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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue of the Group was approximately RMB1,641 million, representing a decrease of approximately 59.2% as compared to the last corresponding period.
- Loss attributable to owners of the Company was approximately RMB3,161 million, representing an increase in loss of approximately 16.7% as compared to the last corresponding period.
- As at 30 June 2024, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 7,745,244 sq.m.
- During the period, the Group's selling and distribution expenses and administrative expenses amounted to approximately RMB392 million, representing a decrease of approximately 19.2% as compared to the last corresponding period.
- The Board does not recommend the payment of an interim dividend for the period ended 30 June 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Fantasia Holdings Group Co., Limited (hereinafter referred to as “**Fantasia**” or the “**Company**”) announces the unaudited financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<i>NOTES</i>	Six months ended 30 June	
		2024	2023
		RMB’000	RMB’000
		(Unaudited)	(Unaudited)
Revenue			
Contracts with customers	4	1,526,557	3,918,519
Leases		114,723	101,642
		<hr/>	<hr/>
Total revenue	5	1,641,280	4,020,161
Cost of sales and services		(1,279,197)	(3,444,077)
		<hr/>	<hr/>
Gross profit		362,083	576,084
Other income		14,818	27,436
Other gains and losses		(344,185)	(1,296,493)
Impairment losses under expected credit loss model, net of reversal		(183,171)	(86,639)
Change in fair value of investment properties		(51,385)	(93,584)
Write-down on properties for sales		(499,873)	(180,092)
Selling and distribution expenses		(44,062)	(103,380)
Administrative expenses		(347,727)	(381,169)
Finance costs		(1,975,237)	(1,149,179)
Share of results of associates		(36,221)	15,142
Share of results of joint ventures		52,580	(2,646)
		<hr/>	<hr/>
Loss before tax		(3,052,380)	(2,674,520)
Income taxation	6	(99,549)	(130,790)
		<hr/>	<hr/>
Loss for the period	7	(3,151,929)	(2,805,310)
		<hr/>	<hr/>

	Six months ended 30 June	
	2024	2023
<i>NOTES</i>	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive income/(expense)		
Items that will not be reclassified subsequently to profit or loss:		
Fair value change on equity instruments designated at fair value through other comprehensive income (“FVTOCI”)	602	(4,473)
Deferred taxation effect	(151)	1,118
	<u>451</u>	<u>(3,355)</u>
Other comprehensive income/(expense) for the period, net of income tax		
	<u>451</u>	<u>(3,355)</u>
Total comprehensive expense for the period	<u>(3,151,478)</u>	<u>(2,808,665)</u>
(Loss)/profit for the period attributable to:		
Owners of the Company	(3,161,480)	(2,708,135)
Other non-controlling interests	9,551	(97,175)
	<u>(3,151,929)</u>	<u>(2,805,310)</u>
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	(3,161,252)	(2,709,879)
Other non-controlling interests	9,774	(98,786)
	<u>(3,151,478)</u>	<u>(2,808,665)</u>
Loss per share – basic (RMB cents)	<i>9</i> <u>(54.77)</u>	<u>(46.91)</u>
Loss per share – diluted (RMB cents)	<i>9</i> <u>(54.77)</u>	<u>(46.91)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	30 June	31 December
	2024	2023
<i>NOTE</i>	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	707,624	1,008,052
Right-of-use assets	322,552	350,737
Investment properties	6,717,357	6,739,261
Interests in associates	1,194,692	1,266,765
Interests in joint ventures	2,779,204	2,726,624
Equity instruments designated at FVTOCI	13,884	13,282
Goodwill	922,032	923,051
Intangible assets	12,043	14,695
Other receivables	197,566	341,255
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	3,407,572	3,606,867
Deferred tax assets	997,222	1,005,636
	17,271,748	17,996,225
CURRENT ASSETS		
Properties for sale	38,854,618	37,247,690
Contract assets	21,496	32,328
Contract costs	47,914	45,543
Trade and other receivables	12,002,079	12,505,601
Tax recoverable	645,808	633,519
Amounts due from related parties	6,249,647	7,128,088
Restricted/pledged bank deposits	703,068	866,336
Bank balances and cash	943,680	1,264,764
	59,468,310	59,723,869
	76,740,058	77,720,094

		30 June	31 December
		2024	2023
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	7,648,819	7,499,634
Contract liabilities		3,381,206	3,280,117
Amounts due to related parties		205,933	303,483
Tax liabilities		6,750,997	6,764,727
Borrowings due within one year		12,049,398	12,834,961
Lease liabilities due within one year		29,710	30,020
Senior notes and bonds due within one year		37,136,085	35,428,805
Asset-backed securities issued due within one year		279,498	270,394
		<u>67,481,646</u>	<u>66,412,141</u>
NET CURRENT LIABILITIES		<u>(8,013,336)</u>	<u>(6,688,272)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,258,412</u>	<u>11,307,953</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		279,424	297,433
Borrowings due after one year		6,263,420	5,380,899
Lease liabilities due after one year		88,875	99,934
Senior notes and bonds due after one year		7,810,502	7,554,299
		<u>14,442,221</u>	<u>13,332,565</u>
NET LIABILITIES		<u><u>(5,183,809)</u></u>	<u><u>(2,024,612)</u></u>
CAPITAL AND RESERVES			
Share capital		498,787	498,787
Reserves		<u>(9,097,833)</u>	<u>(5,933,073)</u>
Equity attributable to owners of the Company		<u>(8,599,046)</u>	<u>(5,434,286)</u>
Non-controlling interests		<u>3,415,237</u>	<u>3,409,674</u>
		<u><u>(5,183,809)</u></u>	<u><u>(2,024,612)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. GOING CONCERN BASIS

For the period ended 30 June 2024, the Group incurred net loss of RMB3,151,929,000. As at 30 June 2024, the Group’s net current liabilities amounted to RMB8,013,336,000 and net liabilities amounted to RMB5,183,809,000.

As at 30 June 2024, the Group did not repay certain interest-bearing liabilities (including borrowings, senior notes and bonds) of approximately RMB39,326,601,000 according to their scheduled repayment dates. As a result, as at 30 June 2024, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB39,782,697,000 had become default or cross default. Subsequent to 30 June 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 reporting period. The following plans and measures have been formulated with the objective to mitigate the liquidity pressure of the Group:

- The Company has appointed Houlihan Lokey (China) Limited as its financial adviser for its offshore debt restructuring. The Group is actively in discussions with the existing lenders on the renewal of certain of the Group’s borrowings. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to 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 upcoming financial obligations and future operating cash flow requirements whilst engaging with 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 to achieve the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

The Directors, taking into account the above plans and measures, are of the opinion that, they are satisfied that it is appropriate to prepare the condensed consolidated financial statements for the period ended 30 June 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 condensed consolidated financial statements of the Group for the period ended 30 June 2024.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to HKFRS 16	<i>Lease liability in Sale and leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>

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

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

For the period ended 30 June 2024

Segment	For the period ended 30 June 2024				
	Property development <i>RMB'000</i> (Unaudited)	Property agency services <i>RMB'000</i> (Unaudited)	Property operation services <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods and services					
<i>Property development</i>					
Sales of completed properties	166,188	-	-	-	166,188
<i>Property agency services</i>					
Provision of property agency services	-	2,678	-	-	2,678
<i>Property operation services</i>					
Provision of property management services	-	-	1,287,440	-	1,287,440
Provision of value-added services	-	-	40,933	-	40,933
Provision of engineering services	-	-	3,713	-	3,713
<i>Hotel operations</i>					
Provision of hotel accommodation services	-	-	-	25,605	25,605
	<u>166,188</u>	<u>2,678</u>	<u>1,332,086</u>	<u>25,605</u>	<u>1,526,557</u>
Timing of revenue recognition					
A point in time	166,188	2,678	5,784	-	174,650
Over time	-	-	1,326,302	25,605	1,351,907
	<u>166,188</u>	<u>2,678</u>	<u>1,332,086</u>	<u>25,605</u>	<u>1,526,557</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segment	Property development <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Property agency services <i>RMB'000</i> (Unaudited)	Property operation services <i>RMB'000</i> (Unaudited)	Hotel operations <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue disclosed in segment information	166,188	114,723	2,678	1,333,711	25,605	1,642,905
Elimination	-	-	-	(1,625)	-	(1,625)
Leases	-	(114,723)	-	-	-	(114,723)
Revenue from contracts with customers	<u>166,188</u>	<u>-</u>	<u>2,678</u>	<u>1,332,086</u>	<u>25,605</u>	<u>1,526,557</u>

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Disaggregation of revenue from contracts with customers (Continued)

Segment	For the period ended 30 June 2023				Total RMB'000 (Unaudited)
	Property development RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	
Types of goods and services					
<i>Property development</i>					
Sales of completed properties	2,720,132	–	–	–	2,720,132
<i>Property agency services</i>					
Provision of property agency services	–	767	–	–	767
<i>Property operation services</i>					
Provision of property management services	–	–	1,037,916	–	1,037,916
Provision of value-added services	–	–	31,757	–	31,757
Provision of engineering services	–	–	103,856	–	103,856
<i>Hotel operations</i>					
Provision of hotel accommodation services	–	–	–	24,091	24,091
	<u>2,720,132</u>	<u>767</u>	<u>1,173,529</u>	<u>24,091</u>	<u>3,918,519</u>
Timing of revenue recognition					
A point in time	2,720,132	767	6,610	–	2,727,509
Over time	–	–	1,166,919	24,091	1,191,010
	<u>2,720,132</u>	<u>767</u>	<u>1,173,529</u>	<u>24,091</u>	<u>3,918,519</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segment	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property agency services RMB'000 (Unaudited)	Property operation services RMB'000 (Unaudited)	Hotel operations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue disclosed in segment information	2,720,132	101,642	767	1,193,986	24,091	4,040,618
Elimination	–	–	–	(20,457)	–	(20,457)
Leases	–	(101,642)	–	–	–	(101,642)
Revenue from contracts with customers	<u>2,720,132</u>	<u>–</u>	<u>767</u>	<u>1,173,529</u>	<u>24,091</u>	<u>3,918,519</u>

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2024

Segment revenue (Unaudited)	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>	Total <i>RMB'000</i>
Segment revenues	166,188	114,723	2,678	1,333,711	25,605	1,642,905
Segment results	<u>(808,078)</u>	<u>(30,909)</u>	<u>(4,089)</u>	<u>142,076</u>	<u>(80,653)</u>	<u>(781,653)</u>

Six months ended 30 June 2023

Segment revenue (Unaudited)	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>	Total <i>RMB'000</i>
Segment revenues	2,720,132	101,642	767	1,193,986	24,091	4,040,618
Segment results	<u>(253,647)</u>	<u>8,058</u>	<u>(695)</u>	<u>50,182</u>	<u>(7,971)</u>	<u>(204,073)</u>

5. SEGMENT INFORMATION (Continued)

Reconciliation:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue:		
Total revenue for operating and reportable segments	1,642,905	4,040,618
Elimination of inter-segment revenues	(1,625)	(20,457)
Group's total revenue	<u>1,641,280</u>	<u>4,020,161</u>
Total segment results	(781,653)	(204,073)
Unallocated amounts:		
Interest income	4,672	9,831
Net exchange loss	(247,893)	(1,279,260)
Finance costs	(1,975,237)	(1,149,179)
Share of results of associates and joint ventures	16,359	12,496
Net loss on disposal of subsidiaries, associates and joint ventures	(38,042)	(35,524)
Other unallocated gains and losses	1,560	(871)
Other unallocated expenses	(32,146)	(27,940)
Loss before tax	<u>(3,052,380)</u>	<u>(2,674,520)</u>

5. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets by reportable and operating segments:

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property development	48,499,638	48,600,546
Property investment	6,717,357	6,739,261
Property agency services	11,677	10,939
Property operation services	5,779,057	4,708,873
Hotel operations	394,807	582,426
	<hr/>	<hr/>
Total segment assets	61,402,536	60,642,045
Total unallocated assets	15,337,522	17,078,049
	<hr/>	<hr/>
Group's total assets	76,740,058	77,720,094
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAXATION

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax in the PRC		
Enterprise income tax	73,397	60,923
Land appreciation tax	35,898	84,077
	<hr/>	<hr/>
	109,295	145,000
Deferred tax		
Credit to profit and loss	(9,746)	(14,210)
	<hr/>	<hr/>
	99,549	130,790
	<hr/> <hr/>	<hr/> <hr/>

7. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after (crediting)/charging:		
Government grant and partial exemption of PRC value-added tax (included in other income)	(4,122)	(6,083)
Interest income (included in other income)	(4,672)	(9,831)
Net exchange loss	247,893	1,279,260
Loss on disposal of subsidiaries, net	3,055	15,752
Net loss on disposal of associates and joint ventures (included in other gains and losses)	34,987	19,772
Loss on disposal of property, plant and equipment and early termination of lease contracts (included in other gains and losses)	47,585	22,891
Depreciation of property, plant and equipment	55,552	79,840
Depreciation of right-of-use assets	28,248	33,709
Amortisation of intangible assets	2,652	4,776
Write-down of properties for sales (note)	499,873	180,092
Staff costs	536,905	877,014

Note:

During the six months ended 30 June 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 RMB499,873,000 (six months ended 30 June 2023: RMB180,092,000) 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.

8. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period:		
Loss for the purposes of basic and diluted loss per share		
(loss for the period attributable to owners of the Company)	<u>(3,161,480)</u>	<u>(2,708,135)</u>
Number of shares ('000):		
Weighted average number of ordinary shares for the purpose of		
basic and diluted loss per share	<u>5,772,598</u>	<u>5,772,598</u>

10. TRADE AND OTHER RECEIVABLES

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:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
0 to 30 days	794,155	1,223,159
31 to 90 days	216,605	121,398
91 to 180 days	177,782	130,076
181 to 365 days	223,731	125,607
Over 1 year	236,531	197,541
	<u>1,648,804</u>	<u>1,797,781</u>

11. TRADE AND OTHER PAYABLES

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:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
0 to 60 days	1,691,761	1,689,652
61 to 180 days	873,621	866,140
181 to 365 days	298,632	305,885
1 – 2 years	136,721	170,077
2 – 3 years	9,276	10,774
	<u>3,010,011</u>	<u>3,042,528</u>

EXTRACT OF INDEPENDENT REVIEW REPORT

BASIS FOR DISCLAIMER OF CONCLUSION

Multiple Uncertainties Relating to Going Concern

As set out in Note 2 to the condensed consolidated financial statements, the Group incurred net loss of RMB3,151,929,000 for the period ended 30 June 2024. As at 30 June 2024, the Group's net current liabilities amounted to RMB8,013,336,000 and net liabilities amounted to RMB5,183,809,000.

As at 30 June 2024, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of approximately RMB39,326,601,000 according to their scheduled repayment dates. As a result, as at 30 June 2024, interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) with the aggregate principal amount of about RMB39,782,697,000 had become default or cross default. Subsequent to 30 June 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 condensed consolidated 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 condensed consolidated financial statements. The validity of the going concern assumptions on which the condensed 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 condensed consolidated financial statements.

Disclaimer of Conclusion

Because of the multiple uncertainties related to going concern and its possible effect on these interim condensed consolidated financial statements described in the "Basis for Disclaimer of Conclusion" section of our report, we do not express a conclusion on the interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

Contracted Sales

During the first half of 2024, the Group achieved contracted sales of approximately RMB296 million and contracted sales area of 39,280 sq.m.

In the first half of 2024, faced with the social responsibility of “guaranteed delivery and stable operations” after the liquidity event, the Group has implemented combined policies to optimize the debt structure and promote project progress in order to ensure the steady progress in project delivery and steady sales launch. Good progress was made in delivery, sales and funding during the reporting period.

Contracted sales amount and area attributable to different product categories in the first half of 2024

During the reporting period, the contracted sales amount of the Group was mainly derived from sales in 9 cities, including Beijing, Shenzhen, Chengdu, Guilin and Kunming, and from approximately 20 projects, including Kunming Haoweilai, Chengdu Grande Valley, Qingdao Biyuntian, Shenzhen Good Time Jiayuan, Chongqing Hockney’s Good Time, Foshan Guangyayuan and others. The Group extended its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area in order to continuously expand its vertical strategic move in each metropolitan area and focus on key cities.

Category	First half of 2024			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	292	98.66%	37,447	95.33%
Urban Complexes	4	1.34%	1,834	4.67%
Total	296	100%	39,280	100%

Contracted sales amount and area in each region in the first half of 2024

First half of 2024				
Category	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong – Macao Greater Bay Area	73	24.66%	3,158	8.04%
Chengdu-Chongqing Metropolitan Area	166	56.08%	27,749	70.64%
Central China Metropolitan Area	14	4.73%	2,797	7.12%
Yangtze River Delta Metropolitan Area	13	4.39%	1,419	3.61%
Bohai Rim Metropolitan Area	30	10.14%	4,157	10.58%
Total	296	100%	39,280	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 the first half of 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 Foshan Guangyayuan in Foshan were under normal construction progress and the projects were delivered on schedule. Meanwhile, the Group also ensured stable sales of these projects in the local area, further consolidating its market position in the Greater Bay Area.

During the reporting period, the Group achieved total contracted sales of RMB73 million and total contracted sales area of 3,158 sq.m. in Shenzhen, Foshan and Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 24.66% and 8.04% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2024.

Chengdu-Chongqing Metropolitan Area

As an important economic hub in South-western China, the Chengdu-Chongqing Metropolitan Area shows robust market demand for real estate and is one of the earliest important strategic markets entered by the Group. The Group has become one of the most influential brand developers in the region.

During the reporting period, the Group recorded total contracted sales of RMB166 million and total contracted sales area of 27,749 sq.m. in Chengdu, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 56.08% and 70.64% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 2024.

Central China Metropolitan Area

As the geographical center of the country, Central China Metropolitan Area is increasingly becoming an important force for the rise of Central China with its advantages of convenient transportation and developed economy.

During the reporting period, the Group recorded total contracted sales of RMB14 million and total contracted sales area of 2,797 sq.m. in cities such as Wuhan and Zhengzhou in the Central China Metropolitan Area, contributing to approximately 4.73% and 7.12% of the total contracted sales and total contracted sales area of properties of the Group respectively for the interim period of 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 growing potential in the region for a long time. After experiencing market volatility, the Group responded positively to the challenges and maintained stable sales.

During the reporting period, the Group recorded total contracted sales of RMB13 million and total contracted sales area of 1,419 sq.m. in Nanjing, Shanghai and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 4.39% and 3.61% 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, playing an agglomeration, radiation, service and mobilization role in the national and regional economy and possessing great development potential. In the first half of 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 results.

During the reporting period, the Group recorded total contracted sales of RMB30 million and total contracted sales area of 4,157 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 10.14% and 10.58% of the total contracted sales and total contracted sales area of properties of the Group respectively in the interim period of 2024.

Projects under construction

As at 30 June 2024, the Group had a total of 16 projects or phases of projects under construction with a total GFA of 1,823,336 sq.m.

Projects held for development

As at 30 June 2024, 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.

Land Bank

As at 30 June 2024, after deducting projects sold, the GFA of the land bank for the Group's projects under construction and projects held for development amounted to approximately 7,745,244 sq.m.

Land Bank Summary			
City Company	Projects under construction	Projects held for development	Aggregate GFA of land bank
	(sq.m.)	(sq.m.)	(sq.m.)
South China	255,168	706,025	961,193
North China	195,080	3,708,162	3,903,242
Southwest China	814,844	1,117,601	1,932,446
East China	197,681	76,769	274,450
Central China	360,563	313,351	634,689

Community services

Colour Life Services Group Co., Limited (“Colour Life”) is a leading property management and community services provider in China, with a focus on setting up offline and online service platform via the internet technology and effectively connecting the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

As communities constitute the most fundamental social units within a city, the services provided by the property management companies are essential in creating a stable and convenient living environment for the residents of the community and promoting the development of the society. The Group strives to meet the basic living needs of the property owners through providing Four Basic Guarantees services (defined as cleaning, greening, security and maintenance services), which constitute the solid cornerstone of community services system.

While meeting the basic living needs of the residents of the community, the Group also promotes smart community construction by proactively utilising emerging technologies such as the Internet of Things, big data and artificial intelligence, and introducing the application of intelligent equipment, so as to enhance the Group's service efficiency in providing high quality property management services for the residents. The Group has established a powerful digitalized "cloud" system in the head office, which minimised the dependency on function and scope of "management" and strengthened the service capacity of the "terminal", so as to organise effective community services. For instance, the Group has upgraded the existing Big Dipper system to a "digital property management platform" by adding an intelligent customer service feature that covers the five basic services including security, cleaning, greening, maintenance and engineering, the order-oriented operation system of the lift, energy and decoration services, as well as the customer complaint platform comprising complaint, repair application, parking, payment, decoration and other services. The Group has divided the entire property management service process into orders, further enhancing the service efficiency of the Group.

In addition to its efforts in refining the basic businesses, the Group has classified its management projects into various service levels based on different charging standards, set standards for equipment modification and services and provided well-oriented service experiences, so as to satisfy customers' demand for performance-price ratio in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardized management system, the Group has realised excellent capacity of cost control under the premise of securing customer satisfaction.

While focusing on improving service efficiency, the Group is dedicated to building prosperous communities. The Group has taken the initiative to organise a wide range of community activities and proactively established communication channels to strengthen the relationship between property owners as well as between the property owners and the property management staff and enrich the residents' off-work life and spiritual culture, with the ultimate goal of building a better and more caring community. By providing such services, the Group is able to create a harmonious environment for the property owners, and push forward the establishment of our unique community culture brand, so as to enhance the property owners' trust in the Group. The improvement of our relationship with the residents also laid a solid foundation for our effort to further expand community consumption scenarios.

The Group is actively building up an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience for residents of the communities but also strengthens the interactions between community property owners and the Group. In addition, the Group designates a proportional number of customer managers to serve the communities based on the number of residents in such communities. The customer managers will carry out following up work and seek feedback relating to customer satisfaction in a timely manner. On the one hand, it ensures the quality of basic services in the offline community, and on the other hand, it can efficiently understand the needs of the property owners so as to promote the development of value-added business. By organically combining the online and offline operations of the community, the Group further extends its competitive advantage.

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) other services. Revenue of the Group amounted to approximately RMB1,641 million, representing a decrease of 59.17% from approximately RMB4,020 million for the corresponding period of 2023. Loss for the period attributable to the owners of the Company was approximately RMB3,161 million and loss attributable to owners of the Company was approximately RMB2,708 million for the corresponding period of 2023.

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 93.90% to approximately RMB166 million for the six months ended 30 June 2024 from approximately RMB2,720 million for the corresponding period in 2023, which was due to the GFA of delivered properties decreased during the period.

The table below sets forth the total revenue derived from each of the projects and the aggregate gross floor area (“GFA”) of properties sold during the periods ended 30 June 2024 and 2023.

	For the six months ended 30 June 2024			For the six months ended 30 June 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.
Shenzhen Good Time Jiayuan	39,522	1,194	33,106	–	–	–
Chongqing Hockney's Good Time	28,634	1,950	14,683	655,673	46,571	14,079
Qingdao Biyuntian	25,224	3,594	7,018	518,742	58,638	8,847
Chengdu Grande Valley	18,694	4,646	4,023	–	–	–
Guilin Lakeside Eden	18,200	4,306	4,227	46,281	8,687	5,328
Chengdu Biyun Tianxi	–	–	–	1,322,223	61,644	21,449
Tianjin Jiatianxia	–	–	–	83,557	6,278	13,309
Others	35,914			93,656		
	166,188			2,720,132		

Property Investment

Revenue generated from property investment increased by 12.75% to approximately RMB115 million for the six months ended 30 June 2024 from approximately RMB102 million for the corresponding period in 2023. The increase was primarily due to the increase of occupancy rate.

Property Operation Services

Revenue derived from property operation services increased by 13.46% to approximately RMB1,332 million for the six months ended 30 June 2024 from approximately RMB1,174 million for the corresponding period in 2023. The increase was mainly due to the overall increase in property management services and value-added services provided.

Hotel Operations

Revenue derived from hotel operations and related services has remained stable and amounted to approximately RMB26 million for the six months ended 30 June 2024, as compared to approximately RMB24 million for the corresponding period of 2023.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by 37.15% to approximately RMB362 million for the six months ended 30 June 2024 from approximately RMB576 million for the corresponding period in 2023, while the Group's gross profit margin was approximately 22.1% for the six months ended 30 June 2024 as compared to a gross profit margin of approximately 14.3% for the corresponding period in 2023. The increase in gross profit margin was mainly due to the increase in the composition of property management services which have stable profit margin as compared to property development segment.

Other Income, Gains and Losses

The Group recorded net other losses in the period of approximately RMB329 million (net loss for the same period in 2023: approximately RMB1,269 million). The change was mainly due to the net exchange losses arising from the senior notes denominated in USD.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 57.28% to approximately RMB44 million for the six months ended 30 June 2024 from approximately RMB103 million for the corresponding period in 2023, mainly due to the decrease in advertising expenses for the sales of properties.

Administrative Expenses

The Group's administrative expenses decreased by 8.66% to approximately RMB348 million for the six months ended 30 June 2024 from approximately RMB381 million for the corresponding period in 2023. The change was primarily due to the adoption of cost control policy and the decrease in the staff cost of the Group.

Finance Costs

The Group's finance costs increased by 71.89% to approximately RMB1,975 million for the six months ended 30 June 2024 from approximately RMB1,149 million for the corresponding period in 2023. The increase in finance costs was primarily due to the decrease in the amount of capitalised interests.

Income Tax Expense

The Group's income tax expense decreased by 23.66% to approximately RMB100 million for the six months ended 30 June 2024 from approximately RMB131 million for the corresponding period in 2023. This was mainly due to the impact of the gross profit during the period.

Liquidity, Financial Resources and Capital Structure

Cash Position

As at 30 June 2024, the Group's total bank balances and cash were approximately RMB1,647 million (31 December 2023: approximately RMB2,131 million), representing a decrease of 22.71% 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 of property development.

Borrowings and Charges on the Group's Assets

As at 30 June 2024, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB18,313 million (31 December 2023: approximately RMB18,216 million), approximately RMB44,947 million (31 December 2023: approximately RMB42,983 million) and approximately RMB279 million (31 December 2023: RMB270 million), respectively. Amongst the borrowings, approximately RMB12,049 million (31 December 2023: approximately RMB12,835 million) will be repayable within one year and approximately RMB6,263 million (31 December 2023: approximately RMB5,381 million) will be repayable after one year. Amongst the senior notes and bonds, approximately RMB37,136 million (31 December 2023: approximately RMB35,429 million) will be repayable within one year and approximately RMB7,811 million (31 December 2023: approximately RMB7,554 million) will be repayable after one year.

As at 30 June 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 pledging their shares.

Exchange Rate Risk

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

Commitments

As at 30 June 2024, the Group had committed payment for the construction of investment properties and property, plant and equipment and equity acquisition amounting to approximately RMB541 million (31 December 2023: RMB1,102 million), respectively.

Contingent Liabilities

- (a) As of 30 June 2024, the Group had provided guarantees amounting to approximately RMB6,321 million (31 December 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 banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate.
- (b) The Group provided guarantees on several basis covering its respective shares of outstanding obligations under the bank borrowings incurred by the joint ventures and associates for developing their projects. As at 30 June 2024, the Group's aggregate shares of such guarantees provided in respective of loans borrowed by these joint ventures amounted to approximately RMB1,899 million (31 December 2023: RMB1,899 million) and associates amounted to approximately RMB2,320 million (31 December 2023: RMB3,188 million).

In the opinion of the Directors, the possibility of the default of the purchasers is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting date.

Employees and Remuneration Policies

As at 30 June 2024, excluding the employees of communities managed on a commission basis, the Group had approximately 16,827 employees (31 December 2023: approximately 19,712 employees). 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

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

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

LATEST PROGRESS OF THE DEBT RESTRUCTURING

(i) Offshore debts

The Company has been working closely with its legal and financial advisors to formulate a viable offshore debt restructuring plan aimed at addressing current liquidity pressure of the Company, enhancing the credit profile of the Group and protecting the interests of all stakeholders.

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 and 21 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 Restructuring Support Agreement.

(ii) Onshore debts

Fantasia Group (China) Co., Ltd. (“**Fantasia China**”), a wholly-owned subsidiary of the Company, had issued 5 corporate bonds on the Shanghai Stock Exchange. Since September 2023, modified repayment arrangements were made in respect of the principal and related interests of approximately RMB7 billion in aggregate, where the maturity date had been extended to between 2023 and 2028. The modified 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.

GOING CONCERN AND MITIGATION MEASURES

The Directors are provided with a review of the key financial information of the Group periodically.

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2023 and the condensed consolidated financial statements of the Group for the period ended 30 June 2024 which give a true and fair view of the financial position of the Group and of the operating results and cash flow for the year/period then ended. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and disclosure requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the management, and the management have prepared the consolidated financial statements of the Group on a going concern basis.

A modified opinion is included in the Management Discussion and Analysis as set out on page 8 to 9 of the 2023 Annual Report and page 19 to 20 of the 2024 Interim Report to be published. A statement by the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is included in the Independent Auditor's Report set out on page 48 of the 2023 Annual Report and the Review Report of Condensed Consolidated Financial Statement set out on page 20 of the 2024 Interim Report to be published. The matters described in the section headed "Basis for Disclaimer of Opinion – Multiple uncertainties relating to going concern" in the "Independent Auditor's Report" on page 47 of the 2023 Annual Report and the "Review Report of Condensed Consolidated Financial Statement" set out on page 20 of the 2024 Interim Report to be published, the Company's independent auditor, did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2023 and the condensed consolidated financial statements of the Group for the period ended 30 June 2024 to be published. The Directors have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, among others, have proactively come up with measures to improve the Group's liquidity and financial position, details of which are set out in note 2 to the consolidated financial statements as contained in the 2023 Annual Report and note 2 to the condensed consolidated financial statements as contained in the 2024 Interim Report to be published.

The Directors are of the opinion that, assuming the aforesaid plans and measures can be successfully implemented as scheduled, the Group is able to continue as a going concern and would have sufficient financial resources to finance the Group's operations and meet its financial obligations as and when they fall due within the following twelve months from the end of the reporting periods. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis. The Audit Committee has discussed with the Board and the management regarding the going concern issue, and on the basis of the successful implementation of the measures, agreed with the position taken by the management and the Board regarding the accounting treatment adopted by the Company. The Audit Committee also discussed and understood the concerns of the Auditor that uncertainties exist as to whether the Group's management will be able to achieve its plans and measures. There is no disagreement by the Board, the management nor the Audit Committee with the position taken by the Auditor regarding the going concern issue. Further details on the material uncertainties relating to the Group's going concern and the mitigation measures are set out in note 2 to the consolidated financial statements in the 2023 Annual Report and note 2 to the condensed consolidated financial statements as contained in the 2024 Interim Report to be published.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") during the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (“**Model Code**”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry with all the Directors on whether the Directors have complied with the required standard as set out in the Model Code during the six months ended 30 June 2024 and all the Directors confirmed that they have complied with the Model Code throughout the Period.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 30 June 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. The external auditors of the Company have also reviewed the unaudited interim results for the Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT

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).

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

Hong Kong, 29 August 2024

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.