

**FANTASIA HOLDINGS GROUP COMPANY LTD:
ONE SHOULD NOT BE TAKEN IN BY A FANTASY**

While one has to dig very deeply into the Global Offering Prospectus of Fantasia Holdings Group Company Ltd () (Code: 1777, Main Board, The Stock Exchange of Hongkong Ltd) in order to discover the true financial situation at this property developer, it is well worth the effort – because such investigation opens up a veritable host of inner doors, explaining many salient factors that led this Company to seek a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Without question, by the end of the 2007 Financial Year, ended December 31, 2007, Management of Fantasia Holdings Group Company Ltd found itself somewhat undercapitalised, requiring Management to be forced, out of dire necessity, to seek fresh sources of funding.

Management turned to The Goldman Sachs Group Incorporated, HSBC Holdings plc () (Code: 5, Main Board, The Stock Exchange of Hongkong Ltd) and Mr Chen Din Hwa ()/Nan Fung Group of Companies, formerly known as Nan Fung Textiles Consolidated Ltd, before it reverted to a private company, for succour.

And it got that which it requested in the form of bridging finance in the amount of \$US100 million.

But it paid a heavy price of the loans: A fixed interest rate of 12 percent per annum.

In the PRC, only the very '*hungry*' would agree to pay such a high interest rate for loan of this size, these days.

This is the reason that, in the 2008 Financial Year, financing costs rose nearly 475 percent, Year-On-Year, from about 12,167,000 renminbi in the 2007-Year to about 69,941,000 renminbi in the 2008-Year.

The following table is copied from Appendix I-12 of the Global Offering Prospectus and the above situation is all spelled out for those people, who have a working knowledge as to how to read a Profit and Loss Statement:

	Financial Year, Ended December 31			Six Month, Ended June 30	
	2006	2007	2008	2008	2009
	All Figures Are Denominated In Renminbi'000				
Revenue	342,339	772,057	1,174,211	334,337	1,342,994
Cost Of Sales	(187,859)	(549,220)	(704,734)	(235,912)	(786,858)

Gross Profit	154,480	222,837	469,477	98,425	556,136
Other Income, Gains and Losses	145,313	2,726	59,034	49,097	7,601
Gains (Losses) On Fair Value Changes Of Investment Properties	81,608	86,875	13,807	(23,546)	(10,019)
Recognition Of Changes In Fair Value Of Completed Properties For Sale Upon Transfer To Investment Properties	Nil	2,170	302	289	Nil
Selling And Distribution Expenses	(15,206)	(39,616)	(49,837)	(31,202)	(34,561)
Administrative Expenses	(71,353)	(94,458)	(162,677)	(78,232)	(89,899)
Financing Costs	(8,056)	(12,167)	(69,941)	(49,256)	(15,127)
Impairment Loss Recognised In Respect Of Goodwill	(22,515)	Nil	(2,305)	Nil	Nil
Share Of Results Of Associates	(416)	(1,548)	(3,789)	(1,767)	(1,227)
Profit (Loss) Before Taxation	263,855	166,819	254,071	(36,192)	412,904
Income Tax Expenses	(86,268)	(82,552)	(156,550)	(12,123)	(195,537)
Profit (Loss) And Total Comprehensive Income (Loss) For The Year	177,587	84,267	97,521	(48,315)	217,367
Profit (Loss) For The Year Attributable To:					
Shareholders Of The Company	91,094	68,797	84,259	(30,910)	235,650
Minority Interests	86,493	15,470	13,262	(17,405)	(18,283)

	177,587	84,267	97,521	(48,315)	217,367
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