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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

THE DISPOSAL

On 2 April 2022, the Group entered into the First Agreement and the Second Agreement to dispose of its entire holding in the Project Company and the immediate holding company of the Project Company.

LISTING RULES IMPLICATION

As the applicable percentage ratios in respect of the Disposal are over 5% and below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE FIRST DISPOSAL

On 2 April 2022, the First Vendor entered into the First Agreement with the Purchasers in respect of the First Disposal. The salient terms of the First Agreement are summarised below.

Subject matter

The First Vendor will sell the First Sale Shares and the Sale Loan to the Purchasers. The First Sale Shares represent 39% of the issued share capital of the Project Company, and the Sale Loan is the shareholder's loan extended by the First Vendor to the Project Company.

Consideration

The aggregate consideration payable by the Purchasers for the acquisition of the First Sale Shares and the Sale Loan is S\$20,475,000, which comprises S\$5,162,472.94 for the First Sale Shares and S\$15,312,527.06 for the Sale Loan.

The consideration will be payable in the following manner:

- (i) S\$204,750, representing 1% of the consideration, will be payable upon the signing of the First Agreement; and
- (ii) S\$20,270,250, representing the balance of the consideration, will be payable at completion.

The consideration payable to each of the Purchasers will be paid in the proportion to their shareholding in the Project Company upon completion of the Disposal as set out in the table under the section headed "INFORMATION ON THE FIRST VENDOR AND THE PROJECT COMPANY" below.

Conditions

Completion of the First Disposal is conditional upon the satisfaction or waiver of, among others, the following conditions:

- (a) the obtaining by the Purchasers of written confirmation from the Inland Revenue Authority of Singapore that the transactions contemplated under the First Agreement will not be subject to payment of additional conveyance duties;
- (b) the obtaining by the Purchasers of written confirmation from the Inland Revenue Authority of Singapore that there are no breaches of the Letter of Undertaking dated 21 September 2017 in relation to the remission of Additional Buyer's Stamp Duty (ABSD) for the land of the Project in respect of the change of shareholding in the capital of the Project Company in the manner as contemplated under the First Agreement;
- (c) the obtaining by the First Vendor and the Purchasers of consent from the lender to the Project Company of the change in control contemplated under the First Agreement and the discharge and release of the related corporate guarantee;
- (d) the obtaining by the First Vendor and the Purchasers of consents from Urban Redevelopment Authority, Singapore Land Authority and the Controller of Housing and all relevant competent authorities (where applicable) to the change of shareholding in the capital of the Company in the manner as contemplated under the First Agreement;
- (e) that no governmental authority shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that remains in effect that has the effect of making the First Disposal illegal or otherwise prohibiting completion from taking place; and
- (f) there being no material adverse change in relation to the business, operations, assets and prospects of the Project Company occurring on or before completion.

Conditions (a), (b) and (c) may not be waived by the parties. In the event that the conditions precedent are not fulfilled or not waived within 4 months from the date of the First Agreement, the First Vendor or the Purchasers will have the right by written notice to the other to terminate the First Agreement.

Completion

Completion of the First Disposal will take place on the 14th day from the date of the last conditions precedent of the First Agreement has been satisfied or waived, or such other date that the parties may agree in writing.

THE SECOND DISPOSAL

For tax reason, the First Vendor would retain the legal title to 1% of the issued share capital of the Project Company. As it is the intention of the Company to divest its entire interest in the Project Company, on 2 April 2022, the Second Vendor and Mr. Wang Lian entered into the Second Agreement in relation to the Second Disposal. The salient terms of the Second Agreement are summarised below.

Subject matter

The Second Vendor agreed to sell the Second Sale Shares to Mr. Wang Lian.

The Second Sale Shares represent the entire issued share capital of the First Vendor.

Consideration

The consideration of the Second Sale Shares is S\$525,000, which is payable on the date of completion.

Conditions precedent

Completion of the Second Disposal is conditional upon the satisfaction or waiver of, among others, the following conditions.

- (a) the receipt by Mr. Wang Lian of written confirmation from the Inland Revenue Authority of Singapore that the transactions contemplated under the Second Agreement will not be subject to payment of additional conveyance duties;

- (b) the grant of an order by the High Court of the Hong Kong (or other court order of similar effect) for the withdrawal of the winding-up petition against the Second Vendor in the High Court of the Hong Kong SAR, and if relevant, the grant of an order by the competent court for the withdrawal of any other winding up petition or similar application (if any) (or of the grant of a court order of similar effect) filed or presented against the Second Vendor on or before the date falling 12 months from the date of the Second Agreement (the “**Long Stop Date**”);
- (c) the Second Vendor complying with all actions, and applicable Listing Rules for the Second Disposal, including obtaining any necessary consents or licence or the making of any filing or registration or giving of notice to any governmental agency, making the requisite announcement on the Stock Exchange, securities council in Hong Kong and if necessary, the obtaining of consent of the shareholders of the Second Vendor to the sale of the Second Sale Shares;
- (d) that no governmental authority shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that remains in effect that has the effect of making the Second Disposal illegal or otherwise prohibiting completion from taking place; and
- (e) there being no material adverse change in relation to the business, operations, assets and prospects of the First Vendor occurring on or before completion.

Conditions (b) may not be waived by the parties. In the event that the conditions precedent are not fulfilled or not waived by the Long Stop Date, the Second Vendor or Mr. Wang Lian will have the right by written notice to the other to terminate the Second Agreement.

Completion

Completion will take place on the date falling 14 days from the date that the last of the conditions precedent are satisfied or waived or such other date which the parties to the Second Agreement may agree, subject to no other winding– up petition or similar application being filed or presented against the Second Vendor on or before the completion date. In the event that there is any other winding-up petition or similar application being filed or presented against the Second Vendor on or before the scheduled completion date, the completion date will be deferred to the date of the order by the competent court for the withdrawal of such other winding-up petition or similar application (or of the grant of a court order of similar effect), provided that the deferred completion date does not exceed the Long Stop Date.

INFORMATION ON THE FIRST VENDOR AND THE PROJECT COMPANY

The First Vendor is a limited liability company incorporated in Singapore and is principally engaged in the business of investment holding. It is an indirect wholly-owned subsidiary of the Company. Its principal asset is its interest in the Project Company. As at the date of the First Agreement, the Project Company is accounted as a joint venture of the Company.

The Project Company is a limited liability company incorporated in Singapore and is engaged in the development of the Project. The Project is a residential development project located at Mukim 22 at Lorong 1 Realty Park, Singapore known as “Parkwood Collection”.

The changes to the shareholding structure of the Project Company upon completion of the First Disposal is as follows:

Shareholder	Percentage shareholding in the Project Company before the First Disposal	Percentage shareholding in the Project Company upon completion of the First Disposal
the First Vendor	40%	1%
First Purchaser	1%	16.85%
Second Purchaser	30%	45.85%
Third Purchaser	0%	7.3%
Lisin Park Pte, Ltd.	29%	29%
Total	100%	100%

Note: Lisin Park Pte, Ltd., is owned as to 48.8% by the First Purchaser, 35.0% by Zhan Lixiong and 16.2% by Han Yuying. Lisin Park Pte. Ltd. is a company incorporated in Singapore with limited liability and is principally engaged in investment holding.

Upon completion of the Second Disposal, the Group will cease to have any interest in the Project Company and the First Vendor.

The financial results of the First Vendor for the two years ended 31 December 2021 are summarised below:

	For the year ended	
	31 December	
	2020	2021
	<i>S\$'000</i>	<i>S\$'000</i>
Loss before tax	(1,744)	(9,441)
Loss after tax	(1,669)	(9,441)

The unaudited net assets of the First Vendor as at 31 December 2021 were approximately S\$1,893,000. The financial results of the Project Company for the two years ended 31 December 2021 are summarised below:

	For the year ended	
	31 December	
	2020	2021
	<i>S\$'000</i>	<i>S\$'000</i>
Profit/(loss) before tax	(2,583)	8,394
Profit/(loss) after tax	(2,583)	8,394

The unaudited net assets of the Project Company as at 31 December 2021 were approximately S\$5,607,000.

FINANCIAL EFFECT OF THE DISPOSAL

Subject to final audit, it is expected that the Company will realise a net gain on disposal of approximately S\$3,794,000 upon completion of the Disposal calculated based on (i) the consideration for the First Sale Shares and the Second Sale Shares; and (ii) the net asset value of the First Vendor of approximately S\$1,893,000 as at 31 December 2021.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

The Group's liquidity issue has adversely affected the development and progress of the Project. The Disposal will restore normal operation to the Project Company and ensure completion of the Project and delivery of properties to the purchasers.

The consideration of the Disposal was determined by the parties after arm's length negotiations with reference to the (i) valuation of the 39% interest of the Project Company by an independent qualified valuer as at 31 December 2021 of approximately S\$5,200,000; (ii) the face value of the shareholder's loan of approximately S\$15,705,155.94 as at the date of the First Agreement; and (iii) the net asset value of the Project Company as at 31 December 2021.

The proceeds from the Disposal will be used for general working capital purposes.

The Directors (including the independent non-executive Director) consider that the Disposal was fair and reasonable and in the interests of the Company and all the stakeholders as a whole.

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 incorporated in Singapore and is principally engaged in the business of investment holding. It is wholly-owned by the Second Vendor and an indirect wholly-owned subsidiary of the Company as at the date of the First Agreement.

The Second Vendor

The Second Vendor is a limited liability company incorporated in Hong Kong and is principally engaged in the business of investment holding. It is an indirect wholly-owned subsidiary of the Company as at the date of the Second Agreement.

The Project Company

The Project Company is a limited liability company incorporated in Singapore and is indirectly owned as to 40% by the Company as at the date of this announcement.

The First Purchaser and the Second Purchaser

The First Purchaser and the Second Purchaser are Mr. Yang Xinping and Mr. Sun Renwang, respectively.

The Third Purchaser

The Third Purchaser is a limited liability company incorporated in Singapore and is principally engaged in the business of investment holding. The Third Purchaser is 44.16% owned by Mr. Wang Lian, the director of the Project Company and the First Vendor, and is 55.84% owned by the management team of the Project Company, including Chew Chong Tong, Soo Min Sing, Wang Ya, Ng Chee Wei, Brenda Neo Pe and Tan Si Hui.

Mr. Wang Lian

Mr. Wang Lian is the director of the Project Company and the First Vendor. However, since the Project Company and the First Vendor are insignificant subsidiaries of the Company, Mr. Wang Lian is not considered as a connected person of the Company.

Saved as disclosed, to the best knowledge of the Directors, having made reasonable enquiry, the Purchasers, Mr. Wang Lian and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Disposal are over 5% and below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“First Agreement”	the agreement dated 2 April 2022 between the First Vendor and the Purchasers in respect of the First Disposal;
“Board”	the board of Directors;
“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 (Stock Code: 1777);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal”	the First Disposal and the Second Disposal
“First Disposal”	the sale of the First Sale Shares and the Sale Loan by the First Vendor to the Purchasers;
“First Purchaser”	Mr. Yang Xinping;
“First Sale Shares”	39% of the issued share capital of the Project Company;
“First Vendor”	Fantasia Investment (Singapore) Pte. Ltd., a limited liability company incorporated in Singapore, wholly-owned by the Second Vendor and an indirect wholly-owned subsidiary of the Company as at the date of the First Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China;
“Project”	the project known as Parkwood Collection being developed by the Project Company;
“Project Company”	Fantasia (Park) Pte. Ltd., a limited liability company incorporated in Singapore;
“Purchasers”	the First Purchaser, the Second Purchaser and the Third Purchaser;
“Sale Loan”	the shareholder’s loan extended by the First Vendor to the Project Company, the outstanding amount of which was S\$15,312,527.06 as at the date of the First Agreement;
“Second Agreement”	the agreement dated 2 April 2022 between the Second Vendor and Mr. Wang Lian in respect of the Second Disposal;
“Second Disposal”	the sale of the Second Sale Shares by the Second Vendor to Mr. Wang Lian;
“Second Sale Shares”	the entire issued share capital of the First Vendor;
“Second Vendor”	Fantasia Investment Holdings Co. Ltd, a limited liability company incorporated in Hong Kong, and a wholly– owned subsidiary of the Company;
“Second Purchaser”	Mr. Sun Renwang;
“S\$”	Singapore dollar, the lawful currency of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Third Purchaser” Realty Park Pte. Ltd., a limited liability company incorporated in Singapore;

“%” per cent.

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

Hong Kong, 2 April 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 only.*