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**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)**

## **SUPPLEMENTAL ANNOUNCEMENT**

### **CONNECTED AND MAJOR TRANSACTION RESTRUCTURING AGREEMENT IN RELATION TO DISPUTE INVOLVING SHARES IN A SUBSIDIARY DELAY IN DESPATCH OF CIRCULAR**

Reference is made to the announcement of the Company dated 2 January 2026 (the “Announcement”) concerning the Dispute and the Restructuring Agreement. Unless otherwise defined, capitalised terms shall have the same meanings as defined in the Announcement. The Company wishes to provide further information on the background leading to the Restructuring Agreement.

# THE RESTRUCTURING AGREEMENT

## Background

### *Before the 2025 RSA*

During the period from June to September 2021, the Company entered into a series of financing transactions with TFISF relating to certain total return swap linked pass-through instruments due 2022 (the “**Instruments**”) which referenced certain bonds of the Group. The initial financing transactions related to the Instruments, resulting in indebtedness of approximately USD96.98 million, provided funding for the Company to refinance other existing indebtedness of the Group. Nonetheless, because of liquidity constraints, the Company was not able to discharge its repayment obligation which in turn necessitated the parties to enter into a number of transaction rearrangement agreements (the 2022 Agreement (as defined below) being the last of those agreements). The transaction rearrangement agreements primarily stipulated the key commercial and economic terms such as, where applicable, the total amount of indebtedness owed (i.e. principal plus accrued interest), the rate of interest and the revised payment schedule. Further particulars of the 2022 Agreement are set out below.

The Dispute arose in late 2021 and concerned, in essence, the Purported Indebtedness (i.e. the amount of the alleged obligations of the Company in connection with each of the Subject Transactions) and the validity and enforceability of the Purported Security (i.e. a general possessory lien and a specific first charge over the Colour Life Shares and any dividends declared in respect of those shares). A fundamental issue in the Dispute was/is whether, as a matter of contractual interpretation, the Purported Indebtedness could properly be construed as having “arisen under” standard account opening documentation, such that TFISF could benefit from the Purported Security. Throughout the Dispute, the Company, in conjunction with its former and current legal advisers, continued to analyse all relevant information and documents concerning the Dispute in order to evaluate the merits and weaknesses of its position and identify potential defects (e.g. a specified charge under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) being void for lack of registration) in the Purported Security.

During September 2022, the Company, TFISF and others entered into the transaction rearrangement agreement concerning all of the Subject Transactions (the “**2022 Agreement**”). Pursuant to the 2022 Agreement: (i) the parties agreed to a revised repayment schedule for the revised principal amount of USD101.85 million (together with accrued interest); (ii) the Company procured the grant of the Existing Security as additional credit support to TFISF; and (iii) the parties reserved their respective positions generally with regard to the matters relating to the Dispute. Owing to the Company’s continuing financial distress, the Company was ultimately unable to discharge in full the outstanding amount as required by the revised payment schedule.

Thereafter, the Company and TFISF were obliged to continue to explore ways to resolve the Dispute. However, this was not possible despite exploring numerous different alternatives. These alternatives included (a) commencing formal legal proceedings (which practically was not viable given the Company’s distressed financial condition), (b) seeking to include any properly payable amounts owed to TFISF in the proposed debt restructuring of the Company in 2023 (which was strongly opposed by TFISF), and (c) disposing of the Colour Life Shares in the open market (which was not plausible given the Colour Life Shares were held by TFISF as the custodian under the Company’s securities account and the Company was not in a position to effect any disposal of the Colour Life Shares without the involvement or cooperation of TFISF).

### ***After the 2025 RSA***

On 1 August 2025, the Company and the *ad hoc group* of noteholders entered into a restructuring support agreement (the “**2025 RSA**”) to support the Proposed Debt Restructuring. The particulars of the Proposed Debt Restructuring are set out in the announcement of the Company dated 4 August 2025. As disclosed in the announcement of the Company dated 3 October 2025, the Company has received strong support for the Proposed Debt Restructuring. Nevertheless, throughout negotiations, TFISF steadfastly maintained with the Company that it would oppose the Proposed Debt Restructuring if any part of the Purported Indebtedness was included for compromise (whether or not TFISF was classified as a putative secured creditor).

During November 2025, the Company received a notice about the Tender to commence an auction process to dispose of up to 29.9% of the issued share capital of Colour Life, which TFISF represented it was entitled to sell by way of enforcement of the Purported Security. The Company objected to the Tender in writing but such objection did not deter TFISF from continuing with the Tender.

For illustration only, even assuming TFISF had been able to sell up to 29.9% of the issued share capital of Colour Life, at or around the prevailing market price of the Colour Life Shares, the net sale proceeds would still significantly fall short of the Purported Indebtedness and, in any event, TFISF would remain an actual or putative secured creditor because of the Purported Security over the remaining Colour Life Shares (which represent approximately 12.05% of the issued share capital of Colour Life as at the date of this announcement).

In early December 2025, the Company was informed that the Tender failed to attract any or sufficient interest from potential investors, albeit that the Company does not have any knowledge or other visibility about any aspect of the Tender process, including whether any one or more bids may have been submitted with indicative pricing. Subsequently, TFISF indicated to the Company (the “**Further Discussions**”) that it remained keen to pursue a disposal of the Colour Life Shares and asked for assistance of the Company to facilitate discussions on a potential disposal to existing Shareholders.

The management team of the Company reached out to an important Shareholder to inquire about whether it would be interested in acquiring the Colour Life Shares, which was met with a lukewarm response. At around the same time, the management team of the Company discussed with Ms. Zeng, the controlling shareholder of the Company, who indicated that, as a last resort, she would consider an acquisition so long as the Company could retain a certain number of Colour Life Shares (being offshore assets of the Company) to support the Proposed Debt Restructuring and operations of the Company.

The Further Discussions re-opened the window for the Company to resume negotiations with TFISF based on advice from its legal advisers that, while there were/are probable defects in certain elements of the Purported Security, commencing legal proceedings (whether to challenge the Purported Security or resist enforcement action or otherwise) would likely entail a protracted and costly litigation process and there was no certainty about the outcome of any such proceedings. Moreover, the legal advisers to the Company had noted that the laws which apply to the Hong Kong Scheme and the Cayman Scheme severely limit the ability of the Company to satisfactorily address all matters concerning the Dispute without jeopardising the Proposed Debt Restructuring, because of the absence of any direct legal precedent in Hong Kong and the novelty of needing to present different factual and legal scenarios (e.g. depending on the projected outcome of the Restructuring Agreement) for scheme creditors to consider and, if necessary, to approve or reject at the scheme meeting. Accordingly, in those circumstances, the Board, having reflected on the best interests of creditors, determined that the most appropriate course of action to adopt would be to resolve the Dispute between the parties as an independent matter distinct and separate from the Proposed Debt Restructuring.

In light of the above, following arm's length negotiations between the Company, TFISF and the Purchaser, the parties entered into the Restructuring Agreement on 2 January 2026, details of which are set out in the Announcement.

### **Implications of the Restructuring Agreement**

The Company wishes to emphasise that the Restructuring Agreement represents a heavily negotiated compromise which is not a simple endorsement of the Purported Security. Otherwise, the Company would not, among other things, be able to retain the Company Shares or novate the New Debt to Sky Ease on the basis of no recourse to the Company. Pursuant to the Restructuring Agreement:

- (a) the Company and TFISF have bilaterally agreed not to challenge or commence any legal proceedings to prevent, delay or frustrate, the exercise of any right or discretion under the Purported Security concerning the disposal or transfer of the beneficial interests in the Sale Shares, the TFI Shares or otherwise the retention of the Company Shares;

- (b) subject to each party having complied with the Restructuring Agreement, TFISF shall not challenge, object or oppose or procure any other person to challenge or oppose the Hong Kong Scheme, the Cayman Scheme or any other transaction relating to it;
- (c) with effect from closing of the Restructuring, any right and obligation accrued under any document in respect of the Subject Transactions, including in respect of the Purported Indebtedness and/or Purported Security, shall be discharged in full; and
- (d) with effect from closing of the Restructuring, any event of default under any Subject Transaction documents which occurred, or is alleged to have occurred, prior to the effective date of the Restructuring Agreement shall be irrevocably and unconditionally waived.

Upon closing of the Restructuring, the Purported Indebtedness will be reduced to the Net Deficiency Amount and novated to Sky Ease, an investment holding subsidiary of the Company, on a non-recourse basis to the Company and other members of the Group (other than the chargor under the Share Pledges (i.e. the same as for the Existing Security) and the shares of the companies subject to the Share Pledges). Whilst the New Debt does not represent a significant discount to the Purported Indebtedness, the Company is not required to provide additional credit support (the Share Pledges are identical to the Existing Security) and the Company is in a better position than under the alternative scenario in which inclusion of the Purported Indebtedness for compromise under the Proposed Debt Restructuring could easily introduce implementation risks and/or possible delays due to strong opposition from TFISF.

As disclosed in the Announcement, each Colour Life Share was valued at HK\$0.087 for the purpose of the Restructuring Agreement, which was determined by reference to the Valuation Report and upon arm's length negotiations between the Company, TFISF and the Purchaser. The Company and TFISF agreed jointly to engage Altus Capital Limited (which is licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the SFO)) to prepare the Valuation Report, which involved comparing Colour Life against similar companies listed on the Stock Exchange, to serve as an objective valuation of the Sale Shares. The Purchaser was not involved in the appointment of the independent valuer.

Although the Colour Life Shares were valued at a discount to the prevailing trading price and the net asset value per Colour Life share for the purpose of the Restructuring Agreement, having considered, among other things, (i) the lack of sufficient interest in the Colour Life Shares in the Tender; (ii) the uncertainty surrounding any legal proceedings that may be commenced in relation to the Dispute and/or the Purported Security generally; (iii) the Valuation Report; (iv) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC; and (v) the uncertainty surrounding the Proposed Debt Restructuring and the potential impact on the operations of Colour Life, the Board (other than members of the Independent Board Committee) was of the view that the Consideration and the Agreed Share Value were fair and reasonable, on normal commercial terms and in the interest of the Company, its creditors and, ultimately, its shareholders as a whole given the circumstances of the Company.

In considering the terms of the Restructuring Agreement, the Board had regard, among other things, to (i) TFISF's strong opposition to being included in the Proposed Debt Restructuring and the related implementation risks that could arise for the Proposed Debt Restructuring, including the likelihood that TFISF would need to be regarded as being both secured and unsecured, and thereby possibly constituting a separate class of scheme creditors (and if so, the prospect of holding out approval to block the Proposed Debt Restructuring, if they so wished, which would be to the detriment of other scheme creditors); (ii) the merits and weaknesses of the parties' respective positions in the Dispute, including arguments for and against the contractual interpretation that the Purported Indebtedness could properly be construed as having "arisen under" standard account opening documentation; (iii) the history of protracted negotiation between the Company and TFISF over the past four years; (iv) the time and costs of commencing legal proceedings with respect to the Dispute and uncertainties associated with any such proceedings; (v) the lack of sufficient interest in the Colour Life Shares in the Tender reflecting the difficulty of disposing of the Colour Life Shares to any third party unrelated to the Company amidst the Dispute and the distressed financial condition of the Company; (vi) the limited recourse and payment terms of the New Debt; (vii) the Company's ability to retain the Company Shares, representing approximately 9.98% of the issued shares of Colour Life; (viii) the financial position of the Company; (ix) the prevailing market conditions and sentiment with regard to the real estate industry in the PRC, which is not expected to record significant growth in the near future; (x) the timetable of the Proposed Debt Restructuring; and (xi) potential consequences if the

Company enters insolvent liquidation should the Proposed Debt Restructuring fail or cannot be implemented in a timely fashion, in which case (A) estimated recoveries to creditors would be very low, and (B) no recovery would be made to Shareholders and the operations of the Group, if continued by the appointed insolvency officeholders, would be highly disrupted. In light of the aforesaid factors, the Board (other than members of the Independent Board Committee) was of the view that the entry into the Restructuring Agreement was commercially rational, fair and reasonable and in the best interests of the Company (having given paramount regard to the interests of creditors) and ultimately its shareholders as a whole given the circumstances of the Company.

## **DELAY IN DESPATCH OF CIRCULAR**

As stated in the Announcement, a circular containing among other things, (i) information on the Restructuring Agreement and the Restructuring; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders; (iii) a letter from the Independent Board Committee in relation to the Restructuring Agreement and the Restructuring; (iv) the Valuation Report; and (v) the notice convening the EGM will be dispatched to the Shareholders. As additional time is required to prepare and finalise certain information to be included in the circular, the circular will be dispatched to the Shareholders on or around 28 February 2026.

**Shareholders and potential investors of the Company should note that the Restructuring is subject to the satisfaction or waiver of certain conditions. Accordingly, the Restructuring may or may not proceed. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company. When in doubt, shareholders and other investors are advised to seek professional advice from their own professional or financial advisers.**

In case of any discrepancy between the English version and the Chinese version of this announcement, the English version shall prevail.

By order of the Board

**Fantasia Holdings Group Co., Limited**

**CHENG Jianli**

*Chairman*

Hong Kong, 6 February 2026

*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. Leung Yiu Cho, Mr. Guo Shaomu and Mr. Ma Yu-heng.*