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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 Cayman Islands with limited liability)

(Stock Code: 1777)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE CO-OPERATION AGREEMENT
WITH SHENGYUAN**

THE CAPITAL INCREASE

On 7 November 2019, the Subsidiary, a wholly-owned subsidiary of the Company, entered into the Agreement with Shengyuan and the Project Company, pursuant to which Shengyuan agreed to subscribe for new capital in the Project Company and provide a shareholder's loan at the aggregate consideration of approximately RMB1,380.9 million.

The Project Company is currently an indirect non-wholly owned subsidiary of the Company which is held as to 70% by the Subsidiary and as to 30% by Yushi Property, an independent third party. The Project Company is principally engaged in the development of the property project located in Yushi New Village at Yucui Community in Shenzhen. Upon completion of the Capital Increase and further contribution by Yushi Property, the Project Company will be held as to approximately 35.7%, 34.3% and 30% by the Subsidiary, Shengyuan and Yushi Property, respectively, and will be accounted as a joint venture of the Company.

THE OPTION

Under the terms of the Agreement and subject to completion of the Capital Increase, the Subsidiary has agreed to grant the Option to Shengyuan. Under the terms of the Option, Shengyuan shall have the right to request the Subsidiary to purchase its equity interest in the Project Company at any time after 95% of the properties developed by the Project Company have been sold. The purchase price shall be determined by the parties through consultation based on a valuation on those unsold properties held by the Project Company at the time of exercise of the Option, subject to a cap of RMB 1,500 million. The specific amount shall be subject to the appraised value agreed by both parties at that time.

IMPLICATIONS UNDER THE LISTING RULES

The Capital Increase

The Capital Increase together with the repayment of the loan and accrued interest to the Subsidiary constitutes a deemed disposal by the Company of its interests in the Project Company under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Capital Increase together with the repayment of the loan and accrued interest to the Subsidiary is more than 5% but less than 25%, the Capital Increase together with the repayment of the loan and accrued interest to the Subsidiary constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Option

The exercise right of the Option is vested with Shengyuan. The Option will be treated as if exercised at the time of its grant pursuant to Rule 14.74(1) of the Listing Rules. Given that the applicable percentage ratio in respect of the maximum amount payable by the Subsidiary for the equity interest of the Project Company held by Shengyuan under the Option is more than 5% but less than 25%, the grant of the Option constitutes a discloseable transaction and will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE AGREEMENT

On 7 November 2019, the Subsidiary, Shengyuan and the Project Company entered into the Agreement. The principal terms of the Agreement are summarized below:

The Capital Increase

Shengyuan agreed to subscribe for new capital in the Project Company and provide a shareholder's loan at the aggregate consideration of approximately RMB1,380.9 million.

Of the new capital contributed by Shengyuan to the Project Company, approximately RMB13.45 million will be accounted as registered capital and approximately RMB957.35 million will be accounted as capital reserve. The Subsidiary shall have the sole discretion in the application of the capital reserve.

Subscription price

The subscription price was determined by the parties after arm's length negotiations with reference to the prospect presented by the project being developed by the Project Company in Shenzhen. The subscription price will be contributed by Shengyuan in accordance with the fund requirement and development progress of the project being developed by the Project Company.

Conditions

The Capital Increase is conditional upon the satisfaction of the following conditions:

- (1) all of the transaction documents have been executed and became effective, and the execution of such documents by the parties have complied with their respective internal approval procedures in accordance with their articles of association, applicable laws and the Listing Rules, and the parties having complied with their disclosure obligations (if applicable) and related processes;

- (2) Shengyuan has reasonably determined that there had not been any material adverse effect to the project under development by the Project Company, the Project Company and the Subsidiary; and
- (3) each of the Subsidiary and the Project Company has not been in breach of any of their obligations under the documents executed in relation to the transactions contemplated under the Agreement.

Management of the Project Company

The board of directors of the Project Company upon completion of the Capital Increase will comprise three members, of whom the Subsidiary will have the right to nominate two members and Shengyuan will have the right to nominate one member. Important corporate matters concerning the Project Company, including, without limitation, the determination of business and investment plans, budget and settlement account and compensation for relocation, profit distribution plan, changes in the registered capital and merger and acquisition, will require unanimous approval of all members of the board.

The Subsidiary will be responsible for the day-to-day management of the project development works of the Project Company.

The Option

The Subsidiary has granted the Option to Shengyuan pursuant to which Shengyuan shall have the right to request the Subsidiary to purchase its equity interest in the Project Company at any time after 95% of the properties developed by the Project Company has been sold.

No premium is payable by Shengyuan for the Option.

The purchase price payable by the Subsidiary for the equity interest held by Shengyuan in the Project Company under the Option will be determined by the parties through consultation based on a valuation on the unsold properties held by the Project Company at the time when the Option is exercised, subject to a cap of RMB 1,500 million. The specific amount shall be subject to the appraised value agreed by both parties at that time.

INFORMATION ON THE PROJECT COMPANY

The Project Company was established in October 2013 with a registered capital of RMB20 million. As at the date of this announcement, the Project Company is held as to 70% by the Subsidiary and as to 30% by Yushi Property. The Project Company holds the development right to the land located at Yushi New Village at Yucui Community of Longhua Street Administration Office (龍華街道辦事處玉翠社區) in Shenzhen with an area of approximately 211,820 square meters.

As the project is under development, the Project Company incurred before and after tax losses of approximately RMB50,000 and RMB1,264,000 for the two financial years ended 31 December 2017 and 2018, respectively. The net asset value of the Project Company as at 30 September 2019 was RMB17,129,000.00.

Yushi Property will contribute additional capital to maintain its interest in the Project Company. Upon completion of the Capital Increase and further contribution by Yushi Property, the Project Company will be held as to approximately 35.7%, 34.3% and 30% by the Subsidiary, Shengyuan and Yushi Property, respectively. The Project Company will be accounted as a joint venture of the Company upon Completion.

Subject to final audit, the estimated gain on the capital increase at the consolidated level is expected to be not less than RMB960 million.

INFORMATION ON THE PARTIES

The Company

The Company is a leading property developer and property related service provider in the PRC.

The Subsidiary

The Subsidiary is a wholly-owned subsidiary of the Company and is principally engaged in the business of property development in the PRC.

Shengyuan

Shengyuan has a registered capital of RMB1 million. It is principally engaged in enterprise management consulting, leasing of owned properties, property management and construction project management services. Its controlling shareholder is Shenzhen Shengjun Investment Management Co., Ltd. Both Shengyuan and Shenzhen Shengjun Investment Management Co., Ltd. are companies controlled by Ping An Real Estate Co., Ltd. To the best knowledge of the Directors, having made reasonable enquiry, Shengyuan and its ultimate owners are independent of and not connected with the Company and its connected persons.

Yushi Property

Yushi Property is a company established in the PRC and is principally engaged in the business of property management.

REASONS FOR THE AGREEMENT

The Company believes that the introduction of Shengyuan as a strategic shareholder in the Project Company will enhance future business collaboration opportunities between the Group and Shengyuan.

The Directors (including the independent non-executive Directors) consider that the Agreement was entered under on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Capital Increase

The Capital Increase together with the repayment of the loan and accrued interest to the Subsidiary constitutes a deemed disposal by the Company of its interests in the Project Company under Chapter 14 of the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Capital Increase is more than 5% but less than 25%, the Capital Increase together with the repayment of the loan and accrued interest to the Subsidiary constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Option

The exercise right of the Option is vested with Shengyuan. The Option will be treated as if exercised at the time of its grant pursuant to Rule 14.74(1) of the Listing Rules. Given that the applicable percentage ratio in respect of the maximum amount payable by the Subsidiary for the equity interest of the Project Company held by Shengyuan under the Option is more than 5% but less than 25%, the grant of the Option constitutes a discloseable transaction and will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

Completion of the Agreement is subject to fulfillment of conditions as set out in the paragraph headed “Conditions” in this announcement. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

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| “Agreement” | the agreement dated 7 November 2019 between the Subsidiary, Shengyuan and the Project Company; |
| “Board” | the board of the Company; |

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| “Capital Increase” | the subscription of new capital in the Project Company by Shengyuan, the particulars of which are set out in the paragraph headed “The Capital Increase” in this announcement; |
| “Company” | Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Shengyuan” | 深圳市盛遠企業管理有限公司 (Shenzhen Shengyuan Enterprise Management Co., Ltd.), a limited liability company established in the PRC; a wholly-owned subsidiary of 深圳市盛鈞投資管理有限公司 (Shenzhen Shengjun Investment Management Co., Ltd.) as at the date of this announcement, whose interest is 49% owned by 平安不動產有限公司 (Ping An Real Estate Co., Ltd.) and 51% owned by 深圳平安創科投資管理有限公司 (Ping An Chuangke (Shenzhen) Investment Management Co., Ltd.); |
| “PRC” | the People’s Republic of China; |

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| “Project Company” | 深圳市玉石房地產開發有限公司 (Shenzhen Yushi Property Development Co., Ltd.), a limited liability company established in the PRC; |
| “Option” | the option granted by the Subsidiary to Shengyuan, the particulars of which are set out in the paragraph headed “The Option” in this announcement; |
| “RMB” | Renminbi, the lawful currency of the People’s Republic of China; |
| “Shareholders” | shareholders of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subsidiary” | 深圳市花樣年地產集團有限公司 (Shenzhen Fantasia Property Group Co., Limited), a limited liability company established in the PRC, a wholly-owned subsidiary of the Company; |
| “Yushi Property” | 深圳市玉石物業管理有限公司 (Shenzhen Yushi Property Management Co., Ltd.), a limited liability company established in the PRC; and |
| “%” | per cent. |

By order of the Board
Fantasia Holdings Group Co., Limited
Pan Jun
Chairman

Hong Kong, 7 November 2019

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Ke Kasheng, Mr. Zhang Huiming and Mr. Chen Xinyu; the non-executive Directors are Mr. Li Dong Sheng and Mr. Liao Qian; and the independent non-executive Directors are Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu.