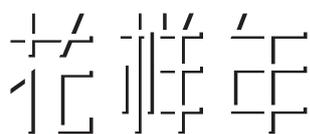


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FANTASIA

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)

MAJOR TRANSACTION DISPOSAL OF PROJECT COMPANY

THE DISPOSAL

On 19 May 2022, the First Vendor, the Second Vendor and the Third Vendor entered into the Agreements with the Purchaser under which the First Vendor and the Second Vendor agreed to sell the Sale Shares, representing 51% of the registered capital of the Project Company, and the Third Vendor agreed to assign the rights to the Sale Debt, to the Purchaser for an aggregate consideration of RMB760,557,004.

The Project Company is a property development company and holds the Project, a residential property development in Shaoxing, Zhejiang Province. Upon completion of the Disposal, the Group will cease to have any interest in the Project Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the Shareholders' approval requirement under Chapter 14 of the Listing Rules. As no Shareholder is interested in the transaction and is required to abstain from voting at the Shareholders' meeting, the Disposal has been approved by the written approval of Fantasy Pearl, a Shareholder holding approximately 57.41% of the issued share capital of the Company, pursuant to Rule 14.44 of the Listing Rules and is exempted from convening a Shareholders' meeting for the approval of the Disposal.

THE DISPOSAL

On 19 May 2022, the First Vendor, the Second Vendor and the Third Vendor entered into the Agreements with the Purchaser in relation to the Disposal. The salient terms of the Disposal are summarized below:

Subject matter

The First Vendor and the Second Vendor agreed to sell the Sale Shares, representing an aggregate of 51% of the registered capital of the Project Company, to the Purchaser. The Third Vendor agreed to assign the rights to the Sale Debt to the Purchaser.

Consideration

The aggregate consideration for the Disposal is RMB760,557,004, which comprises (i) RMB408,000,000 for the sale of the Sale Shares, and (ii) RMB352,557,004 for the assignment of the Sale Debt.

The consideration was determined after arm's length negotiations between the parties with reference to the contribution to the registered capital of the Project Company and the principal amount of the sum and the accrued interest owed by the Project Company to the Group as at 20 April 2022.

The consideration for the sale of the Sale Shares will be payable by the Purchaser as to (1) RMB392,000,000 to the First Vendor, and (2) RMB16,000,000 to the Second Vendor. The consideration will be payable in the following manner:

- (a) the first installment of RMB5,000,000, will be payable by the Purchaser within 3 business days of the establishment of the jointly control bank account to be opened by the parties for the purpose of the transaction (the "**Joint Account**"); such sum will be released to the Vendors within 2 business days after completion of the registration of the transfer of the Sale Shares;
- (b) the second installment, being RMB403,000,000, will be payable to the Joint Account within 3 business days of the receipt by the Purchaser of the notice from the Vendors of completing the preparation work for registering the transfer of the Sale Shares; such sum will be released to the Vendors within 2 business days after completion of the registration of the transfer of the Sale Shares; and

- (c) the amount of the Sale Debt will be payable by the Purchaser and the Project Company within 10 business days of completion of the registration of the transfer of the Sale Shares.

Conditions

Completion of the Disposal is conditional upon, among others:

- (i) the Purchaser having obtained its internal approval for the transactions contemplated under the Agreements, and the supervising unit of CCCG Real Estate Group Co., Ltd., the controlling shareholder of the Purchaser, having approved the transactions contemplated under the Agreements;
- (ii) there is no undisclosed, concealed or potential disputes, lawsuits, claims, seizures, arbitrations, penalties, administrative procedures or enforcement actions concerning the Project Company and its assets, including the land for the Project, or the existence of any other threats in relation thereto;
- (iii) the Sale Shares are not subject to any transfer restriction, and the First Vendor and the Second Vendor have the right to transfer the Sale Shares; there does not exist any circumstances that the Vendors have withdrawn or made false contribution to the capital of the Project Company and the Sale Shares are not subject to any encumbrances;
- (iv) the Vendors having fulfilled their obligations under the Agreements;
- (v) save as disclosed under the Agreements, the Project Company and all assets, including the land, do not have any guarantee, mortgage, pledge, common benefit rights, and there is no penalty, freezing, or sealing up of such assets by any administrative organisations, and there are no existing or potential claims and debt disputes;
- (vi) except as disclosed in the Agreements, the Project Company does not have any external borrowings;
- (vii) the Project Company and the Vendors having obtained all necessary approvals, authorizations, licenses, registrations, filings, procedures, formalities or have delivered all transaction documents to the Purchaser, including without limitation, the Agreements, shareholders' agreement (if any), articles of association, and resolutions;

(viii) the Purchaser is satisfied with the due diligence results on the Project Company; and

(ix) there is no (and no event to suggest) attempt by any party to limit the transfer of the Sale Shares.

The Purchaser may waive the conditions precedent if the reason for the non-satisfaction of such conditions precedent is not due to the default of the Vendors.

INFORMATION ON THE PROJECT COMPANY

The Project Company is a limited liability company established in the PRC on 22 May 2020. It is owned as to 49% by the Purchaser, as to 49% by the First Vendor and as to 2% by the Second Vendor. The Project Company is currently being accounted as a subsidiary of the Company.

The principal business of the Project Company is the development of a residential property development located at Yuecheng District, Shaoxing (紹興市越城區), Zhejiang Province, the PRC (the “**Project**”). The Project has a site area of approximately 197,225.3 sq.m., including riverway of not less than 8,847 sq.m.

Set out below is the financial information of the Project Company for the two years ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

| | For the year ended | |
|--------------------------|---------------------------|----------------|
| | 31 December | |
| | 2020 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (audited) | (audited) |
| Net loss before taxation | 6,539 | 20,347 |
| Net loss after taxation | 4,934 | 15,305 |

The audited net asset value of the Project Company as at 31 December 2021 was approximately RMB779,761,000.

Subject to final audit, it is expected that the Group will realise a loss on disposal of approximately RMB96.8 million, which is calculated by reference to the carrying value of the Project Company as at 31 December 2021. The proceeds from the Disposal are currently intended to be used as general working capital for the daily operation of the Group and for “guaranteeing the delivery of properties of the Group, protecting the interests of the home buyers livelihood and maintaining stability of the Group”.

Upon completion of the Disposal, the Group will no longer have any interest in the Project Company.

REASONS FOR THE DISPOSAL

Reference is made to the announcement of the Company dated 26 October 2021 and 9 November 2021 in relation to the measures to be adopted by the Company to ease its liquidity issue. The Disposal is one of the measures being implemented by the Company to ease its liquidity issue.

Given that the consideration of the Disposal was determined after arm’s length negotiations between the parties with reference to the contribution to the registered capital of the Project Company and the principal amount of the sum and the accrued interest owed by the Project Company to the Group as at 20 April 2022 and the Disposal was being carried out on normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and all the stakeholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the Shareholders’ approval requirement under Chapter 14 of the Listing Rules. As no Shareholder is interested in the transaction and is required to abstain from voting at the Shareholders’ meeting, the Disposal has been approved by the written approval of Fantasy Pearl, a Shareholder holding 3,314,090,500 Shares, representing approximately 57.41% of the issued share capital of the Company, pursuant to Rule 14.44 of the Listing Rules and is exempted from convening a Shareholders’ meeting for the approval of the Disposal.

As the Company expects that it will require more than 15 business days to collate the information to be included in the circular, including the indebtedness statement of the Company, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Further announcement will be made by the Company in respect of the despatch date of the circular.

INFORMATION ON THE PARTIES

The Company

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1777). The Group is principally engaged in (i) property development, (ii) lease of investment properties, (iii) provision of property operation services, (iv) provision of hotel accommodation services, and (v) property management and other related services.

The First Vendor

The First Vendor is a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company. The First Vendor is principally engaged in investment holding.

The Second Vendor

The Second Vendor is a limited liability company established in the PRC and is principally engaged in the business of investment holding. The Second Vendor is owned as to 50% each by Hu Jing and Zhou Shao Lei.

To the best knowledge of the Directors, having made reasonable enquiry, the Second Vendor and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

The Third Vendor

The Third Vendor is a limited liability company established in the PRC and is principally engaged in the business of property development. It is an indirect wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser is a limited liability company established in the PRC and is principally engaged in the business of property development. It is a subsidiary of CCCG Real Estate Group Co. Ltd. CCCG Real Estate Group Co., Ltd. is a super-large State-owned enterprise directly under the State-owned Assets Supervision and Administration Commission of the State Council. It is principally engaged in the business of real estate development.

As at the date of the Agreements, the Purchaser was interested in 49% of the equity interests in the Project Company. As the Project Company is accounted as a subsidiary of the Company, the Purchaser is a substantial shareholder of a subsidiary of the Company. As the total assets, profits and revenue of the Project Company for the financial year ended 31 December 2021 accounted for less than 10% of that of the Group, the Project Company is an insignificant subsidiary of the Company and the Purchaser is not regarded as a connected person of the Company under Rule 14A.09 of the Listing Rules.

Save as disclosed, to the best knowledge of the Directors, having made reasonable enquiry, the Purchaser and its ultimate beneficial owners are not connected persons of the Company.

DEFINITIONS

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

| | |
|--------------------|--|
| “Agreements” | (1) the equity acquisition agreement dated 19 May 2022 between the Purchaser, the First Vendor, the Second Vendor and the Project Company; and (2) the debt confirmation agreement dated 19 May 2022 between the Purchaser, the First Vendor, the Second Vendor, the Third Vendor and the Project Company; |
| “Board” | the board of directors of the Company; |
| “Company” | Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands with limited liability, 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; |
| “Disposal” | the sale of the Sale Shares and the assignment of the Sale Debt to the Purchaser; |
| “Fantasy Pearl” | Fantasy Pearl International Limited, a substantial shareholder of the Company that held approximately 57.41% of the issued share capital of the Company as at the date of the Agreements; |
| “First Vendor” | 紹興花美房地產開發有限公司 (Shaoxing Huamei Real Estate Development Co., Ltd.*), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “PRC” | the People’s Republic of China; |
| “Project” | has the meaning set out in the paragraph headed “INFORMATION ON THE PROJECT COMPANY” in this announcement; |
| “Project Company” | 中交花創(紹興)置業有限公司 (CCCCG Huachuang (Shaoxing) Real Estate Co., Ltd.*), a limited liability company established in the PRC; |
| “Purchaser” | 中交美廬(杭州)置業有限公司 (CCCCG Meilu (Hangzhou) Real Estate Co., Ltd.*), a limited liability company established in the PRC; |
| “RMB” | Renminbi, the lawful currency of the PRC; |

| | |
|------------------|---|
| “Sale Debt” | RMB352,557,004, the debts (comprising the principal and the accrued interest) owing by the Project Company to the Third Vendor; |
| “Sale Shares” | 51% of the registered capital of the Project Company; |
| “Second Vendor” | 深圳市聯雅諮詢有限公司 (Shenzhen Lianya Consulting Co., Ltd.*), a limited liability company established in the PRC; |
| “Shareholder(s)” | shareholder(s) of the Company; |
| “sq.m.” | square meters; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Third Vendor” | 上海花樣年房地產開發有限公司 (Shanghai Fantasia Real Estate Development Co., Ltd.*), a limited liability company established in the PRC; |
| “Vendors” | the First Vendor, the Second Vendor and the Third Vendor; and |
| “%” | per cent. |

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

Hong Kong, 19 May 2022

As at the date of this announcement, the executive directors of the Company are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Ke Kasheng, Mr. Zhu Guogang and Mr. Chen Xinyu, the non-executive director of the Company is Mr. Su Boyu, and the independent non-executive directors of the Company are Mr. Guo Shaomu and Mr. Kwok Chi Shing.

* For identification purpose only