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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 2024 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024:

- Revenue of the Group was approximately RMB4,574 million, representing an decrease of approximately 71.1% as compared to last year.
- The loss attributable to the owners of the Company was approximately RMB8,312 million.
- As at 31 December 2024, the GFA of the land bank for the Group's projects under construction and projects held for development amounted to approximately 7,279,398 sq.m.
- During the Period, the Group's selling and distribution expenses and administrative expenses amounted to approximately RMB588 million, representing a decrease of approximately 27.4% 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 2024 (the “**Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>NOTES</i>	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Revenue			
Contracts with customers	4	4,357,519	15,595,035
Leases		216,032	249,058
		<hr/>	<hr/>
Total revenue	5	4,573,551	15,844,093
Cost of sales and services		(3,824,840)	(13,371,824)
		<hr/>	<hr/>
Gross profit		748,711	2,472,269
Other income	6	24,749	41,006
Other gains and losses	6	(711,957)	(440,757)
Impairment losses under expected credit loss model, net of reversal	7	(484,584)	(232,768)
Change in fair value of investment properties		(342,573)	(440,839)
Write-down of properties for sales, net of reversal	8	(2,920,727)	(1,948,478)
Impairment loss on deposits paid for potential acquisition of equity interests		–	(987,364)
Selling and distribution expenses		(39,175)	(95,046)
Administrative expenses		(548,825)	(715,021)
Finance costs	9	(4,190,318)	(2,873,403)
Share of results of associates		(136,834)	71,577
Share of results of joint ventures		(203,688)	46,743
		<hr/>	<hr/>
Loss before tax		(8,805,221)	(5,102,081)
Income taxation	10	(186,261)	(1,330,514)
		<hr/>	<hr/>
Loss for the year	11	(8,991,482)	(6,432,595)
		<hr/>	<hr/>

		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain (loss) on equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		284	(5,933)
Deferred taxation effect		(71)	1,483
		<u>213</u>	<u>(4,450)</u>
Other comprehensive income (expense) for the year, net of income tax		<u>213</u>	<u>(4,450)</u>
Total comprehensive expense for the year		<u><u>(8,991,269)</u></u>	<u><u>(6,437,045)</u></u>
(Loss) profit for the year attributable to:			
Owners of the Company		(8,311,567)	(6,488,010)
Other non-controlling interests		(679,915)	55,415
		<u><u>(8,991,482)</u></u>	<u><u>(6,432,595)</u></u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(8,311,459)	(6,490,265)
Other non-controlling interests		(679,810)	53,220
		<u><u>(8,991,269)</u></u>	<u><u>(6,437,045)</u></u>
Loss per share – basic (<i>RMB cents</i>)	13	<u><u>(143.98)</u></u>	<u><u>(112.39)</u></u>
Loss per share – diluted (<i>RMB cents</i>)	13	<u><u>(143.98)</u></u>	<u><u>(112.39)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	<i>NOTE</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		403,913	1,008,052
Right-of-use assets		315,530	350,737
Investment properties		6,475,598	6,739,261
Interests in associates		1,434,385	1,266,765
Interests in joint ventures		2,699,721	2,726,624
Equity instruments designated at FVTOCI		13,566	13,282
Goodwill		896,451	923,051
Intangible assets		9,390	14,695
Other receivables		5,482	341,255
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures		2,144,258	3,606,867
Deferred tax assets		768,952	1,005,636
		15,167,246	17,996,225
CURRENT ASSETS			
Properties for sale		37,854,149	37,247,690
Contract assets		25,453	32,328
Contract costs		44,400	45,543
Trade and other receivables	<i>14</i>	11,541,593	12,505,601
Tax recoverable		607,789	633,519
Amounts due from related parties		6,241,224	7,128,088
Restricted/pledged bank deposits		567,934	866,336
Bank balances and cash		1,156,153	1,264,764
		58,038,695	59,723,869
		73,205,941	77,720,094

	<i>NOTE</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and other payables	<i>15</i>	9,113,265	7,499,634
Contract liabilities		2,771,701	3,280,117
Amounts due to related parties		200,183	303,483
Tax liabilities		6,588,898	6,764,727
Borrowings due within one year		16,040,841	12,834,961
Lease liabilities due within one year		29,371	30,020
Senior notes and bonds due within one year		39,119,696	35,428,805
Asset-backed securities issued due within one year		288,601	270,394
		74,152,556	66,412,141
NET CURRENT LIABILITIES		(16,113,861)	(6,688,272)
TOTAL ASSETS LESS CURRENT LIABILITIES		(946,615)	11,307,953
NON-CURRENT LIABILITIES			
Deferred tax liabilities		177,750	297,433
Borrowings due after one year		1,907,078	5,380,899
Lease liabilities due after one year		78,368	99,934
Bonds due after one year		7,923,296	7,554,299
		10,086,492	13,332,565
NET LIABILITIES		(11,033,107)	(2,024,612)
CAPITAL AND DEFICIT			
Share capital		498,787	498,787
Deficit		(14,248,040)	(5,933,073)
Deficit attributable to owners of the Company		(13,749,253)	(5,434,286)
Non-controlling interests		2,716,146	3,409,674
CAPITAL DEFICIENCY		(11,033,107)	(2,024,612)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL

Fantasia Holdings Group Co., Limited (the “**Company**”) is a limited liability company incorporated in Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (“**the SEHK**”). 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 (the “**BVI**”). 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 acts as 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 HKFRS Accounting Standards 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 Accounting Standards 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 2024, the Group incurred net loss of RMB8,991,482,000. As at 31 December 2024, the Group’s net current liabilities and net liabilities amounted to RMB16,113,861,000 and RMB11,033,107,000, respectively. As at 31 December 2024, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB74,152,556,000.

As at 31 December 2024, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of approximately RMB39,592,333,000 according to their scheduled repayment dates. As a result, as at 31 December 2024, the above interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) had become default. Subsequent to 31 December 2024, 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 Alvarez & Marsal Corporate Finance 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 2024 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 2024.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²

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

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standards, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2024

Segments	Property development <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	1,593,015	-	-	-	1,593,015
<u>Property operation services</u>					
Provision of property management services	-	2,604,969	-	-	2,604,969
Provision of value-added services	-	91,249	-	-	91,249
Provision of engineering services	-	5,801	-	-	5,801
<u>Hotel operations</u>					
Provision of hotel accommodation services	-	-	39,543	-	39,543
<u>Others</u>					
Property project management, property agency services and other related services	-	-	-	22,942	22,942
	<u>1,593,015</u>	<u>2,702,019</u>	<u>39,543</u>	<u>22,942</u>	<u>4,357,519</u>
Timing of revenue recognition					
A point in time	1,593,015	14,225	-	22,942	1,630,182
Over time	-	2,687,794	39,543	-	2,727,337
	<u>1,593,015</u>	<u>2,702,019</u>	<u>39,543</u>	<u>22,942</u>	<u>4,357,519</u>

For the year ended 31 December 2023

Segments	Property development <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 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, property agency services and other related services	–	–	–	33,351	33,351
	<u>13,246,488</u>	<u>2,169,934</u>	<u>145,262</u>	<u>33,351</u>	<u>15,595,035</u>
Timing of revenue recognition					
A point in time	13,246,488	37,840	–	33,351	13,317,679
Over time	–	2,132,094	145,262	–	2,277,356
	<u>13,246,488</u>	<u>2,169,934</u>	<u>145,262</u>	<u>33,351</u>	<u>15,595,035</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 reportable and operating segments, comprising of property development, property investment, property operation services, hotel operation and others (including project management, property agency services and other related services).

Information about major customer

There were no sales to a single customer which amounted to 10% or more of the Group's revenue during the year ended 31 December 2024 and 2023.

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 2024 and 2023. As at 31 December 2024 and 2023, 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 2024 and 2023:

For the year ended 31 December 2024

	Property development <i>RMB'000</i>	Property investment <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 before elimination	<u>1,593,015</u>	<u>216,032</u>	<u>2,706,408</u>	<u>39,543</u>	<u>22,942</u>	<u>4,577,940</u>
Segment results	<u>(3,613,551)</u>	<u>(303,057)</u>	<u>338,441</u>	<u>(81,131)</u>	<u>(22,606)</u>	<u>(3,681,904)</u>

For the year ended 31 December 2023

	Property development <i>RMB'000</i>	Property investment <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 before elimination	<u>13,246,488</u>	<u>249,058</u>	<u>2,258,342</u>	<u>145,262</u>	<u>33,351</u>	<u>15,932,501</u>
Segment results	<u>(779,691)</u>	<u>(196,373)</u>	<u>179,451</u>	<u>(20,830)</u>	<u>(23,428)</u>	<u>(840,871)</u>

6. OTHER INCOME, GAINS AND LOSSES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Interest income	15,937	22,812
Partial exemption of PRC value-added tax	34	2,123
Unconditional government grants	<u>8,778</u>	<u>16,071</u>
	<u>24,749</u>	<u>41,006</u>
Other gains and losses		
Net exchange loss	(458,590)	(618,707)
Change in fair value upon transfer from property, plant and equipment to investment properties	(45,541)	–
Net loss on disposal/deregistration of subsidiaries	(66,617)	(63,170)
Gain on debt restructuring	–	262,459
Net (loss) gain on disposal of interests in associates and joint ventures	(34,249)	4,235
Loss on disposal of property, plant and equipment	(73,212)	(30,918)
Gain on disposal of investment properties	1,102	–
Others	<u>(34,850)</u>	<u>5,344</u>
	<u>(711,957)</u>	<u>(440,757)</u>

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss recognised on		
– trade and other receivables	(476,300)	(188,550)
– amount due from related parties	(2,997)	(19,705)
– contract assets	<u>(5,287)</u>	<u>(24,513)</u>
	<u>(484,584)</u>	<u>(232,768)</u>

8. WRITE-DOWN OF PROPERTIES FOR SALES, NET OF REVERSAL

During the year ended 31 December 2024, 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 RMB2,920,727,000 (2023: RMB1,948,478,000) 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 Corporate Appraisal and Advisory Limited, an independent qualified professional valuers which are not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

9. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on:		
– bank and other borrowings	1,015,024	998,990
– senior notes and bonds	3,644,238	3,710,325
– lease liabilities	10,708	12,223
– asset-backed securities issued	18,207	18,207
	<u>4,688,177</u>	<u>4,739,745</u>
Imputed interest expenses arising from deposits received from sales of properties	<u>132,468</u>	<u>567,957</u>
	4,820,645	5,307,702
<i>Less:</i> Amount capitalised in properties under development for sale	<u>(630,327)</u>	<u>(2,434,299)</u>
	<u><u>4,190,318</u></u>	<u><u>2,873,403</u></u>

10. INCOME TAXATION

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax		
– PRC corporate income tax	44,905	364,581
– PRC land appreciation tax	24,284	329,594
	<u>69,189</u>	<u>694,175</u>
Deferred tax		
Charge to profit and loss	117,072	636,339
	<u>186,261</u>	<u>1,330,514</u>

11. LOSS FOR THE YEAR

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	5,491	9,476
Other staff's salaries and allowances	783,003	715,779
Retirement benefit scheme contributions	96,254	71,170
	<u>884,748</u>	<u>796,425</u>
Total staff costs	884,748	796,425
Less: Amount capitalised in properties under development for sale	(54,039)	(82,153)
	<u>830,709</u>	<u>714,272</u>
Auditor's remuneration	7,000	7,000
Depreciation of property, plant and equipment	83,624	118,545
Depreciation of right-of-use assets	36,387	37,271
Amortisation of intangible assets (included in cost of sales and services)	5,305	6,683
Loss on disposal of property, plant and equipment	73,212	30,918
Cost of properties sold recognised as an expense	1,612,394	11,519,854

12. DIVIDENDS

During the year ended 31 December 2024, no dividend (2023: nil) in respect of the year ended 31 December 2023 was declared and paid to the owners of the Company

Subsequent to the end of the reporting period, no dividend in respect of year ended 31 December 2024 (2023: nil) has been proposed by the directors of the Company for approval by the shareholders in the annual general meeting.

13. LOSS PER SHARE

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

	2024	2023
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>(8,311,567)</u></u>	<u><u>(6,488,010)</u></u>
Number of shares (<i>'000</i>)		
Weighted average number of ordinary shares for the purpose of basic and dilutive loss per share	<u><u>5,772,598</u></u>	<u><u>5,772,598</u></u>

For the years ended 31 December 2024 and 2023, the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

14. TRADE AND OTHER RECEIVABLES

Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of agreement.

Property operation service fee is received in accordance with the terms of the relevant service agreements, normally within 30 days to 1 year after the issuance of demand note. Each customer from property operation services has a designated credit limit.

Hotel operation income are mainly in form of settlement in cash and credit cards.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

The following is an aged analysis of trade receivables of the Group net of allowance for impairment losses presented based on the date of delivery of the properties to the customers for property sale or the invoice date or date of demand note for rendering of services at the end of the reporting period:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	1,208,272	1,223,159
31 to 90 days	136,741	121,398
91 to 180 days	127,630	130,076
181 to 365 days	112,064	125,607
Over 1 year	186,572	197,541
	<u>1,771,279</u>	<u>1,797,781</u>

15. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials and settlement of subcontracting fee ranged from two months to one year.

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 60 days	1,933,176	1,689,652
61 to 180 days	853,162	866,140
181 to 365 days	303,121	305,885
1 – 2 years	183,562	170,077
2 – 3 years	11,884	10,774
	<u>3,284,905</u>	<u>3,042,528</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 2024 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 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in Note 2 to the consolidated financial statements, the Group incurred net loss of RMB8,991,482,000 for the year ended 31 December 2024. As at 31 December 2024, the Group’s net current liabilities and net liabilities amounted to RMB16,113,861,000 and RMB11,033,107,000, respectively. As at 31 December 2024, the Group’s current liabilities (including those that had become default or cross default or contain early demand clauses) amounted to RMB74,152,556,000.

As at 31 December 2024, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB39,592,333,000 according to their scheduled repayment dates. As a result, as at 31 December 2024, the above interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) had become default. Subsequent to 31 December 2024, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates. These conditions, together with other matters disclosed in note 2 to the 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 2024, after facing liquidity shortage, the Group has adhered to the social responsibilities of “guaranteed delivery, stable operations, deepened operations and innovative business” to ensure steady progress in project delivery and steady sales while pursuing innovation. The Group has also actively integrated its policies to optimise 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 RMB1,440 million and contracted sales area of 167,508 sq.m., of which approximately RMB1,395 million was derived from contracted sales of residences with contracted sales area of 160,652 sq.m., accounting for approximately 96.9% and 95.9% of the total contracted sales and total contracted sales area of properties of the Group in 2024, respectively; and approximately RMB45.00 million was derived from contracted sales of urban complexes with contracted sales area of 6,856 sq.m., representing approximately 3.1% and 4.1% of the total contracted sales and total contracted sales area of properties of the Group in 2024, respectively.

Contracted sales amount and area attributable to different product categories in 2024

Category	2024			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	1,395	96.9%	160,652	95.9%
Urban Complexes	45	3.1%	6,856	4.1%
Total	1,440	100%	167,508	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, Beijing Pinnacle Mansion, Chongqing Hockney's Good Time, Zhengzhou Good Time and Qingdao Blue Sky. 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 2024

Category	2024			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	396	27.5%	17,257	10.3%
Chengdu-Chongqing Metropolitan Area	469	32.6%	95,851	57.2%
Central China Metropolitan Area	37	2.6%	7,470	4.5%
Yangtze River Delta Metropolitan Area	62	4.3%	5,607	3.3%
Bohai Rim Metropolitan Area	476	33.0%	41,323	24.7%
Total	1,440	100%	167,508	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 2024, 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 RMB396 million and total contracted sales area of 17,257 sq.m. in Shenzhen, Foshan, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 27.5% and 10.3% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2024.

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 2024, 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 RMB469 million and total contracted sales area of 95,851 sq.m. in Chengdu, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 32.6% and 57.2% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2024.

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 RMB37.00 million and total contracted sales area of 7,470 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing to approximately 2.6% and 4.5% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2024.

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. During the reporting period, the Group recorded total contracted sales of RMB62.00 million and total contracted sales area of 5,607 sq.m. in Nanjing, Shanghai and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 4.3% and 3.3% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2024.

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 2024, 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 RMB476 million and total contracted sales area of 41,323 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 33.0% and 24.7% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2024.

Completed Projects

The Group completed a total of 7 phases of projects with a total GFA of approximately 268,165 sq.m. during the reporting period.

Projects Under Construction

As at 31 December 2024, the Group had a total of 13 projects or phases of projects under construction with a total GFA of 1,357,490 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 2024.

Land Bank

As at 31 December 2024, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 7,279,398 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	251,214	706,025	957,239
North China	128,612	3,708,163	3,836,775
Southwest China	798,217	1,117,600	1,915,817
East China	–	76,769	76,769
Central China	179,447	313,351	492,798

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) lease of investment properties, (iii) provision of property operation, (iv) provision of hotel accommodation services, and (v) property project management and other related services. For the year ended 31 December 2024, revenue of the Group amounted to approximately RMB4,574 million, representing a decrease of 71.1% from approximately RMB15,844 million in 2023, mainly due to the decrease in property deliveries.

Property Development

The Company recognises revenue from property development when the customer obtains control of the completed property, and the Group has present right to payment and the collection of consideration is probable. Revenue from property development represents proceeds from the sales of the Group's properties held for sale. Revenue derived from property development decreased by 88.0% to approximately RMB1,593 million in 2024 from approximately RMB13,246 million in 2023, which was due to less area of properties completed and delivered during the year.

	2024			2023		
	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.
Kunming Good Future	754,481	115,807	6,515	–	–	–
Shenzhen Good Time	210,444	8,058	26,116	3,218,258	82,622	38,952
Zhengzhou Good Time	81,199	15,630	5,195	117,768	17,623	6,683
Chengdu Xiangmendi	81,193	8,961	9,061	19,652	12,620	1,557
Hockney's Good Times	77,359	5,105	15,154	733,716	46,826	15,669
Qingdao Biyuntian	70,227	9,394	7,476	926,910	97,430	9,514
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
Ziyang HuaJun	–	–	–	718,378	109,709	6,548
Chengdu Haoweilai	–	–	–	551,995	52,762	10,462
Chengdu Grande Valley	–	–	–	209,615	34,802	6,023
Tianjin HuaJun	–	–	–	116,022	7,934	14,623
Guilin Lakeside Eden	–	–	–	72,983	14,156	5,156
Chengdu Jiatianxia	–	–	–	39,042	17,433	2,240
Chengdu Zihui City	–	–	–	18,391	12,053	1,526
Wuhan Biyuntian	–	–	–	9,842	1,989	4,948
Tianjin Huayuan Jiayuan	–	–	–	2,336	988	2,364
Chengdu Yinweilai	–	–	–	2,069	536	3,860
Others	318,112			48,297		
	1,593,015			13,246,488		

Property Investment

Revenue generated from property investment decreased by 13.3% to approximately RMB216 million in 2024 from approximately RMB249 million in 2023. The decrease was primarily due to the decrease in occupancy rates.

Property Operation Services

Revenue derived from property operation services increased by 24.5% to approximately RMB2,702 million in 2024 from approximately RMB2,170 million in 2023, primarily due to the increase in the property management services under lump sum basis provided by the Group in 2024.

Hotel Operations

Revenue derived from hotel accommodation services decreased by 72.4% to approximately RMB40 million in 2024 from approximately RMB145 million in 2023, mainly due to the disposal of certain hotel assets during the period.

Gross Profit and Gross Profit Margin

Gross profit decreased by 69.7% to approximately RMB749 million in 2024 from approximately RMB2,472 million in 2023, while the Group's gross profit margin was 16.4% in 2024 as compared to a gross profit margin of 15.6% in 2023. The slight increase in gross profit margin was mainly due to the increase of the proportion of property management services with a higher profit margin.

Other Income, Gains and Losses

The Group recorded net other losses in 2024 of approximately RMB712 million (2023: approximately RMB441 million) 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 58.9% to approximately RMB39 million in 2024 from approximately RMB95 million in 2023, 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 23.2% to approximately RMB549 million in 2024 from approximately RMB715 million in 2023. The decrease was mainly due to the Group's effective adoption of a series of cost control policies.

Finance Costs

The Group's finance costs increased by 45.8% to approximately RMB4,190 million in 2024 from approximately RMB2,873 million in 2023. 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 decreased by 86.0% to approximately RMB186 million in 2024 from approximately RMB1,331 million in 2023. This was mainly due to the decrease of taxable profit during the year.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 31 December 2024, the Group's total bank and cash balances were approximately RMB1,724 million (2023: approximately RMB2,131 million), representing a decrease of 19.1% as compared to that as at 31 December 2023. 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 2024, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB17,948 million (31 December 2023: approximately RMB18,216 million), approximately RMB47,043 million (31 December 2023: approximately RMB42,983 million) and approximately RMB289 million (31 December 2023: RMB270 million), respectively. Amongst the borrowings, approximately RMB16,041 million (31 December 2023: approximately RMB12,835 million) will be repayable within one year and approximately RMB1,907 million (31 December 2023: approximately RMB5,381 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB39,120 million (31 December 2023: approximately RMB35,429 million) will be repayable within one year and approximately RMB7,923 million (31 December 2023: RMB7,554 million) will be repayable after one year.

As at 31 December 2024, 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.

As at 31 December 2024, the gearing ratio of the Group calculated on the basis of total liabilities / total assets was 115.07%.

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 2024, the Group had committed payment for construction and property development amounting to approximately RMB880 million (2023: RMB1,102 million).

Contingent Liabilities

- (a) As at 31 December 2024, the Group had provided guarantees amounting to approximately RMB5,972 million (2023: approximately RMB6,213 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 2024, the Group's shares of such guarantees provided in respect of the loans borrowed by these joint ventures and associates amounted to approximately RMB5,054 million. 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 2024, excluding the employees for communities under commission basis, the Group had approximately 18,596 employees (31 December 2023: approximately 19,712 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2024 amounted to approximately RMB885 million (2023: approximately RMB796 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 2024.

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

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

As at 31 December 2024, the Company did not have any treasury shares.

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.

On 29 April 2024, the Company entered into a new restructuring support agreement (the "RSA") with a group of noteholders holding approximately 32% of the aggregate outstanding principal amount of the Existing Notes (as defined in the RSA). Further information on the RSA and the terms of the Restructuring are set out in the announcements of the Company dated 2 January 2024, 1 February 2024, 29 February 2024, 15 March 2024, 1 April 2024, 15 April 2024, 21 April 2024, 24 April 2024, 26 April 2024, 29 April 2024, 21 May 2024 and 29 May 2024.

On 29 May 2024, creditors holding an amount equivalent to 81.96% of the Company's existing debt instruments have acceded to the RSA.

(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. In September 2023, modified repayment arrangements were made in respect of the principal and related interests, where the maturity date had been extended to between 2023 and 2028. The modified repayment arrangements were approved at the respective bondholders’ meeting. On 26 February 2024, trading of 5 corporate bonds resumed from the opening of the market. As at 31 December 2024, the principal amount of the five bonds and the related interests amounted to approximately RMB8.116 billion in aggregate.

GOING CONCERN AND MITIGATION MEASURES

Details of the disclaimer of opinion

For the year ended 31 December 2024, the Group incurred a net loss of RMB8,991,482,000. As at 31 December 2024, the Group had net current liabilities and net liabilities of RMB16,113,861,000 and RMB11,033,107,000 respectively. As at 31 December 2024, the Group’s current liabilities (including current liabilities that are in default or cross-default or contain early repayment on demand clauses) amounted to RMB74,152,556,000.

As of 31 December 2024, the Group had not repaid certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) amounting to approximately RMB39,592,333,000 on the scheduled repayment dates. Subsequent to 31 December 2024, the Group has not repaid certain interest-bearing liabilities in accordance with the scheduled repayment dates. These events or circumstances indicate existing material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern.

Management's view

In light of the disclaimer of opinion, the management of the Group (including the Directors) (collectively referred to as the “**Management**”), when assessing the Group's ability to continue as a going concern, has taken into account the Group's current liquidity, performance and available sources of financing and has 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. Considering that a number of measures, such as the successful negotiation and identification of various options for financing the Group's working capital with certain financial institutions and the successful negotiation of the renewal and extension of bank borrowings and credit facilities with various financial institutions, have been implemented successfully and on an ongoing basis, the Management believes that the Group will have sufficient working capital for a period of at least 12 months commencing from 31 December 2024, and therefore it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

The Management has no objection to the disclaimer of opinion issued by the auditors, considering that the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the results of the measures assumed by management, although there are also uncertainties in such results, including the Group's ability to generate operating cash flows and to obtain additional sources of financing. Whilst the Company considers that it has provided all available information and documentation to demonstrate that the Group will have sufficient working capital for the 12 months commencing from the 12 months ending 31 December 2024, the Company is aware of the uncertainties raised by the auditors as set out above, which cannot be eliminated by the provision of documentation and information alone.

Audit committee's view on the disclaimer of opinion

The Audit Committee of the Company (the “**Audit Committee**”) has reviewed and concurred with the Management's position on the Group's action plan to address the above disclaimer of opinion. The Audit Committee has also discussed with the Management and the auditors to gain an understanding of the reasons for the audit qualification and the views of the Board and the auditors. The Audit Committee agrees with the Management's position and views on the disclaimer of opinion, recognises the Group's ability to continue as a going concern and agrees with the actions to be implemented by the Management. Accordingly, it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis.

Proposed plan to resolve the disclaimer of opinion

The Group has formulated the following plans and measures to alleviate the Group's liquidity pressure:

- 1) The Company has appointed Alvarez & Marsal Corporate Finance Limited as its financial adviser for the restructuring of its offshore debts. The Group is in active discussions with its existing lenders for the renewal of certain of the Group's borrowings. These discussions are constructive and focussed on actions that can be taken in light of the current situation, but it will take time to formulate or implement such actions due to the changing market conditions. In addition, in parallel with the discussions with the existing lenders, the Group will continue to seek new sources of financing or accelerate the sale of assets to meet upcoming financial obligations and future operating cash flow requirements, while maintaining contact with the existing borrowers;
- 2) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies to generate additional cash inflows; and
- 3) The Group has taken measures to control administrative costs and avoid unnecessary capital expenditure in order to maintain liquidity; and
- 4) The Group will continue to actively evaluate additional measures to further minimise non-essential expenditure.

Notwithstanding the above, in view of the volatility of the property market in Mainland China and the uncertainty in obtaining support from the Group's creditors, there are still material uncertainties as to whether the Group will be able to implement the above plans and measures.

In the opinion of the Directors, the Group will have sufficient working capital for the next 12 months commencing from the year ending 31 December 2024 to maintain daily operation.

Actual or potential impact of the disclaimer of opinion on the Group’s financial position

A disclaimer of opinion, in and of itself, does not have any practical effect on the Group’s financial position. The validity of the going concern assumptions underlying the preparation of the consolidated financial statements depends on the results of the implementation of these initiatives, subject to a number of uncertainties, including (i) the successful completion of the offshore debt restructuring; (ii) the successful execution of the Group’s strategic business plans, including the acceleration of property sales; (iii) the successful securing of additional sources of new financing where necessary; (iv) the successful disposal of the Group’s shareholding in project development companies, where appropriate; and (v) the successful implementation of measures to accelerate the recovery of outstanding sales proceeds and effectively control costs and expenses.

In the event that the Group is unable to continue as a going concern, adjustments would be necessary to write down the carrying amounts of assets to their net recoverable values, 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 effect of these adjustments is not reflected in the Group’s consolidated financial statements for the year ended 31 December 2024.

MATERIAL TRANSACTIONS

On 2 January 2024, 成都市福泰年企業管理有限公司 (Chengdu Futainian Enterprise Management Co., Ltd.*), a wholly-owned subsidiary of the Company, as vendor entered into an agreement with, among others, 深圳市彩生活網路有限公司 (Shenzhen Colour Life Network Co., Ltd.*) (the “**Purchaser**”), a wholly-owned subsidiary of Colour Life Services Group Co., Limited (“**Colour Life**”), under which the vendor agreed to transfer 100% interest in 四川三陽紅實業有限公司 (Sichuan Sanyanghong Industrial Co., Ltd.*) (the “**Target Company**”), together with account receivable from the subsidiary of the Target Company of RMB3,999,999, to the Purchaser at the aggregated consideration of RMB3,400,000. The disposal was completed on 15 January 2025, upon which the Target Company is held as to 100% by Colour Life. As Colour Life is an indirect subsidiary of the Company, the Target Company remains as a subsidiary of the Company. The disposal constituted a connected transaction for the Company subject to the reporting and announcement requirements and exempt from the independent shareholders’ approval requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) . For details, please refer to the Company’s announcements on 2 January 2024 and 8 April 2024.

On 23 December 2024, 南京花創實業投資有限公司 (Nanjing Huachuang Industrial Investment Co., Ltd.*), an indirect subsidiary of the Company, as vendor entered into an agreement with 揚州易華置業有限公司 (Yangzhou Yihua Real Estate Co., Ltd.*) and 揚州華建置地有限公司 (Yangzhou Huajian Real Estate Co., Ltd.*) (collectively the “**Purchasers**”), 揚州垠壹置業有限公司 (Yangzhou Yiyi Real Estate Co., Ltd.*) (the “**Project Company**”) and 南京源緯置業有限公司 (Nanjing Yuanwei Real Estate Co., Ltd.*) (the “**JV Partner**”), pursuant to which the Group and the JV Partner agreed to sell their respective 40% and 60% interests in the Project Company to the Purchasers for an aggregate consideration of RMB15,929,622.67. The Project Company is a property development company and holds a residential development project located at the Guangning District in Yangzhou, Jiangsu Province. The disposal was completed on 23 December 2024, upon which the Group ceased to have any interests in the Project Company. The disposal constituted a discloseable transaction and connected transaction for the Company subject to the reporting and announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules. For details, please refer to the Company’s announcement on 23 December 2024.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

As disclosed in the prospectus of Colour Life of 3 March 2025, Colour Life proposes to implement the rights issue (the “**Colour Life Rights Issue**”) on the basis of one (1) rights shares for every four (4) existing shares of Colour Life (the “**Colour Life Shares**”) held by the qualifying shareholders at the subscription price of HK\$0.165 per rights share, to raise gross proceeds of up to approximately HK\$61.36 million by issuing up to 371,881,438 rights shares.

Taking into account, among others, its financial position, the Company did not participate in the Colour Life Rights Issue. As disclosed in Colour Life's announcement of 24 March 2025, a total of 371,881,438 Colour Life Shares were issued under the Rights Issue. As a result, the shareholding interest of the Company in Colour Life has been diluted from approximately 52.44% to approximately 41.95%. Colour Life remains a subsidiary of the Company and its financial results will continue to be consolidated in the financial statements of the Company.

The deemed disposal of interest in Colour Life by the Company constituted a discloseable transaction of the Company subject to the announcement requirement under Chapter 14 of the Listing Rules. For further details, please refer to the Company's announcement on 27 January 2025.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

The Company has adopted and complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules for the year ended 31 December 2024.

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 2024.

ANNUAL GENERAL MEETING (THE “AGM”)

The AGM will be held on Friday, 23 May 2025 and a notice convening the AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 May 2025.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 December 2024 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 2024 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 2025

As at the date of this announcement, the executive directors of the Company are Ms. Cheng Jianli, 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.