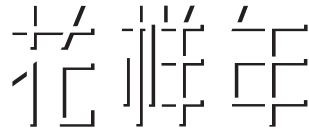


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FANTASIA

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)

QUARTERLY UPDATE ON ACTIONS TAKEN BY THE COMPANY TO RESOLVE DISCLAIMER OF OPINION

References are made to the annual reports of Fantasia Holdings Group Co., Limited (the “**Company**”) for the year ended 31 December 2024 published on 29 April 2025 (the “**2024 Annual Report**”) and for the year ended 31 December 2025 published on 29 April 2026 (the “**2025 Annual Report**”), the interim report for the six months ended 30 June 2026 published on 29 September 2026 (the “**2026 Interim Report**”), the announcements of the Company dated 4 July 2025, 30 September 2025, 31 December 2025, 31 March 2026, 15 May 2026 and 30 June 2026, the circular dated 29 April 2026, the annual results announcement of the Company for the year ended 31 December 2025 dated 27 March 2026, and the interim results announcement for the six months ended 30 June 2026 dated 31 August 2026 (collectively, the “**Announcements**”), and the circular of the Company dated 29 April 2026 (the “**Circular**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those used in the 2024 Annual Report, the 2025 Annual Report, the Announcements and the Circular.

As disclosed in the 2024 Annual Report, the 2025 Annual Report and the 2026 Interim Report, the Company's auditors have issued disclaimer of opinion on auditor's report on the consolidated financial statements of the Company for the years ended 31 December 2024 and 31 December 2025. The Company has implemented multiple measures to address the going concern uncertainties arising from the disclaimer of opinion.

BASIS FOR THE AUDITOR'S DISCLAIMER OF OPINION

Various Uncertainties Related to Going Concern

As set out in Note 2 to the consolidated financial statements in the 2025 Annual Report, the Group recorded a net loss of RMB9,499 million for the year ended 31 December 2025 (net loss of RMB4,409 million for the period ended 30 June 2026). As at 31 December 2025, the net current liabilities and net liabilities of the Group were RMB26,360 million (RMB32,392 million as at 30 June 2026) and RMB20,589 million (RMB27,787 million as at 30 June 2026), respectively. As at 31 December 2025, the Group's current liabilities (including liabilities that are in default or cross-default, or contain early repayment clauses) amounted to RMB80,192 million (RMB80,622 million as at 30 June 2026).

As at 31 December 2025, certain interest-bearing liabilities of the Group (including bank and other borrowings, senior notes and bonds) of approximately RMB43,825 million were not repaid on their scheduled repayment dates. Accordingly, as at 31 December 2025, the above interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) were in default. Subsequent to 31 December 2025, certain bank and other borrowings of the Group were not repaid on their scheduled repayment dates. These conditions, together with other matters as disclosed in Note 2 to the consolidated financial statements in the 2025 Annual Report, indicate material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have taken measures to improve the Company's liquidity and financial position; details are set forth in Note 2 to the consolidated financial statements of the 2025 Annual Report. The validity of the going-concern assumption underlying the preparation of the consolidated financial statements depends on the outcome of these measures, which are subject to a number of uncertainties, including: (i) the successful completion of the offshore debt restructuring; (ii) the successful execution of the Company's business strategy plan, including the acceleration of property sales; (iii) the successful securing of additional new sources of financing when necessary; (iv) the timely and successful disposal of the Company's equity interests in project development companies; and (v) the successful implementation of measures to accelerate the collection of sales proceeds and effectively control costs and expenses.

If the Company is unable to implement the aforementioned plans and measures, it may be unable to continue as a going concern, or may need to make adjustments to write down the carrying amounts of the Company's assets to their recoverable amounts, make provisions for any further liabilities that may arise, and reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of such adjustments are not reflected in these consolidated financial statements.

Disclaimer of Opinion

Due to various uncertainties related to going concern, and the potential cumulative impact of such uncertainties on those interim condensed consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of 2026 Interim Report, the auditors have disclaimed their opinion on the interim financial information.

The Board would like to update the shareholders of the Company and potential investors on the measures taken by the Company to resolve disclaimer of opinion as set out below:

- a. As at the date of this announcement, all measures (1) to (4) set out on pages 45 to 50 of the 2025 Annual Report remain active;

In respect of measure (1), 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 30 July 2026, the Company was pleased to announce that the offshore restructuring has officially taken effect. On the effective date of the Restructuring, the Company completed the issuance and distribution of various types of restructuring consideration instruments in accordance with regulations, including the simultaneous issuance of short-term notes, long-term notes, consideration shares, and mandatory convertible bonds. Pursuant to the terms and conditions of the mandatory convertible bonds, 50% of the principal amount as of the issuance date of the mandatory convertible bonds have been mandatorily converted into mandatory convertible bond conversion shares at the mandatory conversion price.

In terms of onshore public debts, the payment dates for principal and interest of the five onshore bonds of Fantasia Group (China) Co., Ltd. (18 Fantasia, 19 Fantasia, 19 Fantasia 02, 20 Fantasia 01 and 20 Fantasia 02) have been uniformly adjusted to 31 December 2026, so as to allow sufficient time for the subsequent onshore debt restructuring. Currently, the aggregate principal balance of the five onshore bonds is RMB6.42 billion, all of which are in extension status. The Company's onshore restructuring plan provides four options, namely cash repurchase, debt-to-equity swap, asset settlement of debts and debt extension. The plan has now been formally dispatched to investors for consultation. Subject to approval by way of poll, it is expected to enter the implementation stage in 2027. In terms of other onshore public debts, as of 30 June 2026, the total amount of onshore loans stood at approximately RMB16,564 million, and the Group has been maintaining close contact with existing onshore lenders for the purpose of renewal or extension. These negotiations have been constructive and focused on possible actions in light of the current circumstances.

- b. In respect of measure (2), benefiting from the Group's optimised property sales initiatives, the Company's cumulative contracted sales (unaudited) for the first eight months of 2026 amounted to approximately RMB762 million. The contracted sales have met the Company's projections. The Group will continue to implement and further optimise the above sales initiatives to accelerate property destocking.

On one hand, the Group will closely monitor marginal changes in the real estate market and financial situation and promote the sales of existing properties and urban renewal projects leveraging favorable policies and integrated resources. On the other hand, the Group will continue to strengthen the operation and asset value enhancement of its existing properties, while developing multi-dimensional innovative businesses including decoration engineering, sales agency, high-end property services and space value enhancement design.

- c. In respect of measure (3), taking into account market conditions, the Group will continue to identify suitable asset disposal opportunities, strengthen the financial capacity to meet debt repayment and operating cash flow needs.
- d. In respect of measure (4), regarding cost control measures, the Company has actively optimised its human resources structure to further streamline relevant cost expenditures. Excluding the impact of the data of subsidiaries disposed of during the year, the Group's administrative expenses (unaudited) for the first eight months of 2026 decreased by approximately RMB52.79 million, representing a decrease of approximately 23.6% as compared with the corresponding period in 2025, of which staff remuneration expenses decreased by approximately RMB23.83 million, representing a decrease of approximately 23.9% as compared with the corresponding period in 2025. The cost reduction was in line with the Company's forecast.

The Board will continue to proactively implement relevant measures to address the going concern uncertainties arising from the disclaimer of opinion and will make further announcements in a timely manner.

By order of the Board
Fantasia Holdings Group Co., Limited
Huang Yueping
Chairman

Hong Kong, 30 September 2026

As at the date of this announcement, the executive Directors of the Company are Mr. Lin Zhifeng and Mr. Timothy David Gildner; the non-executive Directors of the Company are Ms. Zeng Jie, Baby, Mr. Su Boyu, Ms. Huang Yueping and Mr. Brock Louis Silvers; and the independent non-executive Directors of the Company are Mr. Leung Yiu Cho, Mr. Guo Shaomu and Mr. Ma Yu-heng.