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花 樣 年

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)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

The 2019 CCTs have expired on 31 December 2022. In 2023, while the Group has carried out the relevant transactions of the 2019 CCTs under the de minimis transactions exemption under Rule 14A.76(1)(c) of the Listing Rules, to allow the Group to continue to carry out the relevant transactions, the Group entered into the 2023 CCTs with the Colour Life Group.

### **LISTING RULES IMPLICATIONS**

The transactions contemplated under the 2023 CCTs constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the annual transaction amount contemplated under each of the 2023 CCTs is more than 0.1% but less than 5%, the transactions contemplated under each of the 2023 CCTs are subject to the reporting and announcement requirements and exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 29 December 2023, the Group entered into the 2023 CCTs with the Colour Life Group.

### **THE 2023 CCTS**

#### **(1) The 2023 Engineering Services Agreement**

Date:	29 December 2023
Parties:	(a) Shenzhen Kaiyuan Tongji  (b) Shenzhen Fantasia
Subject:	The Colour Life Group will provide Engineering Services to members of the Group. The Engineering Services include the installation and fitting of power systems, energy-saving lighting fixtures and related services to properties of Shenzhen Fantasia.
Term:	The 2023 Engineering Services Agreement has a term from 29 December 2023 to 31 December 2025 (both days inclusive).
Payment:	Payment of the engineering service fees will be settled by way of cash, subject to the terms of the individual service agreements in respect of the Engineering Services to be entered into between any members of the Group and of the Colour Life Group under the 2023 Engineering Services Agreement.

#### ***Pricing Policy***

The fees for the Engineering Service will be determined as follows:

As a general principle, the price and terms of the individual service agreements in respect of the Engineering Services will be determined in the Group's ordinary course of business of procuring such services, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Group transacts with other Independent Third Parties and shall not be on terms which are less favourable to the Group than those offered by Independent Third Parties.

The engineering service fees will be determined in accordance with the following general principles in an ascending order:

- (i) the reference price prescribed by relevant regulatory authorities (if any);
- (ii) the price based on the guidance issued by the China Engineering Cost Association or other competent authorities (if any) in the PRC;
- (iii) where there is no such reference price, the price shall be determined after arm's length negotiation between the Group and the Colour Life Group with reference to (a) the terms (including fees and delivery) of those offered to the Group from Independent Third Parties on projects of similar conditions; and (b) estimated costs (including labor costs, material costs and administrative costs) in connection with the provision of the Engineering Services. In determining such rates, the relevant personnel of the procurement department of the Group shall obtain at least two quotations from Independent Third Parties so as to ensure that the fee for the Engineering Services that the Group will be paying the Colour Life Group is comparable to those being offered to independent customers.

### ***Annual Caps***

It is proposed that the caps under the 2023 Engineering Services Agreement will not exceed the followings:

	<b>1 January 2023 to 31 December 2023</b>	<b>1 January 2024 to 31 December 2024</b>	<b>1 January 2025 to 31 December 2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Transaction amount	7,000 <sup>(Note)</sup>	8,600	8,600

*Note:* The actual transaction amount between 1 January 2023 to 30 November 2023 was approximately RMB2,544,000. Such transactions were carried out under the de minimis transactions exemption under Rule 14A.76(1)(c) of the Listing Rules. It is expected that in December 2023, the Group would incur further transaction amount of not more than RMB4,456,000.

The annual caps under the 2023 Engineering Services Agreement have been determined with reference to (i) the estimated total GFA of the properties expected to be constructed by the Group during the period of the term of the 2023 Engineering Services Agreement based on the the Group’s development plan; (ii) the anticipated operational costs (including labor costs, material costs and administrative costs) of the Colour Life Group with reference to the fees for similar services in the market; (iii) a reasonable increment of the engineering service fees to be charged by the Colour Life Group taking into account the expected inflation rate during the term of the 2023 Engineering Services Agreement; and (iv) the historical transaction amounts under the 2019 Engineering Services Agreement and the transaction amount in 2023, taking into account the gradual recovery from the pandemic and the anticipated recovery of the PRC property sector.

<b>Period</b>	<b>Annual cap RMB’000</b>	<b>Actual transaction amount RMB’000</b>
Year ended 31 December 2020	60,000	26,190
Year ended 31 December 2021	70,500	13,970
Year ended 31 December 2022	75,500	1,040
1 January 2023 to 30 November 2023	–	2,544

*Note:* The Company considered that the low levels of utilisation rate and transaction amounts were temporary and mainly attributable to factors beyond the Company’s control, including the sudden change in the landscape of the PRC property development sector during the term of the agreement, including the strict implementation of the three red lines” (三條紅線) policy from around the second half of 2020 by the PRC government, which severely affected the liquidity of many property developers; coupled with the COVID-19 pandemic measures, which severely affected PRC real estate development.

### ***Reasons for and benefits***

Shenzhen Fantasia is an indirect wholly owned subsidiary of the Company. It is principally engaged in property development and investment.

Shenzhen Kaiyuan Tongji, a subsidiary of Colour Life, is principally engaged in the provision of the Engineering Services. It has been providing Engineering Services to the Group since the Colour Life’s listing in 2014. The 2023 Engineering Services Agreement is being entered into to enable the Group to continue to procure such services from the Colour Life Group.

The Directors (including the independent non-executive Directors but excluding Ms. Zeng Jie, Baby and Mr. Timothy David Gildner) considered that the 2023 Engineering Services Agreement was entered into on normal commercial terms, which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### ***Listing Rules Implications***

Ms. Zeng Jie, Baby, who is a non-executive Director, is interested in 233,538,642 shares of Colour Life (excluding any indirect interest in Colour Life which is held through the Company), representing approximately 15.7% of the issued share capital of Colour Life. As such, Colour Life is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. The transactions contemplated under the 2023 Engineering Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the annual transaction amount contemplated under the 2023 Engineering Services Agreement is more than 0.1% but less than 5%, the transactions contemplated under the 2023 Engineering Services Agreement are subject to the reporting and announcement requirements and exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

## **(2) 2023 Pre-delivery Property Management Services Agreement**

Date: 29 December 2023

Parties: (a) Shenzhen Colour Life Property Management  
(b) Shenzhen Fantasia

Subject: The Colour Life Group will provide Pre-delivery Property Management Services to members of the Group. The Pre-delivery Property Management Services include (a) the provision of on-site security, cleaning and other related services to the newly developed projects of Shenzhen Fantasia, as well as the provision of customer services to the property sales centre of the Group, including concierge services, customer car parking management services at the pre-sale stage of the projects, and (b) the provision of operation and management services during the pre-delivery stage for the unsold portion of the developments of the Group.

Term: The 2023 Pre-delivery Property Management Services Agreement has a term from 29 December 2023 to 31 December 2025 (both days inclusive).

Payment: Payment of the management fee for the Pre-delivery Property Management Services will be settled by way of cash, subject to the terms of the individual service agreements in respect of the Pre-delivery Property Management Services to be entered into between members of the Group and the Colour Life Group under the 2023 Pre-delivery Property Management Services Agreement.

### ***Pricing Policy***

The fee for the Pre-delivery Property Management Services will be determined as follows:

As a general principle, the price and terms of the individual service agreements in respect of the Pre-delivery Property Management Services will be determined in the Group's ordinary course of business of procuring such services, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Group transacts with other Independent Third Parties and shall not be on terms which are less favourable to the Group than those offered by Independent Third Parties.

The management fee will be determined in accordance with the following general principles in ascending order:

- (1) the reference price prescribed by the relevant government authority (if any);
- (2) the price based on the guidance issued by the competent local authorities of property management in the PRC (if any);

- (3) where there is no such reference price, the price shall be determined after arm's length negotiation between the Group and the Colour Life Group with reference to (a) the comparable terms (including fees) offered to the Group from Independent Third Parties for properties of similar size, location and positioning; and (b) costs (including labour costs, material costs and administrative costs) in connection with the provision of the Pre-delivery Property Management Services. In determining such rates, the relevant personnel of the procurement department of the Group shall obtain at least two comparable transactions from Independent Third Parties so as to ensure that the fee that the Colour Life Group will be charging the Group would be comparable to those being offered to Independent Third Parties.

### ***Annual Caps***

It is proposed that the caps under the 2023 Pre-delivery Property Management Services Agreement will not exceed the followings:

	<b>1 January 2023 to 31 December 2023 RMB'000</b>	<b>1 January 2024 to 31 December 2024 RMB'000</b>	<b>1 January 2025 to 31 December 2025 RMB'000</b>
Transaction amount	10,000 <i>(Note)</i>	12,000	12,000

*Note:* The actual transaction amount between 1 January 2023 to 30 November 2023 was approximately RMB2,695,000. Such transactions were carried out under the de minimis transactions exemption under Rule 14A.76(1)(c) of the Listing Rules. It is expected that in December 2023, the Group would incur further transaction amount of not more than RMB7,305,000.

The annual caps under the 2023 Pre-delivery Property Management Services Agreement have been determined with reference to (i) the estimated pre-sale GFA of the properties being developed by the Group based on its development plan and expected to be managed by the Colour Life Group for the term of the 2023 Pre-delivery Property Management Services Agreement; (ii) the expected costs (including staffing level and operational costs) for the Pre-delivery Property Management Services to be provided by the Colour Life Group; (iii) a reasonable increment of the management fees to be charged by the Group taking into account the inflation rate during the term of the 2023 Pre-delivery Property Management Services Agreement; and (iv) the historical transaction amounts under the 2019 Pre-delivery Property Management Services Agreement and the transaction amount in 2023, taking into account the gradual recovery from the pandemic and the anticipated recovery of the PRC property sector:

<b>Period</b>	<b>Annual cap <i>RMB'000</i></b>	<b>Actual transaction amount <i>RMB'000</i></b>
Year ended 31 December 2020	80,000	15,440
Year ended 31 December 2021	90,000	3,330
Year ended 31 December 2022	100,000	4,690
1 January 2023 to 30 November 2023	–	2,695

*Note:* The Company considered that the low levels of utilisation rate and transaction amounts were temporary and mainly attributable to factors beyond the Company's control, including the sudden change in the landscape of the PRC property development sector during the term of the agreement, including the strict implementation of the three red lines" (三條紅線) policy from around the second half of 2020 by the PRC government, which severely affected the liquidity of many property developers; coupled with the COVID-19 pandemic measures, which severely affected PRC real estate development.

### ***Reasons for and benefits***

Shenzhen Fantasia is an indirect wholly owned subsidiary of the Company. It is principally engaged in property development and investment.

Shenzhen Colour Life Property Management is a subsidiary of Colour Life. It is principally engaged in the provision of the Pre-delivery Property Management Services.

Shenzhen Colour Life Property Management has been providing Pre-delivery Property Management Services to the Group since the Colour Life's listing in 2014. The 2023 Pre-delivery Property Management Services Agreement is being entered into to enable the Group to continue to procure such services from the Colour Life Group.

The Directors (including the independent non-executive Directors but excluding Ms. Zeng Jie, Baby and Mr. Timothy David Gildner) considered that the 2023 Pre-delivery Property Management Services Agreement was entered into on normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### ***Listing Rules Implications***

Ms. Zeng Jie, Baby, who is a non-executive Director, is interested in 233,538,642 shares of Colour Life (excluding any indirect interest in Colour Life which is held through the Company), representing approximately 15.7% of the issued share capital of Colour Life. As such, Colour Life is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. The transactions contemplated under the 2023 Pre-delivery Property Management Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios in respect of the annual transaction amount contemplated under the 2023 Pre-delivery Property Management Services Agreement is more than 0.1% but less than 5%, the transactions contemplated under the 2023 Pre-delivery Property Management Services Agreement are subject to the reporting and announcement requirements and exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules.

## **INTERNAL CONTROL**

As a general rule, the price and terms of the individual service agreements of the continuing connected transactions of the Group must be conducted on normal commercial terms and on terms which are similar and no less favourable than those offered to the Group from Independent Third Parties.

The pricing policy of all the continuing connected transactions of the Group are supervised and monitored by the relevant internal audit personnel and management of the Group to ensure that all the continuing connected transactions are being conducted on normal commercial terms and in accordance with the pricing policy of the Group and would not be prejudicial to the interests of the Company and the Shareholders as a whole.

The relevant internal audit personnel and the management of the Group would conduct regular checks and assess whether individual transactions contemplated under the continuing connected transactions are conducted in accordance with the terms of the relevant agreement and they would also regularly review whether the prices charged under the relevant continuing connected transactions are fair and reasonable and in accordance with the aforesaid pricing policy. On a biannual basis, the procurement department will examine the relevant pricing terms by collecting the relevant market information, reviewing and comparing the quotations obtained from other Independent Third Parties providing similar services to ensure that the prices offered by the Colour Life Group will be on terms no less favourable than those offered by Independent Third Parties.

The independent non-executive Directors would review the continuing connected transactions and the auditors of the Company would also conduct an annual review on the pricing terms and annual caps thereof. The Company considers that the internal control system of the Group is effective to ensure that the continuing connected transactions of the Group have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## GENERAL

At the Board meeting held to approve the 2023 CCTs, Ms. Zeng Jie, Baby, who is a substantial shareholder of Colour Life, and Mr. Timothy David Gildner, who is a common director of the Company and Colour Life, are considered to be interested in such agreements and have abstained from voting for the resolutions proposed at the Board meeting to approve such agreements.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“2019 Engineering Services Agreement”	the engineering services agreement dated 31 December 2019 between Shenzhen Kaiyuan Tongji and Shenzhen Fantasia
“2019 Pre-delivery Property Management Services Agreement”	the pre-delivery property management services agreement dated 31 December 2019 between Shenzhen Colour Life Property Management and Shenzhen Fantasia
“2023 CCTs”	the 2023 Pre-delivery Property Management Services Agreement and the 2023 Engineering Services Agreement
“2023 Engineering Services Agreement”	the engineering services agreement dated 29 December 2023 between Shenzhen Kaiyuan Tongji and Shenzhen Fantasia
“2023 Pre-delivery Property Management Services Agreement”	the pre-delivery property management services agreement dated 29 December 2023 between Shenzhen Colour Life Property Management and Shenzhen Fantasia
“Board”	the board of Directors
“Colour Life”	Colour Life Services 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

“Colour Life Group”	Colour Life and its subsidiaries
“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 same meaning as given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Engineering Services”	engineering services provided to the Group under the 2023 Engineering Services Agreement, including the installation and fitting of power systems, energy-saving lights and other related services
“GFA”	gross floor area
“Group”	the Company and its subsidiaries (for the purpose of this announcement, excluding the Colour Life Group)
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Pre-delivery Property Management Services”	pre-delivery property management services, including (a) the provision of on-site security, cleaning and other related services as well as customer services to be provided to the property sales centre of the Group such as concierge services, customer car parking guidance at the pre-sale stage; and (b) the provision of operations and management services at the pre-delivery stage for the unsold portion of the property developments of the Group

“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Colour Life Property Management”	Shenzhen Colour Life Property Management Co., Ltd. (深圳市彩生活物業管理有限公司), a limited liability company established in the PRC and an indirect wholly owned subsidiary of Colour Life
“Shenzhen Fantasia”	深圳市花樣年地產集團有限公司 (Shenzhen Fantasia Real Estate Group Limited*), a limited liability company established in the PRC and a wholly owned subsidiary of the Company
“Shenzhen Kaiyuan Tongji”	深圳市開元同濟樓宇科技有限公司 (Shenzhen Kaiyuan Tongji Building Technology Co., Ltd.*), a limited liability company established in the PRC and an indirect wholly owned subsidiary of Colour Life
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent.

By order of the Board  
**Fantasia Holdings Group Co., Limited**  
**CHENG Jianli**  
*Chairman*

Hong Kong, 29 December 2023

*As at the date of this announcement, the executive directors of the Company are Ms. Cheng Jianli, Mr. Ke Kasheng, 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. Guo Shaomu, Mr. Kwok Chi Shing and Mr. Ma Yu-heng.*