GFA of 5,936,108 sq.m.

## Breakdown of projects under construction as at 31 December 2018

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected Completion date	GFA (sq.m.)	Product Category
<b>Huizhou</b>							
1	Huahaoyuan (Zijin Huafu) (紫金華府)	Huiyang District, Huizhou	Residential and commercial purposes	100%	2020	80,396	Mid-to-high End Residences
2	Huizhou Jiatianxia	Huiyang District, Huizhou	Residential and commercial purposes	100%	2021	241,091	Boutique Upscale Residences
<b>Guilin</b>							
1	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin	Residential and commercial purposes	70%	2019	211,313	Boutique Upscale Residences
2	Land F of Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	2020	143,417	Boutique Upscale Residences
3	Land I of Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	70%	2020	387,650	Boutique Upscale Residences
4	Land H of Guilin Lakeside Eden	Lingui New District, Guilin	Residential and commercial purposes	100%	2021	248,680	Boutique Upscale Residences

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected Completion date	GFA (sq.m.)	Product Category
<b>Chengdu</b>							
1	Chengdu Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	2020	179,152	Boutique Upscale Residences
2	Chengdu Family Isall	Shuangliu District, Chengdu	Residential and commercial purposes	55%	2021	853,078	Boutique Upscale Residences
3	Belle Epoque	Xinjin County, Chengdu City	Residential and commercial purposes	100%	2019	5,342	Boutique Upscale Residences
4	Chengdu Longnian International	Pi County, Chengdu City	Residential and commercial purposes	100%	2019	134,961	Urban Complexes
5	Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	80%	2020	655,574	Boutique Upscale Residences
6	Xiangmendi (South area)	Pi County, Chengdu City	Residential and commercial purposes	100%	2020	353,632	Boutique Upscale Residences
7	Xinjin Kanjinzhao	Xinjin District, Chengdu	Residential and commercial purposes	100%	2021	136,151	Boutique Upscale Residences
8	Qing Baijiang Jiangshan	Qingbaijiang District, Chengdu	Residential and commercial purposes	100%	2021	251,486	Boutique Upscale Residences
9	Ziyang Love Forever	Hi-tech District, Ziyang	Residential land use	91%	2020	241,227	Boutique Upscale Residences
<b>Kunming</b>							
1	Land 2# of Kunming Lakeside Eden	Taiping New Town, Kunming	Residential land use	63%	2020	217,088	Boutique Upscale Residences
<b>Tianjin</b>							
1	Love Forever	Wuqing District, Tianjin	Residential land use	60%	2019	3,600	Mid-to-high End Residences
2	Tianjin Jiatianxia	Wuqing District, Tianjin	Residential land use	60%	2021	326,792	Boutique Upscale Residences

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected Completion date	GFA (sq.m.)	Product Category
<b>Tangshan</b>							
1	Tangshan Huayangerwan	Leting County, Tangshan	Residential land use	51%	2021	69,289	Boutique Upscale Residences
<b>Suzhou</b>							
1	Suzhou Taicang Taigucheng (蘇州太倉太古城)	Zhenghe East Road, Taicang	Commercial/office purpose	100%	2019	82,734	Urban Complexes
2	Suzhou Lago Paradise (蘇州太湖天城)	Taihu National Tourism Vacation Zone, Suzhou City	Residential land use	100%	2019	141,056	Boutique Upscale Residences
<b>Wuhan</b>							
1	Guangguhuajun	Gedian Hi-tech District, Wuhan	Residential and commercial purposes	100%	2021	191,939	Boutique Upscale Residences
<b>Shenzhen</b>							
1	Shenzhen Jiatianxia (深圳家天下)	Kuichong, Shenzhen	Residential and commercial purposes	10%	2019	64,241	Boutique Upscale Residences
<b>Nanjing</b>							
1	Nanjing Gaochun Love Forever	Gaochun District, Nanjing	Residential and commercial purposes	100%	2019	165,801	Mid-to-high End Residences
2	Lishui Jiatianxia	Lishui District, Nanjing	Residential and commercial purposes	100%	2020	316,507	Urban Complexes
<b>Hangzhou</b>							
1	Hangzhou 360 Project	Gongshu District, Hangzhou	Industrial land use	49%	2023	233,911	Urban Complexes

### Projects Held for Development

As at 31 December 2018, the Group had 25 projects or phases of projects held for development, with a total planned GFA of approximately 5,357,310 sq.m..

## The breakdown of projects held for development as at 31 December 2018

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
<b>Shenzhen</b>					
1	Pingshan	Pingshan District, Shenzhen	Residential and commercial purposes	100%	226,130
<b>Huizhou</b>					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou	Residential and commercial purposes	100%	47,144
<b>Suzhou</b>					
1	Suzhou Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou	Hotel purposes	100%	56,254
<b>Shanghai</b>					
1	Guobang Huayuan (國邦花園)	Jing'an District, Shanghai	Office purpose	100%	6,561
<b>Guilin</b>					
1	Remaining area D2/I2 of Lakeside Eden (Wanhao)	Lingui New District, Guilin	Residential and commercial purposes	70%	405,027
2	Remaining area G/A2 of Lakeside Eden (Juhao)	Lingui New District, Guilin	Residential and commercial purposes	100%	236,806
<b>Kunming</b>					
1	Remaining land of Kunming Lakeside Eden	Taiping New Town, Kunming	Residential and commercial purposes	63%	925,559

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
<b>Chengdu</b>					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu	Residential, commercial and ancillary purposes	100%	130,642
2	Remaining phases of Grande Valley	Pujiang County, Chengdu	Residential and commercial purposes	70%	587,248
3	Chengdu Family Isall	Shuangliu District, Chengdu	Commercial cum residential	55%	115,301
4	Chengdu Zhihui City	Chongzhou, Chengdu	Residential and commercial purposes	80%	88,092
5	Phases of Chengdu Qing Baijiang	Qingbaijiang District, Chengdu	Residential and commercial purposes	100%	213,152
6	Ziyang Project of Chengdu company (3 locations in China and abroad)	Southern side of Chengnan Road, Hi-tech District, Ziyang City	Residential and commercial purposes	91%	283,468
<b>Tianjin</b>					
1	Remaining phases of Love Forever	Wuqing District, Tianjin	Residential purpose	60%	37,711
2	Yingcheng Lake Project	Hangu District, Tianjin	Residential, commercial and tourism purposes	100%	168,339
<b>Shijiazhuang</b>					
1	Shijiazhuang Linghangguoji	Yuhua District, Shijiazhuang	Commercial purpose	51%	63,740
2	Baodingmancheng	Mancheng, Baoding	Residential purpose	51%	60,037
<b>Tangshan</b>					
1	Remaining land of Tangshan Huayangerwan	Leting County, Tangshan	Residential and commercial purposes	51%	427,714

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
<b>Wuhan</b>					
1	Hankou Xingfuwanxiang (漢口幸福萬象)	Next to Hankou City Plaza, Houhu, Jiang'an District, Wuhan	Commercial purpose	51%	51,410
2	Wuhan Hanzheng Street the First (武漢漢正街一號)	Wusheng Road and Yanjiang Road Cross, Qiaokou District, Wuhan	Commercial purpose	100%	338,700
3	Wuhan Huahaoyuan Project (武漢花好園項目)	Next to Hankou City Plaza, Houhu, Wuhan	Commercial and residential purposes	100%	188,987
4	Wuhan Jinshanghua Project (武漢錦上花項目)	Hankou, Houhu, Wuhan	Commercial and residential purposes	100%	55,600
5	Wuhan Endless Blue project	Dongxihu District, Wuhan	Residential and commercial purposes	90%	251,158
6	Wuhan Shahuboyimingmen	Wuchang, Wuhan	Commercial purpose	67%	34,963
7	Gedian Jiangshan Project	Gedian Hi-tech District, Wuhan	Residential and commercial purposes	100%	357,567

## Land Bank

During the Period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Chengdu, Wuhan, Hangzhou, Ningbo, Kunming and Shijiazhuang, which enjoy strong market potential and capable of delivering rich returns. As at 31 December 2018, the planned GFA of the Group's land bank amounted to approximately 17,094,342 sq.m., in which a planned GFA of properties which has signed framework agreements was 5,800,924 sq.m.

## LAND BANK DETAILS

Region	Projects under construction (sq.m.)	Projects to be developed (sq.m.)	Projects under framework agreements (sq.m.)	Aggregate planned GFA of land bank (sq.m.)	Proportion
<b>Chengdu-Chongqing</b>					
<b>Economic Zone</b>	<b>3,027,691</b>	<b>2,343,462</b>	<b>2,835,997</b>	<b>8,207,150</b>	<b>48.0%</b>
Chengdu	2,810,603	1,417,903	2,566,680	6,795,186	
Kunming	217,088	925,559	269,317	1,411,694	
<b>Pearl River Delta</b>	<b>1,376,788</b>	<b>915,107</b>	<b>2,726,747</b>	<b>5,018,642</b>	<b>29.4%</b>
Shenzhen	64,241	226,130	1,626,847	1,917,218	
Huizhou	321,487	47,144	1,099,900	1,468,531	
Guilin	991,060	641,833	–	1,632,893	
<b>Beijing-Tianjin</b>					
<b>Metropolitan Area</b>	<b>399,681</b>	<b>757,541</b>	<b>–</b>	<b>1,157,222</b>	<b>6.8%</b>
Tangshan	69,289	427,714	–	497,003	
Shijiazhuang	–	123,777	–	123,777	
Tianjin	330,392	206,050	–	536,442	
<b>Yangtze River Delta</b>	<b>940,009</b>	<b>62,815</b>	<b>238,180</b>	<b>1,241,004</b>	<b>7.3%</b>
Suzhou	223,790	56,254	56,254	336,298	
Shanghai	–	6,561	–	6,561	
Hangzhou	233,911	–	–	233,911	
Ningbo	–	–	181,926	181,926	
Nanjing	482,308	–	–	482,308	
<b>Central China</b>	<b>191,939</b>	<b>1,278,385</b>	<b>–</b>	<b>1,470,324</b>	<b>8.5%</b>
Wuhan	191,939	1,278,385	–	1,470,324	–
<b>Total</b>	<b><u>5,936,108</u></b>	<b><u>5,357,310</u></b>	<b><u>5,800,924</u></b>	<b><u>17,094,342</u></b>	<b><u>100.0%</u></b>

## Colour Life

During the reporting period, Colour Life completed the acquisition of the equity in Wanxiangmei, added a large number of high-end properties, and gradually built a complete service system covering multiple grades and multiple forms to optimise the project layout and business structure. At the same time, Colour Life has obtained a large amount of contracted management property area through discretionary entrustments, which fully demonstrated the market competitiveness and brand awareness of Colour Life in the industry. Benefiting from the continuous increase in scale effect and brand effect, the management area of Colour Life has maintained rapid growth. As at 31 December 2018, contracted management area of Colour Life reached 553.7 million sq. m., servicing 2,709 communities, which increased by 117.7 million sq.m. and 325 communities respectively.

While actively expanding the management area, Colour Life continued to adhere to its efficiency revolution in fundamental property services. Based on the long-term intensification, platform-oriented and standardization transformation of fundamental property services, Colour Life further put forward the “Big Dipper” strategy. By dividing the traditional property management services into evaluable and traceable orders, it could achieve production sub-contracting for every household with accountability, and also enhanced service efficiency in the seven aspects of safety, maintenance, cleaning, parking, payment, energy and complaints.

Moreover, Colour Life established connections with excellent partners in the industry through platform output and exported its underlying technology of Caizhiyun (彩之雲) to help them exploring new source of value-added services without separating the profits of fundamental property services owned by cooperative partners at the same time. Since it launched the platform output model, Colour Life has received receptive responses from industry cooperative partners. As at 31 December 2018, the service area under Colour Life’s platform reached 1,122.3 million sq.m., which includes 553.7 million sq.m. for contracted area, 318.6 million sq.m. for cooperation area and 250.0 million sq.m. for alliance area.

With continuous expansion in service scale of the platform, as at 31 December 2018, the number of online registered users of Colour Life had exceeded 26.4 million, of which 14.0 million were active users. The breakthrough growth of registered users was mainly derived from the rapid development of ecosystem and homeowners in the cooperation communities who registered as online users. In the future, Colour Life will gradually turn registered users into active users and then consumer users eventually through online plus offline operating strategy to fuel the growth of trading volume and value-added business.



While users scale was growing steadily, the construction of Colour Life’s ecosystem also achieved tremendous progress. During the Period, the Gross Merchandise Volume (GMV) of Caizhiyun platform amounted to RMB9,448.0 million, representing a YoY growth of 24.1%. In particular, with the increase in the trading volume of core products such as “Colour Wealth Life”, the revenue from online promotion services and rental information system software reached RMB169.4 million. In addition, Colour Life achieved cooperation with developers in various means by assisting them in selling inventory assets, namely parking spaces. During the Period, the cumulative sales reached 4,150 parking spaces, which drove the revenue from rental and sales assistance of RMB146.6 million. Driven by the aforesaid core products, during the Period, the revenue from value-added business of Colour Life amounted to RMB408.4 million, representing a YoY growth of 47.5% with a high gross profit margin of 95.7%. Such revenue contributed to 33.6% of Colour Life’s segment profit and was the second largest source of revenue and profit in the business distribution.

Moreover, in March 2018, Colour Life cooperated with online service provider on “Colour Benefit Life (彩惠人生)” by integrating e-commerce with property management fee payment. The community residents can deduct property management fee and parking fee which they need to pay through purchasing commodities and services for their daily needs on Colour Benefit Life. Due to the precise understanding of community residents’ demand by our frontline staff, as well as the trust of residents on Colour Life, Colour Benefit Life can reduce the generic expensive marketing expenses of commodities and service suppliers, and at the same time, suppliers return a portion of reduced marketing expenses to residents as property management fee. By virtue of “Colour Benefit Life (彩惠人生)”, homeowners can enjoy reduced and exempted property management fee benefits, allowing quality shops to have direct access to the community retail channel, and Colour Life can improve the collection rates of property management fee, thereby achieving a win-win situation among them. As at 31 December 2018, Colour Benefit Life achieved a total of 1,824.6 thousand transactions with total transaction amount of RMB70.9 million, which offset RMB36.2 million in terms of property management fee and 260 thousand households enjoyed reduced property management fee. Colour Life took practical actions to achieve win-win situation in community service.

## **Home E&E**

By adhering to the multi-business development route, Home E&E owned subsidiaries such as Fantasia International Property, Home E&E (Shanghai) Business Management Co., Ltd.\* (美易家(上海)商業管理有限公司), Jinnian Hotel and Niutian Electromechanical.

Home E&E Group is mainly engaged in property services. As of 2018, the contract area was 30.43 million sq.m. with 142 projects, and the net increased contract area in 2018 was 7.11 million sq.m..

As at 31 December 2018, Home E&E (Shanghai) Business Management Co., Ltd. entered into 5 contracts in total, with total contract amount of RMB158 million and service area of 460,000 sq.m., covering 5 cities. It also established cooperative relationship with CGH Group, Huai'an Development Chengtou Group\* (淮安開發城投集團), Guangxi Dingsheng Real Estate\* (廣西鼎盛地產) and other real estate companies.

By adhering to the concept of “premier housing, enjoying perfect business trip” and “healthy guest rooms”, the hotel management companies under Home E&E Group earned high market recognition. The average guest room occupancy rate of urban apartment projects for the year reached over 85%, representing a YoY growth of about 25%, extending the community property service ecosystem of Home E&E in a better manner.

For project management, it completed the development and integration of property facility equipment and energy management Internet of things platform (PEEM-IOT system) with general applications. In 2018, the project management centre of Niutian Electromechanical secured 10 new projects, elevator business department undertakes 1,536 elevator maintenance projects and 11 new projects for the fire prevention business department.

### **Business Management Service**

Urban complexes is one of the most important product categories in the Group's real estate business. With 20 years of market experience, the Group upholds its mission to pursue innovative business models and diverse business offerings. To this end, during the Period, Fantasia Business Management Company Limited ("Fantasia Business Management" or "FBM"), a wholly-owned subsidiary of the Group, managed to recruit many industry talents, and actively participated in business planning, merchant solicitation and investment invitation for certain large projects of the Group. Meanwhile, it has also engaged in providing business agent, commissioned management and other entrusted asset management services for business management projects outside the Group.

Nanjing OMG Mall, a project developed and operated by FBM, a wholly-owned subsidiary of the Group, commenced operation on 28 September 2014, with an occupancy rate of over 98%. In Nanjing or even Jiangsu Province, Nanjing OMG Mall has become a renowned community business complex. In May 2017, FBM set up a Nanjing-based subsidiary as its regional core business in the Eastern China market to extend positive influence to the surrounding cities, marking another milestone in its development. Guilin OMG Mall, which commenced operation on 19 June 2015, had an occupancy rate of over 100%, committed to becoming a flagship shopping mall in Lingui New District or even Guilin City. "Fantasia World Outlets" in Pi County, Chengdu commenced operation on 23 December 2016. The preparation works for opening the business of Chengdu Hongtang Project, Suzhou Hongtang Project, Taicang Zhimatang Project (太倉芝麻唐項目) and Nanjing Lishui Hongtang Project (南京溧水紅唐項目) are underway in full swing.

Upholding the business philosophy of "steady expansion from a small niche", in 2018, Fantasia Business Management Company Limited undertook entrusted asset management projects in a more active manner to build up urban key projects. By doing so, it gradually established strategic presence in three major regions, namely Eastern China, Southern China and Southwestern China, and has undertaken over 50 such projects in such provinces as Tibet, Jiangxi, Jiangsu, Sichuan, Guangdong, Guangxi, Hunan, Yunnan, Guizhou and Anhui. In particular, ten projects including "Jiangsu Yangzhou Joy Commercial Plaza", "Jiangsu Yangzhou Libao Commercial Plaza", "Lhasa Fantasia World Outlets", "Kunming Lingxiu Knowledge Town", "Huizhou Kangchengsiji Zhimatang", "Yongzhou Chuntian Urban Plaza", "Ganzhou OMG Mall (贛州花生唐)", "Shenzhen Longhua Fuchi Building", "Guiyang Karst Urban Plaza" and "Liuzhou Jinluzhou Xingguangdadao Shopping Plaza (柳州金綠洲星光大道購物廣場)" have opened for business. In addition, "Nanjing Hailun OMG Mall", "Hefei Tianlonghui (合肥天龍匯)", "Bengbu Dongfang Xintiandi Plaza (蚌埠東方新天地廣場)", "Haifeng First City (海豐第一城)", "Shanwei Coastal City (汕尾海岸城)" and "Guiyang TTMALL" are scheduled to open for business, and several projects are being developed. While consolidating its fundamental business model, FBM is keeping up with the times by vigorously developing new cooperative models and strengthening the implementation in new retail models and vertical operation. With the growth of its entrusted asset management business, FBM will provide homeowners across the country with more quality services to harvest greater returns.

The brand image and awareness of FBM have been greatly improved, creating its unique brand

influence in the industry. FBM will continue to scale up entrusted management of business assets, and follow the “asset-light and heavy” strategy to seek for asset-heavy business partners nationwide on the basis of its existing entrusted asset management services. As such, we believe that FBM will yield stable and growing returns.

### **Cultural and Tourism**

In 2018, the Cultural and Tourism Company focused on accelerating the implementation of aviation business segment. FuNian Jet Aviation won the CCAR-145 maintenance permits and CCAR-135 operation certificates issued by CAAC Central and Southern Regional Administration, and duly commenced the operation of corporate aircraft. Its three corporate aircrafts completed safe flight flying of 759 hours in the second half of 2018, achieved high utilization with smooth operation. The travel agency optimized its staff structure and adjusted business segment, and added new revenue-generating department. With the overall decline of tourism market in Hong Kong, the operating performance of Morning Star Travel Service recorded a growth as compared with the same period of last year. The travel agency will focus on developing the domestic market business in China and launch a community tourism platform by integrating travel flows and community resources.

### **Futainian**

In 2018, the retirement life service sector of Futainian continued to focus on the retirement life service market. It recorded 120,000 homecare services, outperformed the annual target tasks assigned by the Group.

During the year, two breakthroughs were achieved in the retirement life business: Firstly, the opening of Fulin Shuncheng Shop (福鄰順城店) where 133 beds were newly added and reached a total of 282 beds in its operation. Secondly, it recorded revenue of RMB 5.60 million in homecare, representing a year-on-year growth of 100%.

Futainian has continuously improved its service standard system, by leveraging on the American pension service management system, and combining with the practical experience of Fulin Elderly Service Apartment for many years, it completed the preparation of Futainian’s elderly caring service management standard, and has promoted its application in practical projects.

## **FINANCIAL REVIEW**

## **Revenue**

Revenue of the Group mainly consists of revenue derived from the (i) sales of our developed properties, (ii) lease of investment properties, (iii) provision of property agency and related services, (iv) provision of property operation and related services, (v) provision of hotel management and related services, (vi) provision of travel agency services and (vii) manufacture and sale of fuel pumps respectively. For the year ended 31 December 2018, revenue of the Group amounted to approximately RMB13,986 million, representing an increase of 43.0% from approximately RMB9,783 million in 2017. Profit for the year attributable to the owners of the Company was approximately RMB728 million, representing a decrease of 36.9% from approximately RMB1,154 million in 2017.

### ***Property Development***

The Company recognised revenue from the sales of properties when significant risks and rewards of ownership have been transferred to home buyers, i.e., when relevant property has been completed and the possession of the property delivered to home buyers. Revenue from property development represents proceeds from the sales of the Group's properties held for sale. Revenue derived from property development increased by 29.7% to approximately RMB8,555 million in 2018 from approximately RMB6,598 million in 2017, which was primarily due to the newly-recognised properties in Chengdu and Huizhou brought forward to this year.

### ***Property Investment***

Revenue generated from property investment increased by 4.1% to approximately RMB253 million in 2018 from approximately RMB243 million in 2017. Such increase was primarily due to additional area of investment properties leased externally.

### ***Property Agency Services***

Revenue derived from property agency services increased by 124.1% to approximately RMB130 million in 2018 from approximately RMB58 million in 2017. Such increase was primarily due to the expansion of agency services in relation to carparks.

### ***Property Operation Services***

Revenue derived from property operation services increased by 106.4% to approximately RMB4,158 million in 2018 from approximately RMB2,015 million in 2017. The increase was primarily due to the increase in both the GFA of the properties under the Group's management and the scope of value-added services provided in 2018.

### ***Hotel Operations***

Revenue derived from hotel services increased by 1.5% to approximately RMB136 million in 2018 from approximately RMB134 million in 2017.

### ***Others***

It principally involved Morning Star acquired in end December 2015 and American ASIMCO Investments III Ltd. acquired in June 2016.

### ***Gross Profit and Margin***

Gross profit increased by 44.4% to approximately RMB4,184 million in 2018 from approximately RMB2,898 million in 2017, while the Group's gross profit margin was 29.9% in 2018 as compared to a gross profit margin of 29.6% in 2017. Gross profit margin was generally consistent with that over the previous year due to steady development of the businesses.

### ***Other Income, Gain and Losses***

In 2018, the Group recorded other net gain of RMB712 million, (2017: RMB1,009 million). Such a difference was mainly attributable to the exchange loss of RMB741 million in 2018 (2017: exchange gain of RMB599 million) and change in fair value of financial assets at FVTPL of RMB939 million (2017: RMB4 million).

### ***Selling and Distribution Expenses***

The Group's selling and distribution expenses increased by 5.1% to approximately RMB439 million in 2018 from approximately RMB418 million in 2017. The increase was mainly due to the increase in advertising expenses of physical-form advertisements and other expenses.

### ***Administrative Expenses***

The Group's administrative expenses increased by 19.0% to approximately RMB1,389 million in 2018 from approximately RMB1,168 million in 2017. This increase was mainly due to the increase in staff headcount required to support the business development that resulted from the expansion scale of the Group's operation during its transformation to become a community-based company.

### ***Finance Costs***

The Group's finance costs increased by 14.5% to approximately RMB1,465 million in 2018 from approximately RMB1,280 million in 2017. The increase in finance costs was mainly due to the increase in average annual balance of interest-bearing liabilities.

### ***Income Tax Expenses***



The Group's income tax expenses increased by 61.5% to approximately RMB1,869 million in 2018 from approximately RMB1,157 million in 2017. This increase was mainly due to the increase in profit before tax.

### ***Profit Attributable to Owners of the Company***

Profit attributable to owners of the Company decreased by 36.9% from approximately RMB1,154 million in 2017 to approximately RMB728 million in 2018.

### **Liquidity, Financial and Capital Resources**

#### ***Cash Position***

As at 31 December 2018, the Group's bank balances and cash were approximately RMB28,570 million (2017: approximately RMB16,442 million), representing an increase of 73.8% as compared to that as at 31 December 2017. A portion of the Group's cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits are related to.

#### ***Net Gearing Ratio***

The net gearing ratio was 77.4% as at 31 December 2018 as compared to that of 76.0% as at 31 December 2017, representing a slight increase of 1.4 percentage points. The net gearing ratio was measured by net debt (total borrowings, senior notes and bonds and asset-backed securities issued, net of bank balances and cash and restricted/pledged bank deposits) over total equity.

#### ***Borrowings and Charges on the Group's Assets***

As at 31 December 2018, the Group had an aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB19,156 million (31 December 2017: approximately RMB9,864 million) and approximately RMB24,208 million (31 December 2017: approximately RMB19,805 million) and approximately RMB260 million (31 December 2017: approximately RMB228 million), respectively. Amongst the borrowings, approximately RMB7,960 million (31 December 2017: approximately RMB3,022 million) will be repayable within one year, approximately RMB9,306 million (31 December 2017: approximately RMB6,718 million) will be repayable between two to five years and approximately RMB1,890 million (31 December 2017: approximately RMB124 million) will be repayable after five years. Amongst the senior notes, approximately RMB6,398 million (31 December 2017: approximately RMB4,485 million) will be repayable within one year and approximately RMB17,810 million (31 December 2017: approximately RMB15,320 million) will be repayable after one year.

As at 31 December 2018, a substantial part of the borrowings was secured by land use rights

and properties 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 deposits, borrowings, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During 2018, despite an appreciation in the exchange rates of RMB against US dollar and Hong Kong dollar, the directors expected that any fluctuation in the exchange rates of RMB would not have a material adverse impact on the Group's operation.

### ***Commitments***

As at 31 December 2018, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB10,921 million (2017: RMB2,672 million).

### ***Contingent Liabilities***

As at 31 December 2018, the Group had provided guarantees amounting to approximately RMB9,790 million (2017: approximately RMB7,297 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. 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 2018, excluding the employees of communities managed on a commission basis, the Group had approximately 38,007 employees (31 December 2017: approximately 31,059 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2018 amounted to approximately RMB1,812 million (2017: approximately RMB1,144 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2018,



a total of 142,660,000 share options were granted and 151,000 (2017: nil) share options had lapsed while 922,000 (2017: 225,000) share options had been exercised during the year. As at 31 December 2018, the number of outstanding share options was 84,028,000.

## **DIVIDENDS DISTRIBUTION**

The Directors recommended the declaration of a final dividend at the rate of HK4.00 cents per share, payable on Friday, 28 June 2019, to all persons registered as holders of shares of the Company on Thursday, 30 May 2019, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the “AGM”). The aggregate amount shall be paid out of the Company’s share premium account.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Wednesday, 22 May 2019, the register of members of the Company will be closed on Thursday, 16 May 2019 to Wednesday, 22 May 2019, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 15 May 2019.
- (b) For the purpose of determining shareholders of the Company who qualify for the final dividend, the register of members of the Company will be closed on Tuesday, 28 May 2019 to Thursday, 30 May 2019, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 27 May 2019.

## **ANNUAL GENERAL MEETING**

The AGM will be held on Wednesday, 22 May 2019 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.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code (“Corporate Governance Code”) contained in Appendix 14 to the Listing Rules. For the period throughout the year ended 31 December 2018, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code save and except for code provisions A.2.1 and E.1.2 of which will be explained below.

In respect of the code provision A.2.1 of the Corporate Governance Code, Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

In respect of the code provision E.1.2 of the Corporate Governance Code, the Chairmen of the Remuneration Committee was not present at the AGM of the Company held on 29 May 2018 due to other business commitment and no delegate was appointed to attend the AGM.

### **Audit Committee**

The Company has established the audit committee (the “Audit Committee”) in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Audit Committee on 22 December 2015. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results of the Company have been reviewed by the Audit Committee.

### **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 of the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry with all the Directors and all the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2018.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES**

## **Issuance of Shares**

On 5 January 2018, Colour Life Services Group Co., Limited (the “Colour Life”) issued 87,246,000 new ordinary shares for subscription price of HKD5.00 per shares to existing non-controlling shareholders of Colour Life at a total consideration of RMB352,296,000. The subscription price represented a discount of approximately 7.92% to the closing price of HKD5.43 as quoted on the SEHK on 5 January 2018, being the date of subscription agreement.

Pursuant to the sales and purchase agreement between Colour Life and the Company, the consideration of the transaction was satisfied by the issuance of 231,500,000 ordinary shares of Colour Life to the Company and cash of RMB1,014,174,000 in which RMB595,487,000 was settled during the current year and remaining balance of RMB418,687,000 is recognised as amounts due to fellow subsidiaries. The shares were issued on 7 March 2018.

## **Senior Notes**

On 21 February 2018, the Company issued senior notes due 2019 with principal amount of USD300,000,000 at a coupon rate of 7.25% per annum (the “7.25% Original Notes due 2019”) for the purposes of refinancing certain of its indebtedness. The Company has repurchased the 7.25% Original Notes due 2019 amounting to USD12.74 million in November 2018. Further details relating to the issue of the 7.25% Original Notes due 2019 are disclosed in the announcements of the Company dated 21 February 2018, 6 November 2018, 28 December 2018 and 4 February 2019.

On 2 March 2018, the Company issued senior notes due 2021 with principal amount of USD350,000,000 at a coupon rate of 8.375% per annum (the “8.375% Original Notes due 2021”) for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the 8.375% Original Notes due 2021 are disclosed in the announcements of the Company dated 1 March 2018, 2 March 2018 and 12 March 2018.

On 20 March 2018, the Company issued additional 8.375% senior notes due 2021 in the principal amount of US\$100,000,000 on terms and conditions of the 8.375% Original Notes due 2018 (the “8.375% Additional Notes I due 2021”), which is consolidated and form a single series with the 8.375% Original Notes due 2021, for the purposes of refinancing certain of its existing indebtedness.

On 10 May 2018, the Company issued additional 8.375% senior notes due 2021 with principal amount of USD150,000,000 (the “8.375% Additional Notes II due 2021”) on terms and conditions of the 8.375% Original Notes due 2021, which is consolidated and form a single series with the 8.375% Original Notes due 2021 and 8.375% Additional Notes I due 2021, for the purposes of refinancing certain of its existing indebtedness.

On 1 June 2018, the Company issued senior notes due 2019 with principal amount of

USD100,000,000 at a coupon rate of 8.5% per annum (the “8.5% Original Notes due 2019”) for the purpose of refinancing certain of its indebtedness. On 20 December 2018, the Company offered exchange consideration (“Exchange Offer”) to all of the holders of the 8.5% Original Notes due 2019 to adjust the interest rate from 8.5% per annum to 12.0% per annum and postpone the maturity date from 4 June 2019 to 4 June 2020. Further details relating to the Exchange Offer are disclosed in the announcement dated 20 December 2018.

On 18 December 2018, the Company issued senior notes due 2021 with principal amount of USD130,000,000 (the “15% Original Notes due 2021”) for the purposes of refinancing certain of its indebtedness. Further details relating to the issue of the Original Notes due 2021 are disclosed in the announcement dated 20 December 2018.

On 21 December 2018, the Company issued additional 15% senior notes due 2021 with principal amount of USD70,000,000 (the “15% Additional Notes due 2021”), which is consolidated and form a single series with the 15% Original Notes due 2021, for the purpose of refinancing certain of its existing indebtedness.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

#### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within knowledge of its directors at the date of this annual report, the Company has maintained sufficient public float throughout the year ended 31 December 2018.

#### **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.cnfantasia.com](http://www.cnfantasia.com)). The annual report of the Company for the year ended 31 December 2018 containing all the information required by the Listing Rules will be dispatched to the Company’s shareholders and published on the above websites in due course.

#### **ACKNOWLEDGEMENT**

The development of the Group was founded on the tremendous support from all parties in the society and the contributions of our dedicated staff. On behalf of the Board, the Company would like to take this opportunity to express its heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. Looking forward, the Group will build a coordinated organic ecosphere based on the financial services and the Internet, actively promote the globalisation of our development strategies and step by step shift towards light asset based business. It will also gradually adopt an organisation structure that separates the operation of front and back offices and supervise their coordination, so as to establish itself as an integrated strategic investment holding group. The Group will adhere to the brand vision of “Fantasia Creates Value” and endeavour to create maximum value and best return for shareholders and investors.

On behalf of the Board  
**Fantasia Holdings Group Co., Limited**  
**Pan Jun**  
*Chairman*

Hong Kong, 27 March 2019

*As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby and Mr. Deng Bo; the non-executive Directors are Mr. Li Dong Sheng, Mr. Liao Qian and Mr. Lam Kam Tong and the independent non-executive Directors are Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu.*