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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 ISSUED SHARE CAPITAL AND SHAREHOLDER'S LOAN IN CHINA LAND PROPERTY HOLDINGS

The Board is pleased to announce that on 6 May 2013, Fantasia Investment Holdings, a wholly-owned subsidiary of the Company, entered into the Share Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and Fantasia Investment Holdings has conditionally agreed to purchase the entire issued share capital and the Shareholder's Loan of China Land Property Holdings at the Consideration of RMB284,289,337 (equivalent to approximately HK\$352,518,778).

As one of the applicable percentage ratios 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 SHARE PURCHASE AGREEMENT

Date

6 May 2013

Parties

- (1) the Vendor
- (2) Fantasia Investment Holdings

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

Assets to be acquired

Pursuant to the Share Purchase Agreement, the Vendor has conditionally agreed to sell and Fantasia Investment Holdings has conditionally agreed to purchase the entire issued share capital and the Shareholder's Loan of China Land Property Holdings.

Upon Completion, Fantasia Investment Holdings will hold the entire interests in China Land Property Holdings, which in turn, will hold the real estate ownership rights of the Property namely Financial Plaza, situated at No. 29 Xiangcheng Road, Pudong District, Shanghai, the PRC (中國上海浦東區向城路29號) with a total construction area of approximately 17,563.48 square meters for residential use. The terms of the Real Estate Ownership Certificates of the Property will expire on 21 July 2063.

The Property is currently subject to a tenancy as serviced apartments for a term until 31 August 2014.

Consideration

The Consideration is RMB284,289,337 (equivalent to approximately HK\$352,518,778), consisting of (i) the consideration of RMB282,500,000 (equivalent to approximately HK\$350,300,000) for the acquisition of the entire issued share capital of China Land Property Holdings (including a share premium of HK\$66,731,487) and the Shareholder's Loan; and (ii) RMB1,789,337 (equivalent to approximately HK\$2,218,778) being the Apportioned Rent. Among the Consideration, HK\$3,000,000 has been paid by Fantasia Investment Holdings to the Vendor originally as earnest money upon signing of a non-legally binding letter of intent by the Parties on 6 February 2013 which automatically became a deposit under the Share Purchase Agreement and the remaining RMB281,869,982 (equivalent to approximately HK\$349,518,778) shall be payable in full by Fantasia Investment Holdings to the Vendor on Completion.

In the case the tenant of the Property has, for whatever reasons, failed to make the Rent Payment to Fantasia Investment Holdings by 30 June 2013, the Vendor agrees to return the Apportioned Rent in full to Fantasia Investment Holdings provided that Fantasia Investment Holdings has taken all reasonable steps to collect the Rent Payment from the tenant of the Property.

The Board is of the view that the Consideration is fair and reasonable and the Consideration was determined after arm's length negotiation between the parties with reference to the issued and paid-up capital and a share premium of China Land Property Holdings, the amount of the Shareholder's Loan, the market price of properties which are of similar nature of the Property and the amount of the Apportioned Rent.

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

Conditions Precedent

Completion is conditional in all respects upon each of the following conditions being satisfied or waived:

- (a) the receipt by Fantasia Investment Holdings of all governmental, regulatory and other third party consents, approvals, licences, permits, authorisations, waivers and exemptions as may be necessary to enable Fantasia Investment Holdings and/or its nominee to be registered as holder of the entire issued share capital of China Land Property Holdings and to enter into the Share Purchase Agreement and to carry out the transactions contemplated thereunder;
- (b) Fantasia Investment Holdings being satisfied, at the Completion Date as if repeated on the Completion Date and at all times between the date of the Share Purchase Agreement and the Completion Date, that the warranties given under the Share Purchase Agreement remain true and accurate in all material respects, not misleading or in breach in any material respect and that no events have suggested that there were any breach in any material respect of any warranties or other provisions of the Share Purchase Agreement by the Vendor;
- (c) China Land Property Holdings continues to be registered as the owner of the Property under applicable laws and the Real Estate Ownership Certificates continue to stand in the name of China Land Property Holdings;
- (d) there being no compulsory acquisition of the Property or any part of it and no notice of such intended compulsory acquisition has been served on China Land Property Holdings by any governmental or other competent authority, nor is the Vendor or China Land Property Holdings aware of any proposed acquisition of the Property in respect of which a notice has not been issued;
- (e) the Vendor procuring all other consents and approvals required under any and all applicable laws for the sale of the entire issued share capital of China Land Property Holdings and to give effect to the transactions contemplated thereunder (including without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendor or China Land Property Holdings is a party or by which the Vendor or China Land Property Holdings or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to Fantasia Investment Holdings in its sole and absolute discretion;
- (f) no event or circumstance having a material adverse effect having occurred or being likely to occur since the date of the Share Purchase Agreement;
- (g) there having been no change in national or international monetary, financial, economical or political conditions or foreign exchange controls since the date of the Share Purchase Agreement that would adversely affect the ownership, operation and use of the Property or any part thereof by China Land Property Holdings;

- (h) the Vendor having delivered the Accounts to Fantasia Investment Holdings;
- (i) the Vendor having performed all of the covenants, undertakings and agreements required to be performed or caused to be performed by it under the Share Purchase Agreement;
- (j) neither Fantasia Investment Holdings or the Vendor or China Land Property Holdings having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Share Purchase Agreement and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or threatened;
- (k) the passing of the relevant resolutions at an extraordinary general meeting by the shareholders of the Vendor for approving, among others, the Share Purchase Agreement and the transactions contemplated therein and the Vendor having provided a certified copy of such resolutions to Fantasia Investment Holdings; and
- (l) the Vendor having provided Fantasia Investment Holdings with the deed of revocation issued by the Company in relation to the interest (if any) held by certain shareholders of the Vendor.

If, at any time prior to Completion, the Vendor or Fantasia Investment Holdings becomes aware of a fact or circumstance which might prevent any of the conditions precedent above from being satisfied, it shall immediately inform the other party. If it is necessary to obtain the approval of a third party to fulfil any of the above conditions and such approval of the third party is obtained subject to further conditions imposed by the third party, Fantasia Investment Holdings must be satisfied in its sole and absolute discretion with the further conditions imposed by the third party before the condition precedent in question is deemed fulfilled.

The Vendor shall use all reasonable endeavours to ensure that the above conditions precedent are fulfilled as soon as practicable and in any event not later than 11:00a.m. on the Completion Date (or such other time and date to be agreed in writing between the Parties).

Fantasia Investment Holdings shall be entitled by notice in writing given to the Vendor to waive compliance with the fulfilment of any of the above conditions precedent.

If any of the above conditions precedent have not been satisfied or waived by 3:00p.m. on the Completion Date (or such later time and date to be agreed in writing between the Vendor and Fantasia Investment Holdings), then Fantasia Investment Holdings shall have the right (but not any obligation) to terminate the Share Purchase Agreement by serving a written notice upon the Vendor to such effect and thereafter neither party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by Fantasia Investment Holdings against the Vendor arising from an antecedent breach of the terms of the Share Purchase Agreement.

Completion

Subject to the satisfaction or waiver of the above conditions precedent and certain Completion obligations under the Share Purchase Agreement, Completion shall take place at 11:00a.m. on the Completion Date or at such other time as may be agreed between the parties.

Without prejudice to any other remedies available, if in any respect the Completion obligations of the Share Purchase Agreement are not complied with by either party on the Completion Date, the Party not in default may: (a) defer Completion to a date not more than 30 days after the Completion Date; (b) proceed to Completion as far as practicable having regard to the defaults which have occurred and without prejudice to its rights and remedies under the Share Purchase Agreement or otherwise under applicable laws; or (c) rescind the Share Purchase Agreement without prejudice to its rights and remedies under the Share Purchase Agreement or otherwise under applicable laws and neither party shall have any claim against the other for costs, damages, compensation or otherwise, save for any claim by Fantasia Investment Holdings against the Vendor arising from antecedent breach of the terms of the Share Purchase Agreement.

In consideration of payment of the Consideration, the Vendor unconditionally and irrevocably assigns to Fantasia Investment Holdings with effect from the Completion Date all its rights, title, interests, benefits which it holds of the Shareholder's loan together with any liabilities due and owing to the Vendor from China Land Property Holdings.

Post-Completion Adjustment

The Parties agreed that on the Reconciliation Date, they shall make adjustments of any outgoings, costs, charges, and other operating expenses associated with the operations of the Property as well as revenues due and payable in respect of the Property:

- (a) which may have been left outstanding or not apportioned as at Completion and which under the Share Purchase Agreement needs to be adjusted or apportioned between the Parties;
- (b) which could not be calculated prior to Completion;
- (c) which were not made at Completion due to an inability to provide sufficient evidence or other particulars at that time; or
- (d) which were otherwise not accounted for by the Parties and have since come to their notice or which require further adjustment on the basis of the information then available to them,

and in the making of such adjustments, the Parties shall apply the principle that (i) all outgoings due and payable prior to Completion is for the Vendor's account and all outgoings due and payable after Completion is for the Fantasia Investment Holdings's account; and that (ii) all revenues due and payable in respect of the Property prior to Completion is for the Vendor's account and all revenues due and payable in respect of the Property after Completion is for Fantasia Investment Holdings's account. The Vendor shall pay to Fantasia Investment Holdings or Fantasia Investment Holdings shall pay to the Vendor, as the case requires, the amount of the final adjustments within 14 days of the Reconciliation Date or, in the event of a dispute, within 14 days after the determination of the dispute.

The estimated upward adjustment to be made (if any) together with the Consideration is expected not to exceed 5% of the percentage ratios of Chapter 14 of the Listing Rules.

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 land in each of these regions by adhering to the disciplined approach of the Group.

The Board believes that the Acquisition will provide a good business opportunity in the real estate development in Shanghai, the PRC, and the Acquisition will allow the Company to further enhance its position in the market in Shanghai, the PRC.

The Directors consider that the Share Purchase 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 CHINA LAND PROPERTY HOLDINGS

China Land Property Holdings is a limited liability company incorporated in Hong Kong on 15 September 1992 and is principally engaged in property investment.

The audited financial statements for the financial year ended 31 March 2013 of China Land Property Holdings are not yet available. According to the audited financial statements for the financial year ended 31 March 2012 and unaudited management accounts for the financial year ended 31 March 2013 of China Land Property Holdings prepared in accordance with generally accepted accounting principals in Hong Kong, the net profit (before and after taxation and extraordinary items) for each of the two financial years ended 31 March 2012 and 2013 and the net asset value as at 31 March 2013 of the China Land Property Holdings are as follows:

	Financial year ended 31 March	
	2012	2013
	<i>HK\$</i>	<i>HK\$</i>
	(Audited)	(Unaudited)
Net profit before taxation and extraordinary items	6,610,526	7,888,756
Net profit after taxation and extraordinary items	6,610,526	7,888,756
		As at
		31 March 2013
		<i>HK\$</i>
		(Unaudited)
Net asset value		106,267,839

INFORMATION ON THE VENDOR

To the best of the Directors' knowledge and belief, the Vendor is principally engaged in property investment.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios 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.

DEFINITIONS

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

“Accounts”	the audited financial statements of China Land Property Holdings made up as at 31 March 2013 and all notes, reports, statements and other documents annexed to those accounts
“Acquisition”	the acquisition of the entire issued share capital and the Shareholder’s Loan of China Land Property Holdings pursuant to the Share Purchase Agreement
“Apportioned Rent”	the amount of RMB1,789,337 (equivalent to approximately HK\$2,218,778) being a portion of the Rent Payment calculated on the assumption that the Completion Date will fall on 6 May 2013
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“China Land Property Holdings”	China Land Property Holdings Limited, a company incorporated in Hong Kong with limited liability and is owned as to 100% by the Vendor as at the date of this announcement
“Company”	Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司), a company incorporated in the Cayman Islands, the securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Share Purchase Agreement
“Completion Date”	the date which is five Business Day after the date on which the conditions precedent set out in the paragraph headed “Conditions Precedent” of this announcement are satisfied or waived or such other date as the Parties may agree in writing
“Consideration”	consideration of the Acquisition
“Directors”	directors of the Company

“Fantasia Investment Holdings”	Fantasia Investment Holdings Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“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
“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
“Parties”	Fantasia Investment Holdings and the Vendor and “Party” shall mean any one of them
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Property”	the property namely Financial Plaza, situated at No. 29 Xiangcheng Road, Pudong District, Shanghai, the PRC
“Real Estate Ownership Certificates”	the three real estate ownership certificates (房地產權證) hold in the name of China Land Property Holdings granted by 上海市房屋土地管理局 (Shanghai Municipal Housing and Land Administration Bureau*) in respect of the Property (certificate numbers: 滬房地市字(2001) No. 000640, 滬房地市字(2001) No. 000745, 滬房地市字(2001) No. 000754)
“Reconciliation Date”	a date falling five Business Days after Completion
“Rent Payment”	the rent payment for the quarter ended 31 May 2013 which is due and payable by the tenant of the Property to China Land Property Holdings on 1 June 2013
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares

“Shareholder’s Loan”	RMB5,500,000 (equivalent to approximately HK\$6,820,000) owed by China Land Property Holdings to the Vendor as at the date of the Share Purchase Agreement
“Shares”	the ordinary shares of HK\$0.10 each in the Company
“Share Purchase Agreement”	the share purchase agreement dated 6 May 2013 entered into between the Vendor and Fantasia Investment Holdings in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Financial Plaza Shanghai Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.24.

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

Hong Kong, 6 May 2013

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

* *For identification purposes only*