



花样年
FANTASIA

针对花样年商业模式创新的调性定位 有趣

针对花样年商业品牌独特的调性定位 有味

针对花样年商业模式内涵丰富的调性定位 有料

晋阳 (局部) | 苏笑柏 | 2017 | 油彩、漆、麻、乳化剂、木 | 183×155×19 cm | ©苏笑柏

有力 / 有戏 / 有价值

Fantasia Holdings Group Co., Limited

Investor Presentation

March 2023



Restructuring Framework

- The scope of the Proposed Restructuring via Schemes of Arrangement will include the following:
 - The outstanding principal amount of the Existing Notes issued by Fantasia Holdings Group Co., Limited (the “**Company**”) (the “**Existing Notes**”)
 - The outstanding principal amount of certain other offshore financial indebtedness of the Company or any of its subsidiaries (the “Additional Existing Debt Instruments” and, together with the Existing Notes, the “**Existing Debt Instruments**”)
 - Total accrued and unpaid interest up to 31 Dec 2022
- Ms. Zeng Jie Baby (the “**Controlling Shareholder**”) and Gortune Alternative Fund Management (Zhuhai Hengqin) Co., Ltd. (“**Gortune**”) (and/or other parties) will provide Initial New Money of USD 15m and USD 100m, respectively, as part of the Proposed Restructuring
- Scheme Creditors shall receive the following Restructuring Considerations:
 - 1) **Mandatory Debt to Equity Swap**: an aggregate amount of USD 1,300m of principal and interest ⁽¹⁾ of the Existing Debt Instruments shall be converted on a pro rata basis to all Scheme Creditors into newly issued ordinary shares of the Company; Scheme Creditors shall in aggregate hold over 50% of the equity interest in the Company immediately after the Proposed Restructuring
 - 2) **Buyback**: after the Debt to Equity Swap, Scheme Creditors have the option to participate in a discounted buyback of the Existing Debt Instruments conducted by the Company via a reverse Dutch auction tender offer or other redemption or purchase in cash at a purchase price capped at 15 cents; the Buyback shall be funded by the Initial New Money
 - 3) **New Notes**: each Scheme Creditor’s remaining claims after the Debt to Equity Swap and the Buyback shall be converted into 8 tranches of New Notes on a pro rata basis. The New Notes will mature between Dec 2024 and Jun 2029 with cash interest rates of 5-8% and PIK interest at 2% higher than the cash interest rates (detailed terms on p.10). The aggregate principal amount of New Notes shall be equal to the outstanding principal and accrued interest⁽¹⁾ of the Existing Debt Instruments netting off the amount of claims converted in the Debt to Equity Swap (i.e. USD 1,300m) and 60%⁽²⁾ of the amount of debt purchased through the Buyback (to the extent applicable)
 - 4) **Consent Fee**: Participating Creditors are entitled to receive Consent Fee⁽³⁾ in cash equal to 0.1% of Existing Debt Instrument principal amount

Note: Defined terms have the same meaning as in the Term Sheet; In the event of any inconsistencies between this document and the Term Sheet, the provisions of the Term Sheet shall prevail

(1) Unpaid interest of the Existing Debt Instruments shall be accrued up to 31 Dec 2022 (2) Upon consummation of the Buyback, 60% in aggregate principal amount of the Existing Debt Instruments redeemed or purchased through the Buyback shall be cancelled. Please refer to the section “Application of New Money” in the term sheet (3) Calculated on the principal amount submitted by the Participating Creditors



Illustrative Transaction Structure for Scheme Creditors

- The Proposed Restructuring allows the Company to achieve a long-term, sustainable capital structure to de-risk operations and unlock value for all stakeholders while providing it with sufficient time to repay its obligations in a responsible and orderly fashion

Existing Debt Instruments

Existing Notes: principal and accrued interest ⁽¹⁾ of 13 tranches of USD Notes issued by the Company

Additional Existing Debt Instruments: principal and accrued interest ⁽¹⁾ of other offshore debt obligations to be restructured via the Schemes

Restructuring Framework

Debt to Equity Swap of USD 1,300m of principal and accrued interest ⁽¹⁾ of the Existing Debt Instruments

Buyback with purchase price capped at 15 cents

Remaining Existing Debt Instruments claim (including accrued interest ⁽¹⁾ but waiving any default interest or other special interest or fees) to be converted into the New Notes

Restructuring Consideration

Creditors receive over 50% of the total equity interest in the Company

Debt to Equity Swap and Buyback to deleverage the balance sheet

New Notes (pro-rated among the 8 tranches of the New Notes)

Consent Fee in Cash

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(1) Unpaid interest of the Existing Debt Instruments shall be accrued up to 31 Dec 2022



Transaction Highlights

- 1 The Company will be able to achieve significant deleveraging and attain a sustainable capital structure through the Debt to Equity Swap while the Scheme Creditors benefit from potential equity upside
- 2 USD 115m of Initial New Money to be provided on closing will be used to further optimize the Company's capital structure and to fund further deleveraging events via a reverse Dutch auction and provide credit exit opportunities for Scheme Creditors
- 3 The remaining Existing Debt Instruments will be exchanged into New Notes with maturity extended by 2 to 6.5 years from Dec 2022, providing a 2-year breathing room for the Company to stabilize and improve its operations
- 4 Other restructuring terms such as Information Rights, Governance and Auditor requirement, among others, will better protect the interests of Scheme Creditors
- 5 One of the first major Debt to Equity Swap transaction in the China real estate space since the market downturn in 2021
- 6 The Debt to Equity Swap realigns interest between various parties and creates long-term partnership between the holders of the Existing Debt Instruments and Controlling Shareholder as the Company manages its turnaround
- 7 Provide certainty and stability to onshore stakeholders that a long-term solution to the offshore capital structure has been attained

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Key Restructuring Terms (1/5)

For ease of reference, below is a summary of certain key terms of the Term Sheet. Detailed terms and clarifications are provided in the Scheme Documents, which should serve as the main basis of reference

Summary of Terms	
Scope of the Restructuring	<ul style="list-style-type: none"> ■ The scope of the Proposed Restructuring via Schemes of Arrangement will include the following: <ul style="list-style-type: none"> ■ 13 tranches of pari passu USD Notes issued by the Company ■ Certain other offshore financial indebtedness of the Company or any subsidiary of the Company
Scheme Creditors' Claims	<ul style="list-style-type: none"> ■ The Scheme Creditors' Claims shall comprise: <ul style="list-style-type: none"> ■ The outstanding principal amount of the Existing Notes held by the Scheme Creditors at the Record Time; ■ The outstanding principal amount of the Additional Existing Debt Instruments held by the Scheme Creditors at the Record Time; and ■ All accrued and unpaid interest (except for any default interest or other special interest or fees) on such Existing Debt Instruments up to 31 Dec 2022
Initial New Money	<ul style="list-style-type: none"> ■ The Company shall procure Gortune Alternative Fund Management (Zhuhai Hengqin) Co., Ltd. ("Gortune") and/or other parties (if applicable) to inject USD 100,000,000 into the Company through a debt instrument to be ranked senior to the Existing Notes and the New Notes and secured by certain onshore assets other than the assets listed in the Schedule 2 of the Term Sheet (the "Super Senior Debt") ■ Ms. Zeng Jie Baby ("Controlling Shareholder") and/or other parties (as the case may be) shall, directly or indirectly, inject or procure an injection of USD 15,000,000 into the Company through an unsecured debt instrument with no fixed maturity date and a reasonable interest rate (which shall be within the range of 5% to 8% per annum) to be subordinated to the Existing Notes and the New Notes (the "Subordinated Debt") and together with the Super Senior Debt, the ("Initial New Money"), provided that interest may be paid on the Subordinated Debt in cash only if the Company has paid in cash all cash interest due to the holders of the New Notes

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Key Restructuring Terms (2/5)

Summary of Terms

Application of Initial New Money

- The Company shall apply the Initial New Money in the following order:
 - USD 25,000,000 shall be reserved to fund the Fees and Expenses
 - The remaining Initial New Money shall be used to fund a reverse Dutch auction tender offer or otherwise to redeem or purchase in cash the Existing Debt Instruments (“**Buyback**”) at a purchase price of no more than 15% of the principal amount of the Existing Debt Instruments so purchased (the “**Price Cap**”). The Buyback shall be offered to all Scheme Creditors on equal terms

Additional New Money

- The Company shall use best efforts to seek (but is not obliged to obtain) additional new money of USD 100,000,000 through financing or disposal of certain assets other than the assets listed in Schedule 2 of the Term Sheet. Any Additional New Money raised through debt financing provided by any Person who is not an Affiliate of the Company shall rank senior to the Existing Notes and the New Notes and pari passu with the Super Senior Debt (the “**Additional Super Senior Debt**”)
- The terms of the Additional Super Senior Debt shall satisfy the following conditions (whether incurred before, on or after the Restructuring Effective Date (“**RED**”)):
 - Interest rate: no more than the cap on the private lending rate under PRC law (which, as of the date hereof, is no more than 4 times the latest 5-year loan prime rate (贷款市场报价利率) published by the People’s Bank of China);
 - Maturity: no amortization or principal repayment within one year from the RED;
 - Ranking: not senior to the Super Senior Debt; and
 - Source of repayment: shall not be repaid using any proceeds from any Specified Asset Sale

Application of Additional New Money

- The Company shall apply the Additional New Money (if applicable) in the following order:
 - USD 15,000,000 to repay the unsecured debt instrument from the Controlling Shareholder, provided that USD 100,000,000 of the Additional New Money is raised by the Company; and
 - USD 85,000,000 to redeem or purchase in cash, on a pro rata basis (unless such redemption or purchase is conducted through a tender offer or other method where the amount to be redeemed or purchased cannot be prorated), the Existing Debt Instruments or the New Notes (as the case may be), details of which shall be separately agreed between the Company and the Ad Hoc Group (the “**Additional Buyback**”), provided that (i) the Company shall use best efforts to use this portion of Additional New Money to fund the Additional Buyback prior to the RED if the Company obtains such Additional New Money prior to the RED, and (ii) the Additional Buyback shall be offered to all holders of the Existing Debt Instruments or the New Notes (if applicable) on equal terms

Note: Defined terms have the same meaning as in the Term Sheet; In the event of any inconsistencies between this document and the Term Sheet, the provisions of the Term Sheet shall prevail



Key Restructuring Terms (3/5)

Summary of Terms

Debt to Equity Swap

- An aggregate amount of USD 1,300,000,000 of principal and interest (up to 31 Dec 2022) in respect of the Existing Debt Instruments (including, among others, any Existing Debt Instruments that may be redeemed or purchased under the Buyback or the Additional Buyback) shall be converted, on a pro rata basis to all Scheme Creditors, into newly issued ordinary shares of the Company (the “**Noteholder Shares**”)
- The Company and the Ad Hoc Group shall agree an alternative structure (“**Alternative Structure**”) for holders of the Existing Debt Instruments to hold Noteholder Shares, which potentially involves the issuance of debt instruments that closely reflect the economics of the Noteholder Shares (the “**Debt Instruments**”)
- All outstanding shareholder loans and accrued interest (including default interest) up to 31 Dec 2022 owed to the Controlling Shareholder and its affiliates (the “**Shareholder Loans**”) shall be converted into newly issued ordinary shares of the Company (the “**Controlling Shareholder Shares**,” and together with the Noteholder Shares, the “**New Shares**”)
- Notwithstanding the foregoing, the Controlling Shareholder shall legally and beneficially hold, directly or indirectly, at least a 45% equity interest in the Company immediately after the Proposed Restructuring; and the holders of the Existing Debt Instruments (for the avoidance of doubt, excluding the Company or Gortune or any of their respective Affiliates) shall hold, in aggregate, at least 52.6% of the total equity interest in the Company immediately after the Proposed Restructuring, provided that the holders of the Existing Debt Instruments shall not enter into any agreements or arrangement which will make such holders be regarded as “acting in concert” for the purposes of the Hong Kong Code on Takeovers and Mergers
- The consummation of the Debt to Equity Swap will be subject to, among others, the applicable requirements of the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Stock Exchange’s approvals for the listing of and permission to deal in the New Shares

Restructuring Consideration

- The Restructuring Consideration for each Scheme Creditor will comprise:
 - The Noteholder Shares issued and allocated to such Scheme Creditor pursuant to the Debt to Equity Swap, provided that such Scheme Creditor shall have the option to waive the receipt of the Noteholder Shares to which it is entitled pursuant to the Debt to Equity Swap (the “**Opt-out Option**”), with such Noteholder Shares being allocated to the other Scheme Creditors on a pro rata basis
 - New Notes (pro-rated among the eight tranches of the New Notes) in an aggregate principal amount equal to the Scheme Creditors’ Claims of such Scheme Creditor, minus any amount converted into Noteholder Shares pursuant to the Debt to Equity Swap, to be issued on the RED

Note: Defined terms have the same meaning as in the Term Sheet; In the event of any inconsistencies between this document and the Term Sheet, the provisions of the Term Sheet shall prevail



Key Restructuring Terms (4/5) – New Notes

Summary of Terms

Issuer	<ul style="list-style-type: none"> Fantasia Holdings Group Co., Limited, an exempted company incorporated in the Cayman Islands with limited liability
Original Issue Date	<ul style="list-style-type: none"> The RED
Guarantees	<ul style="list-style-type: none"> Guarantees of the New Notes by the Subsidiary Guarantors
Collateral	<ul style="list-style-type: none"> Pledges of the same shares as pledged for the Existing Notes, plus a share pledge over shares of Colour Life Services Group Co., Limited held by the Company that are not otherwise encumbered or in dispute arising from or in connection with the TFI Debt
Interest Payment	<ul style="list-style-type: none"> From 31 Dec 2022 to 30 Jun 2023: interest shall be paid in kind From 30 Jun 2023 to 31 Dec 2023: interest in an amount equal to at least 0.5% (or 1.0% per annum) of the outstanding principal amount of each tranche of the New Notes shall be paid in cash; the remaining portion of interest may be paid in cash or in kind, at the election of the Company; For the second year after 31 Dec 2022: interest in an amount equal to at least 3.0% per annum of the outstanding principal amount of each tranche of the New Notes shall be paid in cash; the remaining portion of interest may be paid in cash or in kind, at the election of the Company; and Starting from the third year after 31 Dec 2022: interest shall be paid in cash

	Principal Amount (USDm)	Maturity	Interest Rate (Cash / PIK)
Tranche A	200	31 Dec 24	5.00% / 7.00%
Tranche B	200	31 Dec 25	5.25% / 7.25%
Tranche C	300	31 Dec 26	5.50% / 7.50%
Tranche D	400	30 Jun 27	6.00% / 8.00%
Tranche E	500	31 Dec 27	6.50% / 8.50%
Tranche F	500	30 Jun 28	7.00% / 9.00%
Tranche G	50%*(New Notes Aggregate Amount – sum of original principal of Tranche A-F)	31 Dec 28	7.50% / 9.50%
Tranche H	50%*(New Notes Aggregate Amount – sum of original principal of Tranche A-F)	30 Jun 29	8.00% / 10.00%

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Key Restructuring Terms (5/5) – New Notes

Summary of Terms

Cash Sweep

- Upon consummation of the sale of any asset listed in Schedule 2 of the Term Sheet (“**Specified Asset Sale**”), an amount equal to 40% of the Net Consideration shall be used for the repayment and/or repurchase of the New Notes (the “**Cash Sweep**”). The Company shall consummate a Cash Sweep within 90 days after each Specified Asset Sale (subject to the proviso in the following paragraph). For the avoidance of doubt, any Specified Asset Sale consummated prior to the RED shall also be subject to the Cash Sweep
- If the Company is prohibited by applicable laws, rules or regulations, government policies or implementation or other governmental measures from so using such Net Consideration (the “**Government Prohibitions**”) despite using best efforts, the Company shall use other cash on hand (be it onshore or offshore) in an amount equal to 40% of the Net Consideration (the “**Alternative Funding**”) to consummate the Cash Sweep, provided that the Company shall be required to consummate the Cash Sweep using Alternative Funding (i) promptly after the aggregate amount of the 40% of the Net Consideration derived from the Specified Asset Sales subject to the Government Prohibitions (despite the Company’s best efforts) first exceeds USD 150m; and (ii) promptly after each subsequent Specified Asset Sale subject to Government Prohibitions (despite the Company’s best efforts).
- At any time an amount equal to 40% of the Net Consideration of any Specified Asset Sale has not been used for the Cash Sweep, the Company shall be prohibited from (i) using the Net Consideration for purposes other than required by applicable laws, government policies, etc., or (ii) making dividends or certain other types of Restricted Payments and Permitted Investments in the New Notes Indentures
- The Company shall consummate the Specified Asset Sale as soon as commercially practicable. All New Notes thus repurchased shall be cancelled as soon as reasonably practicable
- “**Net Consideration**” means the net of: consideration of any Specified Asset Sale minus (i) brokerage commissions and other fees / expenses , (ii) taxes, (iii) repayment of outstanding debt / obligations secured by the asset sold or required to be paid as a result of such sale, and (iv) reserves against liabilities associated with the sale (employee benefits, environmental matters, etc.)

Amendments with Consent of Holders

- Any modification, amendment or waiver requiring the consent of each Holder affected thereby under the Existing Notes shall be amended to require the consent of the Holders of not less than 85% in aggregate principal amount of the outstanding New Notes of the relevant tranche

Listing

- Application will be made by the Company for the listing and quotation of the New Notes on the Singapore Exchange (SGX)

Jurisdiction

- New York Law (same as the Existing Notes)

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Next Steps

- A Participating Creditor who validly holds Eligible Participating Debt (as defined in the RSA) as at the Consent Fee Deadline and still holds such Eligible Participating Debt at the Record Time (as defined in the RSA) will receive the Consent Fee in an amount equal to 0.1% of the principal amount submitted by the Participating Creditors (or the Final Participating Debt (as defined in the RSA) in the case of Additional Debt Instruments)
 - Consent Fee Deadline: 5:00 p.m. 25 April 2023 (Hong Kong time) or any such later date and time as the Company may notify
 - Website: Please visit <https://projects.morrowsodali.com/fantasia> for a copy of the RSA
- Creditors can contact the Company's financial advisor Houlihan Lokey and legal advisor Sidley Austin for questions regarding the Proposed Restructuring; and the Information Agent Morrow Sodali for questions regarding the Schemes / RSA process

Financial Advisor to the Company



Houlihan Lokey (China) Limited

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Legal Advisor to the Company



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Note: Defined terms have the same meaning as in the Term Sheet; In the event of any inconsistencies between this document and the Term Sheet, the provisions of the Term Sheet shall prevail

(1) AHG refers to an Ad Hoc Group of holders of the Existing Notes



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CREATING VALUE WITH ASPIRATIONS.