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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: 01777)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN
TCL SHENZHEN**

The Board is pleased to announce that on 28 June 2011, Talent Bright, 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 Talent Bright has agreed to purchase the entire equity interests in TCL Shenzhen at the Consideration of approximately RMB315.5 million (equivalent to approximately HK\$378.6 million), subject to adjustment. The obligations of the Vendor under the Equity Transfer Agreement are guaranteed by TCL Multimedia, being the holding company of the Vendor.

As at the date of this announcement, the assets of TCL Shenzhen include, among others, (i) the construction land use rights of the Shekou Land together with buildings erected thereon; (ii) the DTVIA Interest; and (iii) bank balances and cash. TCL Shenzhen currently derives its income from the leasing of commercial and industrial properties.

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

28 June 2011

Parties

(1) The Vendor

(2) Talent Bright

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

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to sell and Talent Bright has agreed to purchase the entire equity interests in TCL Shenzhen.

Upon completion of the Acquisition, Talent Bright will hold the entire equity interests in TCL Shenzhen, which in turn, will hold the construction land use rights (建設用地使用權) of the Shekou Land, having an aggregate land use area of approximately 17,990.6 square meters on which certain buildings are erected with a total gross floor area of approximately 39,586.8 square meters.

The Shekou Land comprises three parcels of land, two parcels of which are designated for industrial use and one parcel of which is designated for business and financial use granted through administrative allocation. The land use rights for two parcels of the Shekou Land are due to expire on 13 August 2011 and 1 July 2012, respectively.

The Vendor has warranted to Talent Bright that at the time of completion of the Acquisition and without any change to the accounting principles of TCL Shenzhen or reference to any assets valuation report, the net asset value of TCL Shenzhen shall not be less than RMB123.4 million (equivalent to approximately HK\$148.1 million) (the “**Guaranteed Value**”). The Vendor has further warranted that upon transferring the carved-out assets to the Vendor as disclosed below and distribution of the relevant profits, the net asset value of TCL Shenzhen shall not be less than the Guaranteed Value.

If the accumulated undistributed profit of TCL Shenzhen as at 30 June 2011 is of a negative amount, the net asset value and cash asset of TCL Shenzhen shall be adjusted accordingly at the time of completion of the Acquisition.

If the expenses incurred in relation to the performance of the Undertakings as described below resulted in a decrease in net asset value and cash asset of TCL Shenzhen, such net asset value and cash asset shall be adjusted accordingly at the time of completion of the Acquisition.

Consideration

The Consideration for the Acquisition is approximately RMB315.5 million (equivalent to approximately HK\$378.6 million), subject to adjustment.

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 Shekou Land and the net asset value of TCL Shenzhen. Adjustment to the Consideration will be made if (i) the expenses incurred by the Vendor in relation to the performance of the Undertakings as described below exceed a

specified amount as stipulated under the Equity Transfer Agreement; or (ii) the accumulated undistributed profit of TCL Shenzhen as at 30 June 2011 as described above is of a negative amount.

The Consideration shall be paid as follows:

- (1) within one (1) business day upon signing of the Equity Transfer Agreement, Talent Bright shall pay RMB182 million (equivalent to approximately HK\$218.4 million) to the Vendor; and
- (2) within three (3) business days upon the Vendor's completion of certain obligations including the performance of the Undertakings, Talent Bright shall pay RMB133.5 million (equivalent to approximately HK\$160.2 million) to the Vendor.

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

Extension and change of land use rights and business registration

The Vendor has undertaken to Talent Bright that it will (i) extend the construction land use rights of the two parcels of the Shekou Land, which are due to expire on 13 August 2011 and 1 July 2012, respectively, for a period of twenty-five (25) years; (ii) change the land use purpose of the one parcel of the Shekou Land from land use rights granted through administrative allocation (行政劃撥用地) to transferred industrial use (出讓的工業用地); and (iii) complete the procedure for the change of business registration of TCL Shenzhen, before 15 December 2011 (collectively, the “**Undertakings**”).

Carved-out assets

The parties to the Equity Transfer Agreement have agreed that the following assets, properties, interests and rights of TCL Shenzhen, including but not limited to (i) the net income derived from the DTVIA Interest, the net income gained from the transfer of the DTVIA Interest or resulting interest from the liquidation of DTVIA; and (ii) unadjusted retained earnings of TCL Shenzhen as at 30 June 2011, shall be carved out from the Acquisition, and such assets and interests shall remain as the property of the Vendor after completion of the Equity Transfer Agreement and Talent Bright will procure the transfer of such assets to the Vendor after completion of the Equity Transfer Agreement.

Guarantee

The obligations of the Vendor under the Equity Transfer Agreement are guaranteed by TCL Multimedia, being the holding company of the Vendor.

Licence Agreement

By a separate agreement entered into between TCL Group, TCL Shenzhen and Huizhou TCL (the “**Licence Agreement**”), TCL Shenzhen has agreed to pay to TCL Group a licence fee of approximately RMB40.6 million (equivalent to approximately HK\$48.7 million) for the use of certain trademarks with the “TCL” character as specified under a manual within the territory of the PRC for a period of three (3) years. If the existing projects of TCL Shenzhen are completed within the three-year period, the Licence Agreement will be terminated with

immediate effect. If the existing projects of TCL Shenzhen are not completed within the three-year period, the Licence Agreement will be extended for a further period of two (2) years and no additional licence fee will be paid by TCL Shenzhen to TCL Group.

Termination

Talent Bright is entitled to terminate the Equity Transfer Agreement if, among others, (i) the Vendor fails to comply with the Undertaking or the obligations as set out under the Equity Transfer Agreement; or (ii) the realised amount of contingent liabilities of TCL Shenzhen exceed RMB70 million (equivalent to approximately HK\$84 million). Upon such termination, the Vendor shall (i) refund such money which had been paid by Talent Bright with interest accrued thereon within three (3) days of termination of the Equity Transfer Agreement; and (ii) pay to Talent Bright a liquidated damages of RMB20 million (equivalent to approximately HK\$24 million).

If Talent Bright fails to pay the Consideration by the respective scheduled payment dates, Talent Bright shall pay liquidated damages calculated with reference to the number of days of overdue times three ten thousandths of the amount in arrear. If Talent Bright 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 Talent Bright shall pay an additional liquidated damages of RMB20 million (equivalent to approximately HK\$24 million).

REASONS FOR THE ACQUISITION

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 Shenzhen city, the PRC. The Acquisition will allow the Company to further participate in real estate development in the Shenzhen city, 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 TCL SHENZHEN

TCL Shenzhen is a limited liability company established in the PRC on 9 October 1981 with a registered capital of HK\$100 million. TCL Shenzhen used to engaged in the manufacture of audio-visual products, property management and the operations of factories and car parks. TCL Shenzhen currently derives its income from the leasing of commercial and industrial properties.

As at the date of this announcement, the assets of TCL Shenzhen include, among others, (i) the construction land use rights of the Shekou Land together with buildings erected thereon; (ii) the DTVIA Interest; and (iii) bank balances and cash.

Set out below are the audited financial information of TCL Shenzhen under the accounting principles generally accepted in the PRC for the two financial years ended 31 December 2010:

	31 December 2009 <i>Approximately RMB million (equivalent to approximately HK\$ million)</i>	31 December 2010 <i>Approximately RMB million (equivalent to approximately HK\$ million)</i>
Net profit before taxation and extraordinary items	1.5 (1.8)	93.2 (111.8)
Net profit after taxation and extraordinary items	0.4 (0.5)	72.6 (87.1)

INFORMATION ON THE VENDOR

To the best of the Directors' knowledge and belief, the Vendor is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets and audio-visual products.

INFORMATION ON THE COMPANY

The Company is principally engaged in property development in the PRC and the Acquisition is considered by the Company to be in its ordinary and usual course of business.

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 TCL Shenzhen pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“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

“Consideration”	approximately RMB315.5 million (equivalent to approximately HK\$378.6 million), subject to adjustment
“Directors”	directors of the Company
“DTVIA”	北京中視聯數字系統有限公司 (DTVIA Techlabs Co., Ltd.*), a company established in the PRC with limited liability, is owned as to 4.2% by TCL Shenzhen and is principally engaged in the manufacture and sale of digital technology related products
“DTVIA Interest”	the 4.2% equity interests in DTVIA which TCL Shenzhen currently holds
“Equity Transfer Agreement”	the equity transfer agreement entered into among Talent Bright and the Vendor on 28 June 2011 in respect of the Acquisition
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou TCL”	惠州TCL電器銷售有限公司 (Huizhou TCL Electric Appliance Sales Company Limited*), a company established in the PRC with limited liability
“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, Macau 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
“Shekou Land”	three parcels of land with buildings erected thereon located at K407-0028, K407-0002 and K407-0001, Industrial Road No.6, Shekou, Nanshan District, Shenzhen City, the PRC, with an aggregate land area of approximately 17,990.6 square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Talent Bright”	Talent Bright International Limited, a wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands with limited liability

“TCL Group”	TCL集團股份有限公司, (TCL Corporation*), a company established under the laws of the PRC with limited liability
“TCL Multimedia”	TCL Multimedia Technology Holdings Limited (TCL多媒體科技控股有限公司), a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange (stock code: 1070)
“TCL Shenzhen”	TCL王牌電子(深圳)有限公司 (TCL King Electronics (Shenzhen) Company Limited*), a company established in the PRC with limited liability and is wholly-owned by the Vendor
“Vendor”	TCL Holdings (BVI) Limited (TCL控股(BVI)有限公司), a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of TCL Multimedia
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1.00 = HK\$1.20.

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

Hong Kong, 28 June 2011

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Feng Hui Ming and Mr. Chan Sze Hon; 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*