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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)



COLOUR LIFE SERVICES GROUP CO., LIMITED
彩生活服務集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1778)

CONNECTED TRANSACTION

CONNECTED TRANSACTION

The Transaction

On 2 January 2024, the Vendor, a wholly-owned subsidiary of Fantasia, entered into the Agreement with, among others, the Purchaser, a wholly-owned subsidiary of Colour Life, under which the Vendor agreed to transfer 100% interest in the Target Company, together with account receivable from the Target Subsidiary of RMB3,999,999, to the Purchaser at the aggregated consideration of RMB3,400,000.

Upon completion of the Transaction, the Target Company will be held as to 100% by Colour Life. As Colour Life is an indirect subsidiary of Fantasia, the Target Company will remain as a subsidiary of Fantasia.

Listing Rules Implications

As at the date of this announcement, Fantasia is interested in approximately 52.44% of the issued share capital of Colour Life and is the controlling shareholder and a connected person of Colour Life. The entering into of the Agreement constitutes a connected transaction for Colour Life for the purpose of Chapter 14A of the Listing Rules.

As Colour Life is a connected subsidiary of Fantasia, the entering into of the Agreement also constitutes a connected transaction for Fantasia for the purpose of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Transaction for each of Fantasia and Colour Life are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements for each of Fantasia and Colour Life.

THE AGREEMENT

Date

2 January 2024

Parties

- (1) the Vendor, a wholly-owned subsidiary of Fantasia;
- (2) the Purchaser, a wholly-owned subsidiary of Colour Life;
- (3) the Target Company, a wholly-owned subsidiary of Fantasia; and
- (4) the Target Subsidiary, a wholly-owned subsidiary of the Target Company.

Subject matter

The Vendor will transfer 100% interest of the Target Company, together with account receivable from the Target Subsidiary in the amount of RMB3,999,999 to the Purchaser.

Consideration

The aggregate consideration for the Transaction is RMB3,400,000, which was determined by the parties after arm's length negotiations with reference to the valuation on the Target Subsidiary on 30 June 2023 by an independent valuer based on the asset method.

70% of the consideration, equivalent to RMB2,380,000, will be payable by the Purchaser within 20 business days of the signing of the Agreement, and the balance 30% of the consideration, equivalent to RMB1,020,000, will be payable by the Purchaser within 20 business days of the receipt of the new business license of the Target Company and completion of the registration with the Administrative Bureau for Industry and Commerce for the change of the legal representative and chairman of the board of the Target Company. The consideration will be satisfied by the internal resources of Colour Life.

Other terms

Upon completion of the Transaction, the account receivable in the amount of RMB3,999,999 owed to the Vendor by the Target Subsidiary will be transferred to the Purchaser. The Vendor will continue to own account receivable from the Target Subsidiary in the amount of RMB6,405,096.93. The Vendor agreed that upon the Target Subsidiary repayment of RMB1,073,500.95, it shall waive the repayment obligations of the Target Subsidiary for the remaining account receivable outstanding in the amount of RMB5,331,595.98.

INFORMATION ON THE TARGET GROUP

The Target Company is a company established in the PRC and is an indirect wholly-owned subsidiary of Fantasia. The Target Company is an investment holding company and its sole asset is its interest in the Target Subsidiary. The Target Subsidiary is wholly owned by the Target Company.

The Target Group is principally engaged in the provision of elderly care and home care services in Chengdu. Set out below is the summary financial information of the Target Group for the two years ended 31 December 2021 and 2022:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	Approximately <i>RMB'000</i>	Approximately <i>RMB'000</i>
Profit/(loss) before tax	206	329
Profit/(loss) after tax	206	329

The net asset value of the Target Company as at 30 June 2023 was approximately RMB3,899,000.

Upon completion of the Transaction, the Target Company will be held as to 100% by Colour Life. As Colour Life is an indirect subsidiary of Fantasia, the Target Company will remain as a subsidiary of Fantasia after completion of the Transaction.

REASONS FOR THE TRANSACTION

The Target Group is engaged in the provision of elderly care and home care services, which is more compatible with the principal business of property management services of Colour Life. The Transaction will allow Fantasia to focus on its principal business of property development and enable Colour Life to expand its scope of services to elderly care and home care services.

As the consideration for Transaction is being made based on the valuation on the Target Group, the directors of Fantasia and Colour Life (including their respective independent non-executive directors) are of the view that the Transaction is being made under normal commercial terms and in the ordinary and usual course of business of Fantasia and Colour Life respectively and the terms of the Transaction are fair and reasonable and in the interests in each of Fantasia and Colour Life and their respective shareholders as a whole.

INFORMATION ON THE PARTIES

Fantasia

Fantasia is a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange. Fantasia is principally engaged in the business of property development, property investment, property agency services, property operation and hotel services.

The Vendor

The Vendor is an indirect wholly-owned subsidiary of Fantasia established in the PRC. It is principally engaged in the business of property development and investment.

Colour Life

Colour Life is a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange. Colour Life is principally engaged in the provision of property management services, engineering services, community leasing, sales and related services. As at the date of this announcement, Colour Life is beneficially owned as to approximately 52.44% by Fantasia and is an indirect subsidiary of Fantasia.

The Purchaser

The Purchaser is an indirect wholly-owned subsidiary of Colour Life established in the PRC. It is principally engaged in the provision of property management services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Fantasia is interested in approximately 52.44% of the issued share capital of Colour Life and is the controlling shareholder and a connected person of Colour Life. The entering into of the Agreement constitutes a connected transaction for Colour Life for the purpose of Chapter 14A of the Listing Rules.

Ms. Zeng Jie, Baby, who is a non-executive director of Fantasia, is interested in 233,538,642 shares of Colour Life (excluding any indirect interest in Colour Life which is held through Fantasia, representing approximately 15.69% of the issued share capital of Colour Life. Colour Life is therefore a connected subsidiary of Fantasia under Rule 14A.16 of the Listing Rules. As such, the entering into of the Agreement also constitutes a connected transaction for Fantasia for the purpose of Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Transaction for each of Fantasia and Colour Life are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements and exempt from the independent shareholders' approval requirements for each of Fantasia and Colour Life.

GENERAL

Ms. Zeng Jie, Baby, is considered to be interested in the Transaction because of her holdings in Colour Life. Mr. Timothy David Gildner is a common director of both Fantasia and Colour Life while Mr. Zhu Jindong is a director of Colour Life and senior management of Fantasia, and is considered to be interested in the Transaction. Accordingly, Ms. Zeng Jie, Baby and Mr. Timothy David Gildner have abstained from voting for the board resolution of Fantasia to approve the Transaction while Mr. Zhu Jindong and Mr. Timothy David Gildner have abstained from voting for the board resolution of Colour Life to approve the Transaction.

DEFINITIONS

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

“Agreement”	the agreement dated 2 January 2024 between, the Vendor, the Purchaser, the Target Company and the Target Subsidiary;
“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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Fantasia”	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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Purchaser”	深圳市彩生活網路有限公司 (Shenzhen Colour Life Network Co., Ltd.*), a limited liability company established in the PRC, a wholly-owned subsidiary of Colour Life;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	四川三陽紅實業有限公司(Sichuan Sanyanghong Industrial Co., Ltd.*), a limited liability company established in the PRC, a wholly-owned subsidiary of Fantasia as at the date of this announcement;

“Target Group”	the Target Company and the Target Subsidiary;
“Target Subsidiary”	成都福鄰康護養老服務有限公司 (Chengdu Fulin Health Care Elderly Care Service Co., Ltd.*), a limited liability company established in the PRC, a wholly-owned subsidiary of the Target Company;
“Transaction”	the transactions contemplated under the Agreement;
“Vendor”	成都市福泰年企業管理有限公司 (Chengdu Futainian Enterprise Management Co., Ltd.*), a limited liability company established in the PRC, a wholly-owned subsidiary of Fantasia;
“%”	per cent.

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

By Order of the Board
Colour Life Services Group Co., Limited
ZHU Jindong
Chairman

Hong Kong, 2 January 2024

As at the date of this announcement, the executive directors of Fantasia are Ms. Cheng Jianli, Mr. Ke Kasheng, Mr. Timothy David Gildner and Mr. Lin Zhifeng; the non-executive directors of Fantasia are Ms. Zeng Jie, Baby and Mr. Su Boyu; and the independent non-executive directors of Fantasia are Mr. Guo Shaomu, Mr. Kwok Chi Shing and Mr. Ma Yu-heng.

As at the date of this announcement, the board of directors of Colour Life comprises Mr. Liu Hongcai and Ms. Yang Lan as executive directors; Mr. Zhu Jindong, Mr. Timothy David Gildner and Mr. Chen Wenjian as non-executive directors; and Mr. Lee Yan Fai and Mr. Zhang Raymond Yue as independent non-executive directors.

* For identification purpose only.