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花 樣 年 控 股 集 團 有 限 公 司

FANTASIA

Fantasia Holdings Group Co., Limited

花樣年控股集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 01777)

**ISSUANCE OF US\$120 MILLION
14% SENIOR NOTES DUE 2015**

On May 5, 2010, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Citigroup Global Markets Inc., Merrill Lynch International and UBS AG in connection with the issue of US\$120 million 14% senior notes due 2015.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses, will amount to approximately US\$115.8 million and the Company intends to use approximately US\$92.6 million of the net proceeds to fund existing and new property projects (including construction cost and land premium) and approximately US\$23.2 million for general corporate purposes.

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

Reference is made to the announcement of the Company dated April 28, 2010 in respect of the Notes Issue. The Board is pleased to announce that on May 5, 2010, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with Citigroup Global Markets Inc., Merrill Lynch International and UBS AG in connection with the Notes Issue in the aggregate principal amount of US\$120 million.

THE PURCHASE AGREEMENT

Date: May 5, 2010

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors;
- (c) Citigroup Global Markets Inc.;
- (d) Merrill Lynch International; and
- (e) UBS AG

Citigroup Global Markets Inc., Merrill Lynch International and UBS AG are the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Citigroup Global Markets Inc., Merrill Lynch International and UBS AG is an independent third party and not a connected person of the Company.

The Notes will only be offered (i) in the United States, to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (ii) outside the United States, in compliance with Regulations S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed with any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$120 million which will mature on May 12, 2015, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Notes will be 98.264% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including May 12, 2010 at the rate of 14% per annum, payable semi-annually in arrears. Interest will be paid on May 12 and November 12 of each year, commencing on November 12, 2010.

Ranking of the Notes

The Notes are general obligations of the Company and will be (1) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (2) at least pari passu in right of payment against the Company with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (3) effectively subordinated to other secured obligations of the Company (if any), the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and (4) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not providing guarantees under the Notes.

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal (or premium, if any); (b) default in the payment of interest that continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase, or the failure by the Company to create, or cause certain of its subsidiaries to create a first priority lien on the collateral in accordance with the covenants described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breach any other covenant or agreement in the Indenture or under the Notes (other than the default specified in clause (a), (b) or (c) above); (e) default by the Company or certain of its subsidiaries in the repayment of indebtedness having, in the aggregate, an outstanding principal amount in excess of US\$5.0 million; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or any of its subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor denying or disaffirming its obligations under its guarantees guaranteeing the obligations of the Notes or except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided under the Notes or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral created under the Notes or which adversely affects the condition or value of such collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the security documents provided under the Notes, other than in accordance with the Indenture and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a first priority security interest in the collateral given under the Notes (subject to any permitted liens).

If an event of default (other than an event of default specified in (g) and (h) above) occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes, then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or foreclose the security.

Covenants

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) pay dividends or make other distributions or repurchase or redeem capital stock;
- (d) guarantee indebtedness of certain of its subsidiaries;
- (e) issue and sell capital stock of certain of its subsidiaries;
- (f) enter into certain transactions with affiliates;
- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) sell assets;
- (j) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends;
- (k) effect a consolidation or merger; and
- (l) engage in different business activities.

Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of principal amount, plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

- (2) At any time and from time to time prior to May 12, 2013 the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of shares of the Company in an equity offering at a redemption price of 114% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the Notes originally issued on the issue date of the Notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Reasons for the Notes Issue

The Group is a leading property developer and property related service provider in China. The Group is the only property company in China with members of the Group being ranked among the 2009 China Top 100 Real Estate Developers (2009 中國房地產百強企業), the 2009 China Top 100 Real Estate Agencies (2009 中國房地產策劃代理百強企業), and the 2009 China Top 100 Property Management Companies (2009 中國物業服務百強企業) by the China Real Estate Top 10 Research Team. In 2010, the Group was also ranked among the 2010 China Top 100 Real Estate Developers (2010 中國房地產百強企業) and the 2010 China Top 100 Real Estate Agencies (2010 中國房地產策劃代理百強企業). The Group first commenced its property development business in Shenzhen in 1996. Leveraging on the broad experience and capabilities, the Group has successfully expanded into, and currently focuses its real estate activities on, 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 acquire more low-cost land in each of these regions by adhering to the disciplined approach of the Group. The Group also intends to continue to capitalize on its extensive experience and market knowledge gained from the property agency services business to selectively identify and acquire land for development.

The Notes Issue is being undertaken to fund existing and new property projects (including construction costs and land premium) and for general corporate purposes. The Company may adjust its acquisition and development plans in response to changing market conditions and thus, reallocate the use of proceeds.

Listing and rating

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes have been rated B+ by Standard & Poor's Ratings Services and B2 by Moody's Investors Service.

DEFINITIONS

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

“Board”	the board of Directors
“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 meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement between the Company, the issuer of the Notes, the Subsidiary Guarantors and the noteholders that specified the terms of the Notes including the interest rate of the Notes and the maturity date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the 14% guaranteed senior notes due 2015 in the principal amount of US\$120 million to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Offering Price”	98.264% of the principal amount of the Notes, the price at which the Notes will be sold
“PRC”	People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated May 5, 2010 entered into between, among others, the Company, Citigroup Global Markets Inc., Merrill Lynch International and UBS AG in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended

“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes
“Subsidiary Guarantor Pledgors”	certain Subsidiary Guarantors that on the issue date of the Notes will provide pledges over the common stock in the Subsidiary Guarantors held by them to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes
“US\$”	United States dollars
“%”	per cent

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

Hong Kong, May 5, 2010

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Mr. Feng Hui Ming, 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.