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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)

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

THE TRANSACTION

On 14 December 2020, the Company, the Subsidiary and the Project Company entered into the Agreement with ZRITC, pursuant to which ZRITC agreed to acquire from the Subsidiary 70% of the equity interest in the Project Company for RMB800 million.

The Project Company is currently an indirect non-wholly owned subsidiary of the Company which is held as to 81% by the Subsidiary and as to 19% by Shenzhen Guandi, an independent third party. The Project Company is principally engaged in the development of the property project located at the Kuifeng Community in Kuichong Subdistrict at north of Dapeng New District in Eastern Shenzhen. Upon completion of the Transaction, the Project Company will be held as to approximately 11%, 70% and 19% by the Subsidiary, ZRITC and Shenzhen Guandi, respectively, and equity accounting will be adopted by the Group regarding the 11% equity interest in the Project Company.

Under the terms of the Transaction, the Subsidiary will remain responsible for the day-to-day operation of the Project Company, including project development and sales.

IMPLICATIONS UNDER THE LISTING RULES

The transfer of the 70% equity interest in the Project Company to ZRITC constitutes a 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 transfer is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE TRANSACTION

On 14 December 2020, the Company, the Subsidiary and the Project Company entered into the Agreement. The principal terms of the Agreement are summarized below:

Subject matter

ZRITC agreed to acquire from the Subsidiary 70% of the equity interest in the Project Company for RMB800 million.

Consideration

The consideration is RMB800 million. It 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.

Conditions

Completion of the Transaction is conditional upon the satisfaction of the following conditions:

- (1) the trust used for investing in the Project Company has been effectively established and the trust has successfully raised the necessary fund for the investment; all the documents for the Transaction have been duly signed and notarized and have become effective;
- (2) the Project Company has obtained settlement certificates and other documents on the repayment of principal and interests for financing that the Project Company has entered into prior to the Agreement, and the relevant registration procedures for industrial and commerce have been completed;

- (3) the charges on the interest in the Project Company have been released;
- (4) ZRITC has obtained the approval of the shareholders of the Project Company with respect to the Transaction;
- (5) ZRITC has obtained the bank confirmations on the Subsidiary, the Project Company and other related parties confirming the information on the Subsidiary, the Project Company and the other related parties disclosed;
- (6) the parties under the transaction documents have obtained all necessary authorizations, consents, approvals, permits or other actions (including but not limited to shareholders' approvals, board resolutions) for signing and performing the transaction documents;
- (7) the industrial and commerce registration of the transfer of the Subsidiary's 70% equity interest in the Project Company has been completed and the capital contribution certificate has been issued;
- (8) the registered capital which is the subject of the Transaction has been contributed and the corresponding payment certificates have been provided to ZRITC;
- (9) the parties have signed the new articles of association of the Project Company, and all parties have cooperated with ZRITC to appoint directors and supervisors of the Project Company;
- (10) the other shareholder of the Project Company has issued written confirmation indicating that it agreed to the transfer of the relevant equity to ZRITC and has waived its right of first refusal;
- (11) ZRITC and the Project Company have completed all corresponding procedures in relation to completion in accordance with the provisions of the Agreement;
- (12) the completion documents stipulated in the Agreement have been delivered to ZRITC on or prior to completion;
- (13) the Subsidiary has fully disclosed to ZRITC the business, operation, assets, and debts of the Project Company;

- (14) there have not been any material adverse changes to the Project Company's business, operations, assets, and debts;
- (15) the Subsidiary has not been in breach of any of its obligations or undertakings under the Agreement, and the representations made by the Subsidiary under the Agreement remaining true, accurate and complete; and
- (16) there have not been any changes to relevant laws, regulations, and regulatory policies (including guidance from regulatory authorities) that would have a significant adverse impact on the Transaction.

Management of the Project Company

Certain corporate matters of the Project Company, including without limitation, (i) the determination of the business and investment plans of the Project Company, (ii) approval of the Project Company's annual budget and its amendments, (iii) changes in the registered capital of the Project Company, (iv) the issue of debt instrument, (v) mergers and acquisitions and diversification, and liquidation, and (vi) the establishment of subsidiary or joint venture or external investments, will require unanimous consent from the Subsidiary and ZRITC.

Upon completion of the Transaction, the board of directors of the Project Company will comprise three directors, of whom each of the Subsidiary, ZRITC and Shenzhen Guandi will have the right to nominate one director. Resolutions of the board of directors will require approval from two-third of the directors, and certain reserved matters concerning the Project Company will require approval from the director nominated by ZRITC:

The Subsidiary will remain responsible for the day-to-day operation of the Project Company, including project development and sales.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a limited liability company established in the PRC and has a registered capital of RMB10 million. As at the date of the Agreement, the Project Company was held as to 81% by the Subsidiary and as to 19% by Shenzhen Guandi. The Project Company is involved in the development of the property project located at the Kuifeng Community in Kuichong Subdistrict at north of Dapeng New District in Eastern Shenzhen (深圳市東部大鵬新區北端葵涌街道葵豐社區) with an total site area of approximately 216,658 square meters.

The financial results of the Project Company for the two years ended 31 December 2019 are as follows:

	For the year ended	
	31 December	
	2018	2019
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss/(profit) before tax	3,995	(215)
Net loss/(profit) after tax	3,995	(215)

The net asset value of the Project Company as at 30 November 2020 was RMB162 million.

Upon completion of the Transaction, the Project Company will be held as to approximately 11%, 70% and 19% by the Subsidiary, ZRITC and Shenzhen Guandi, respectively, and equity accounting will be adopted by the Group regarding the 11% equity interest in the Project Company.

Subject to final audit, the Company currently estimates that the gain on disposal will not be less than approximately RMB687 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.

ZRITC

ZRITC was established in 1993 and is a financial institution approved and regulated by the CBIRC. ZRITC is principally engaged in the business of trust and asset management and the provision of related financial services. It is a leading trust company in the PRC and has asset under management of over RMB850 billion. In accordance with the annual report of ZRITC for the year ended 31 December 2019, the controlling shareholder of ZRITC is 經緯紡織機械股份有限公司 (Jingwei Textile Machinery Co., Ltd.), a machinery manufacturer in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000666). To the best knowledge of the Directors, having made reasonable enquiry, each of ZRITC and its ultimate beneficial shareholders is independent of and not connected with the Company and its connected persons.

Shenzhen Guandi

Shenzhen Guandi is a limited liability company established in the PRC. It is principally engaged in the business of property development. Shenzhen Guandi is owned as to 90% by 覃超雄 (Qin Chaoxiong) and as to 10% by 張澤璇 (Zhang Zexuan). To the best knowledge of the Directors, having made reasonable enquiry, each of Shenzhen Guandi and its ultimate beneficial shareholders is independent of and not connected with the Company and its connected persons.

REASONS FOR THE TRANSACTION

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

The board of the Company considers that the Transaction was entered under on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The transfer of the 70% equity interest in the Project Company to ZRITC constitutes a 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 transfer is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

Completion of the Transaction 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:

“Agreement”	the agreement dated 14 December 2020 between the Company, the Subsidiary, the Project Company and ZRITC;
“CBIRC”	中國銀行保險監督管理委員會 (China Banking and Insurance Regulatory Commission);
“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;
“PRC”	the People’s Republic of China;
“Project Company”	深圳市金地盈投資有限公司 (Shenzhen Jindiying Investment Co., Ltd.), a limited liability company established in the PRC;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shenzhen Guandi”	深圳市冠地控股有限公司 (Shenzhen Guandi Holdings Co., Ltd.), a limited liability company established in the PRC, the other shareholder in the Project 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;
“Transaction”	the acquisition of 70% equity interest in the Project Company by ZRITC, the particulars of which are set out in the paragraph headed “The Transaction” in this announcement;
“ZRITC”	中融國際信託有限公司 (Zhongrong International Trust Co., Ltd.), a financial institute registered in the PRC; and
“%”	per cent.

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

Hong Kong, 14 December 2020

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; and the independent non-executive Directors are Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu.