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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: 01777)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN
HUAWANLI INVESTMENT**

The Board is pleased to announce that on 23 October 2012, Shenzhen Fantasia, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Vendor has agreed to sell and Shenzhen Fantasia has agreed to purchase the entire equity interests in Huawanli Investment at the Consideration of approximately RMB779.2 million (equivalent to approximately HK\$958.4 million).

As at the date of this announcement, the assets of Huawanli Investment include, among others, (i) the construction land use rights of the Chaoyang Land; (ii) other assets (excluding certain carved-out assets); and (iii) bank balances and cash.

As the applicable percentage ratio in respect of the Acquisition is above 5% but below 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is therefore subject to the announcement requirement.

THE EQUITY TRANSFER AGREEMENT

Date

23 October 2012

Parties

- (1) The Vendor
- (2) Shenzhen Fantasia

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to sell and Shenzhen Fantasia has agreed to purchase the entire equity interests in Huawanli Investment.

Upon completion of the Acquisition, Shenzhen Fantasia will hold the entire equity interests in Huawanli Investment, which in turn, will hold the construction land use rights (建設用地使用權) of the Chaoyang Land, having an aggregate land use area of approximately 17,138.4 square meters.

The Chaoyang Land are designated for commercial, office and car parking use. The land use rights for commercial use of the Chaoyang Land are due to expire on 30 August 2044, and the land use rights for office and car parking use of the Chaoyang Land are due to expire on 30 August 2054.

The book value of the Chaoyang Land is approximately RMB771.9 million (equivalent to approximately HK\$949.4 million) as at 30 September 2012.

Consideration

The Consideration for the Acquisition is approximately RMB779.2 million (equivalent to approximately HK\$958.4 million).

The Board is of the opinion that the Consideration is fair and reasonable and the Consideration was determined after arm's length negotiation between the parties with reference to the estimated market value of the Chaoyang Land and the net asset value of Huawanli Investment.

The Consideration shall be paid as follows:

- (1) within ninety (90) business days upon signing of the Equity Transfer Agreement and executing all the relevant documents required for registration of change of equity interests, Shenzhen Fantasia shall pay RMB400.0 million (equivalent to approximately HK\$492.0 million) to the Vendor; and
- (2) within three (3) business days upon the completion of all the relevant procedures required for registration of change of equity interests and Shenzhen Fantasia has obtained the new business registration certificate of Huawanli Investment, Shenzhen Fantasia shall pay approximately RMB379.2 million (equivalent to approximately HK\$466.4 million) to the Vendor.

The Consideration will be satisfied by internal funding sources of the Group.

Carved-out assets

The parties to the Equity Transfer Agreement have agreed that any account receivables to be assigned by the Vendor before completion of transfer of the equity interests of Huawanli Investment to Shenzhen Fantasia shall be carved out from the Acquisition, and Shenzhen Fantasia shall waive its rights on such account receivables.

Termination

Shenzhen Fantasia is entitled to terminate the Equity Transfer Agreement if, among others, Huawanli Investment is subject to any contingent liabilities which exceed the amount of RMB50 million (equivalent to approximately HK\$61.5 million). Upon such termination, the Vendor shall pay to Shenzhen Fantasia a liquidated damages of RMB20.0 million (equivalent to approximately HK\$24.6 million).

If Shenzhen Fantasia fails to pay the Consideration by the respective scheduled payment dates, Shenzhen Fantasia shall pay liquidated damages calculated based on an agreed rate. If Shenzhen Fantasia fails to pay the Consideration after thirty (30) days of the respective scheduled payment dates, the Vendor is entitled to terminate the Equity Transfer Agreement and Shenzhen Fantasia shall pay an additional liquidated damages of RMB20.0 million (equivalent to approximately HK\$24.6 million).

INFORMATION ON THE COMPANY AND REASONS FOR THE ACQUISITION

The Group is a leading property developer and property related service provider in China. For four consecutive years from 2009 to 2012, members of the Group ranked among the China Top 100 Real Estate Developers (中國房地產百強企業) and the China Top 100 Property Management Companies (中國物業服務百強企業) by the China Real Estate Top 10 Research Team (中國房地產Top 10研究組). The Group was also ranked among the China Real Estate Top 100 Listed Companies (中國房地產上市公司百強) in 2011 and the Top 50 China Real Estate Listed Companies in terms of Comprehensive Strength (中國房地產上市公司綜合實力五十強) in 2011 and 2012 by the China Real Estate Research Institute, China Real Estate Association and China Real Estate Assessment Center. The Group first commenced its property development business in Shenzhen in 1996. Leveraging on the Group's broad experience and capabilities, the Group has successfully expanded into, and currently focuses its real estate activities in, four of the fastest-growing economic regions in China, including the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region.

The Group plans to continue to concentrate on these regions and intends to procure more low-cost land in each of these regions by adhering to the disciplined approach of the Group.

In order to enhance its position in the PRC property market, the Board believes that the Acquisition will provide a good opportunity for project development in Beijing, the PRC. The Acquisition will allow the Company to further participate in real estate development in Beijing, the PRC.

The Directors consider that the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiation between the parties, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON HUAWANLI INVESTMENT

Huawanli Investment is a limited liability company established in the PRC on 13 September 2011 with a registered capital of approximately RMB779.2 million (equivalent to approximately HK\$958.4 million). Huawanli Investment is engaged in the development of land for commercial use.

As at the date of this announcement, the assets of Huawanli Investment include, among others, (i) the construction land use rights of the Chaoyang Land; (ii) other assets (excluding certain carved-out assets); and (iii) bank balances and cash.

Set out below are the audited financial information of Huawanli Investment under the accounting principles generally accepted in the PRC for the two financial years ended 31 December 2011:

	31 December 2010	31 December 2011
	<i>Approximately RMB million (equivalent to approximately HK\$ million)</i>	<i>Approximately RMB million (equivalent to approximately HK\$ million)</i>
Net loss before taxation and extraordinary items	Nil (Nil)	(0.9) (1.1)
Net loss after taxation and extraordinary items	Nil (Nil)	(0.9) (1.1)

INFORMATION ON THE VENDOR

To the best of the Directors' knowledge and belief, the Vendor is principally engaged in sports organisations, stadium management, investment in and management of tourist attractions and land consolidation.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio in respect of the Acquisition is above 5% but below 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Acquisition”	the acquisition of the entire equity interests in Huawanli Investment pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Chaoyang Land”	the land located at Qingnian Road, Huang Shan Mu Dian, Chaoyang District, Beijing, the PRC, with an aggregate land use area of approximately 17,138.4 square meters
“Company”	Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Consideration”	approximately RMB779.2 million (equivalent to approximately HK\$958.4 million)
“Directors”	directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into among Shenzhen Fantasia and the Vendor on 23 October 2012 in respect of the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huawanli Investment”	花萬里投資(北京)有限公司 (Huawanli Investment (Beijing) Co., Ltd.*), a company established in the PRC with limited liability and is wholly-owned by the Vendor
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.10 each in the Company
“Shenzhen Fantasia”	深圳市花樣年地產集團有限公司 (Shenzhen Fantasia Real Estate Group Limited*), a wholly-owned subsidiary of the Company and a company incorporated in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	成都市長秋山體育場館管理有限公司 (Chengdu Changqiushan Stadium Management Co., Ltd.*), a company incorporated in the PRC with limited liability
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.23.

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

Hong Kong, 24 October 2012

As at the date of this announcement, the executive Directors of the Company are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Chan Sze Hon and Mr. Lam Kam Tong; and the independent non-executive Directors of the Company are Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan.

* *For identification purposes only*