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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 AND CONNECTED TRANSACTIONS
ACQUISITION OF 48% INTEREST IN
SHENZHEN FANTASIA INVESTMENT
AND SUBSCRIPTION OF SHARES**

The Board is pleased to announce that on 24 June 2011, (i) the Purchaser and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company and the Shareholder's Loan for an aggregate consideration of HK\$400,000,000 which will be satisfied in cash; and (ii) the Company and the Vendor entered into the Subscription Agreement, pursuant to which the Vendor has conditionally agreed to subscribe for the Subscription Shares at the subscription price of HK\$400,000,000 payable to the Company in cash. The Subscription Shares represent approximately (i) 6.84% of the issued share capital of the Company as at the date of this announcement; and (ii) 6.40% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the General Mandate and will rank pari passu in all respects with the Shares then in issue on the relevant allotment date. As at the date of this announcement, no Shares have been issued under the General Mandate.

Upon completion of the Acquisition, Shenzhen Fantasia Investment, a company indirectly owned as to 52% by the Purchaser and as to 48% by the Target Company, will become an indirect wholly-owned subsidiary of the Purchaser. Completion of the Acquisition and the Subscription are inter-conditional. As the Vendor indirectly holds 48% of the registered capital of Shenzhen Fantasia Investment, the Vendor is a connected person of the Company for the purpose of the Listing Rules, thus the Transactions constitute connected transactions on the part of the Company under the Listing Rules.

As the applicable percentage ratio in respect of the Transactions is above 5% but below 25%, the Transactions constitute non-exempt connected transactions of the Company under the Listing Rules and are therefore subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Acquisition also constitutes a discloseable transaction subject to announcement requirement under Chapter 14 of the Listing Rules.

On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions; and (ii) Fantasy Pearl, which holds 3,174,795,000 Shares, representing an aggregate of approximately 65.14% of the issued share capital of the Company as at the date of this announcement, has approved the Transactions in writing in accordance with Rule 14A.43 of the Listing Rules, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from strict compliance with the independent shareholders' approval requirement under Chapter 14A of the Listing Rules and the Stock Exchange has granted such waiver.

A circular containing, among other things, details of the Transactions, the letter from the independent board committee of the Company giving its recommendations to the independent Shareholders in relation to the Transactions, the letter from the independent financial adviser containing its advice to the independent board committee of the Company and the independent Shareholders in relation to the Transactions and other information required under the Listing Rules will be despatched to the Shareholders for their information not later than 8 July 2011.

Completion of the Agreements is subject to the satisfaction and/or waiver of the conditions precedent therein respectively. In addition, the Agreements may be terminated in certain circumstances. Please refer to the paragraph headed "I. Introduction" below for further information. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

I. INTRODUCTION

A. Acquisition Agreement

Date: 24 June 2011

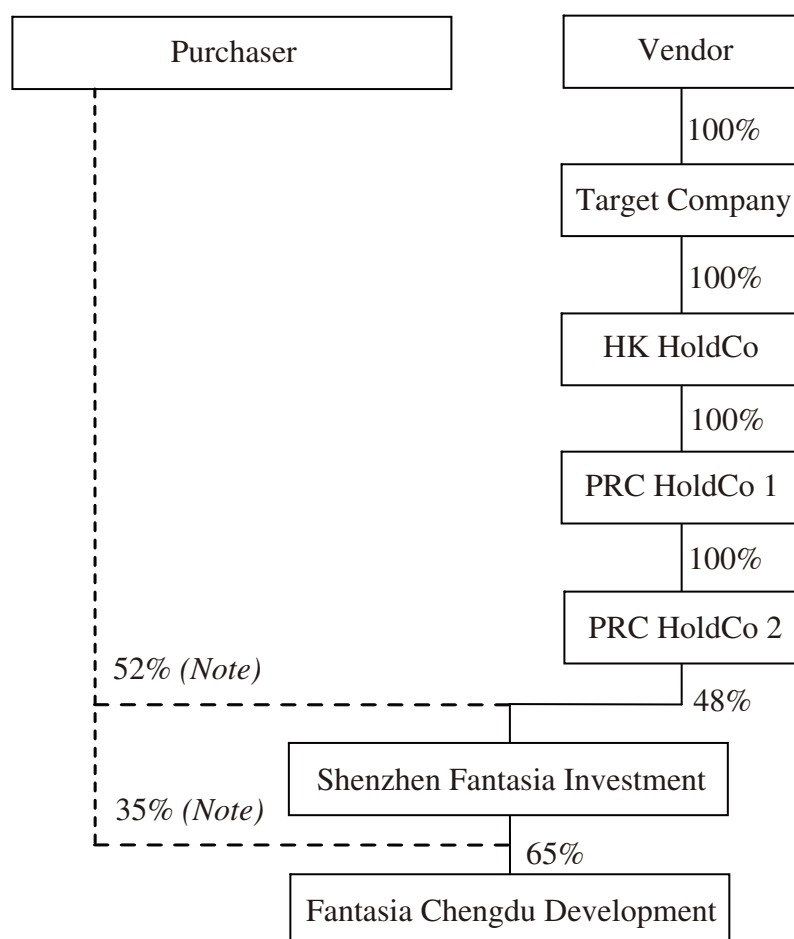
Parties

- (i) The Vendor; and
- (ii) The Purchaser.

Assets to be acquired

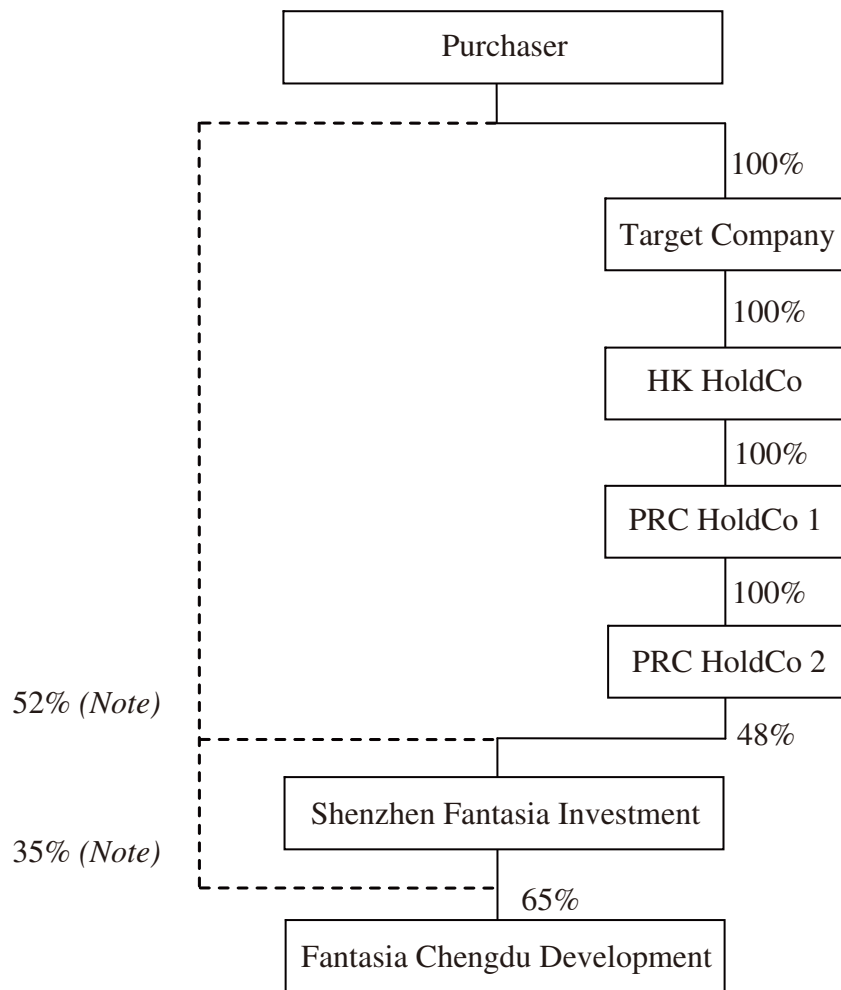
Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire issued share capital of the Target Company and the Shareholder's Loan. As at the date of this announcement, the Target Company indirectly holds 48% of the registered capital of Shenzhen Fantasia Investment through a number of wholly-owned subsidiaries, namely the HK HoldCo, the PRC HoldCo 1 and the PRC HoldCo 2, and the remaining 52% of the registered capital of Shenzhen Fantasia Investment is indirectly held by the Purchaser.

The shareholding structure of Shenzhen Fantasia Investment immediately prior to the Acquisition is as follows:



Note: --- denotes indirect shareholding.

Upon completion of the Acquisition, members of the Target Group including Shenzhen Fantasia Investment will become wholly-owned subsidiaries of the Purchaser. The shareholding structure of Shenzhen Fantasia Investment upon completion of the Acquisition will be as follows:



Note: --- denotes indirect shareholding.

Shareholder's Loan

Approximately RMB160 million, being all amounts, whether principal, interest or otherwise, owing by the Target Group to the Vendor as at the date of the Acquisition Agreement.

Consideration

The total consideration of the Acquisition is HK\$400,000,000 which shall be satisfied in cash as follows:

- (i) within two (2) working days upon signing of the Acquisition Agreement, the Purchaser shall make an initial payment of HK\$200,000,000 as deposit; and
- (ii) within two (2) working days upon the completion of the Acquisition, the Purchaser shall pay the remaining amount of HK\$200,000,000.

The consideration of the Acquisition was determined based on the net asset value of Shenzhen Fantasia Investment as at 31 December 2010.

Conditions precedent to the Acquisition Agreement

The Acquisition Agreement is conditional upon fulfilment and/or waiver of the following conditions:

- (i) the Purchaser being satisfied with the due diligence results of the Target Group;
- (ii) the Acquisition Agreement and the transactions contemplated thereunder having been approved by the Shareholders in the general meeting of the Company or written approval of the Acquisition Agreement and the transactions contemplated thereunder have been obtained by the Company from the Shareholders in lieu of holding a general meeting of the Company in compliance with the Listing Rules;
- (iii) all the representations, warranties and undertakings under the Acquisition Agreement remain true, accurate and not misleading from time to time; and
- (iv) the conditions precedent of the Subscription Agreement (other than any conditions precedent relating to the Acquisition Agreement) having been satisfied or waived in accordance with the terms thereof.

The Purchaser may at its absolute discretion at any time waive any of the conditions, other than the condition (ii) above. If the conditions above are not fulfilled or waived (as the case may be) on or before 31 July 2011 or such other date as the Purchaser and the Vendor may agree in writing, the rights and obligations of the parties under the Acquisition Agreement shall lapse and be of no further effect except for antecedent breach. The deposit of HK\$200,000,000 paid by the Purchaser shall be refunded to the Purchaser (together with any interests accrued thereon). As at the date of this announcement, the condition (ii) above has been fulfilled.

Completion

Completion of the Acquisition is to take place on the first working day (or such other day as agreed between the Purchaser and the Vendor) following the day on which all the conditions precedent stated in the paragraph headed “Conditions precedent to the Acquisition Agreement” above are fulfilled or waived (as the case may be). It is expected that completion of the Acquisition will take place on or about 28 June 2011.

Upon completion of the Acquisition, the Target Group (including Shenzhen Fantasia Investment) will become wholly-owned subsidiaries of the Purchaser.

Termination

The Purchaser shall have the right to terminate the Acquisition Agreement by written notice to the Vendor upon the occurrence of any of the following events:

- (i) if the Vendor is in breach of its obligations under the Acquisition Agreement; or
- (ii) if any of the warranties provided by the Vendor in the Acquisition Agreement is inaccurate or misleading.

B. Subscription Agreement

Date: 24 June 2011

Parties

- (i) The Company as the issuer; and
- (ii) The Vendor (or its nominee(s)) as the subscriber.

Subscription of Subscription Shares

Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price payable to the Company in cash. The Subscription Shares represent approximately (i) 6.84% of the issued share capital of the Company as at the date of this announcement; and (ii) 6.40% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

Consideration

The total consideration for the Subscription is HK\$400,000,000 which shall be paid by the Vendor in cash as follows:

- (i) within two (2) working days upon signing of the Subscription Agreement, the Vendor shall make an initial payment of HK\$200,000,000 as deposit; and
- (ii) within three (3) working days upon signing of the Subscription Agreement, the Vendor shall pay the remaining amount of HK\$200,000,000.

In arriving the Subscription Price, the consideration of the Subscription was determined with reference to (i) the closing price of the Shares on the date of signing of the Subscription Agreements and (ii) the average closing price of the Shares for the five business days immediately preceding the date of signing of the Subscription Agreement.

Conditions precedent to the Subscription Agreement

The Subscription Agreement is conditional upon fulfilment and/or waiver of the following conditions:

- (i) the Subscription Agreement and the transactions contemplated thereunder having been approved by the Shareholders in the general meeting of the Company or written approval of the Subscription Agreement and the transactions contemplated thereunder have been obtained by the Company from Shareholders in lieu of holding a general meeting of the Company in compliance with the Listing Rules;
- (ii) all the representations, warranties and undertakings under the Subscription Agreement remain true, accurate and not misleading from time to time;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (iv) the conditions precedent of the Acquisition Agreement (other than any conditions precedent relating to the Subscription Agreement) having been satisfied or waived in accordance with the terms thereof.

The Company may at its absolute discretion at any time waive any of the conditions, other than the conditions (i) and (iii) above. If the conditions above are not fulfilled or waived (as the case may be) on or before 31 July 2011 or such other date as the Company and the Vendor may agree in writing, the rights and obligations of the parties under the Subscription Agreement shall lapse and be of no further effect except for antecedent breach. As at the date of this announcement, the condition (i) above has been fulfilled.

Completion

Completion of the Subscription is to take place on the first working day (or such other day as agreed between the Company and the Vendor) following the day on which all the conditions precedent stated in the paragraph headed "Conditions precedent to the Subscription Agreement" above are fulfilled or waived (as the case may be). It is expected that completion of the Subscription will take place on or about 28 June 2011.

Completion of the Acquisition and the Subscription are inter-conditional.

Issue price of the Subscription Shares

The issue price of the Subscription Shares of approximately HK\$1.20 per Subscription Share represents:

- (i) the same as the price of HK\$1.20 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) an approximately 2.56% premium over the average closing price of HK\$1.17 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date; and
- (iii) an approximately 10.40% premium over the audited consolidated net asset value attributable to the Shareholders per Share as at 31 December 2010 of approximately RMB0.924 (approximately HK\$1.087).

The Subscription Shares will be allotted and issued pursuant to the General Mandate and will rank *pari passu* in all respects with the Shares then in issue on the relevant allotment date. As at the date of this announcement, no Shares have been issued under the General Mandate.

II. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart depicts the effects of the Subscription on the shareholding structure of the Company:

	As at the date of this announcement		Immediately after the completion of the Transactions	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Fantasy Pearl (<i>Note</i>)	3,174,795,000	65.14%	3,174,795,000	60.97%
Vendor (or its nominee(s))	–	–	333,333,000	6.40%
Other public Shareholders	<u>1,699,093,750</u>	<u>34.86%</u>	<u>1,699,093,750</u>	<u>32.63%</u>
Total:	<u>4,873,888,750</u>	<u>100.00%</u>	<u>5,207,221,750</u>	<u>100.00%</u>

Note:

Fantasy Pearl is owned as to 80% by Ice Apex Limited (“Ice Apex”) and 20% by Graceful Star Overseas Limited. Ice Apex is wholly owned by Ms. Zeng Jie, Baby, a Director and the controlling shareholder of the Company. Ice Apex and Ms. Zeng Jie Baby are deemed to be interested in the Shares held by Fantasy Pearl for the purpose of Part XV of the Securities and Futures Ordinance.

III. FUND RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not carried out any equity fund raising activities in the past twelve months immediately before the date of this announcement.

IV. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board believes that the Transactions provide a good opportunity for the Company to consolidate the Company's interest and control in Shenzhen Fantasia Investment so that the Company can manage Shenzhen Fantasia Investment more efficiently and effectively and the performance of Shenzhen Fantasia Investment can be better reflected in the accounts of the Company. The Directors consider that the Transactions (including the basis of the Acquisition Consideration and the Subscription Price) is on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

V. INFORMATION ON THE VENDOR AND THE TARGET GROUP

To the best of the Directors' knowledge and belief, the Vendor has no other relationship with the Company save for being a substantial shareholder of Shenzhen Fantasia Investment by holding 48% registered capital therein through the Target Company.

As at the date of the Agreement, the members of the Target Group (save for Shenzhen Fantasia Investment and its subsidiary) are investment holding companies and are neither engaged in any business nor holding any assets other than their 48% equity interest in Shenzhen Fantasia Investment. According to the Vendor, the original purchase cost to the Vendor for the 48% equity interest in Shenzhen Fantasia Investment was approximately HK\$130 million.

As at 30 April 2011, the unaudited net asset value of the Target Company under the accounting principles generally accepted in Hong Kong amounted to approximately US\$50,000 (approximately HK\$390,000).

Shenzhen Fantasia Investment is principally engaged in property development in the PRC and currently holds 65% equity interest in an investment holding company, Fantasia Chengdu Development in the PRC. As at the date of this announcement, Shenzhen Fantasia Investment has a property development project named "Love Forever" in Shenzhen. Phase II of this project is still under construction and it is expected to be completed by the end of June 2011. Upon completion, Love Forever Phase II will have a total gross floor area of approximately 63,870.33 square metres.

According to the unaudited consolidated management accounts of Shenzhen Fantasia Investment prepared under the accounting principles generally accepted in Hong Kong, Shenzhen Fantasia Investment recorded loss before and after tax of approximately RMB9.6 million (approximately HK\$11.3 million) and approximately RMB6.1 million (approximately HK\$7.2 million), respectively during the year ended 31 December 2009. For the year ended 31 December 2010, Shenzhen Fantasia Investment recorded profit before and after tax of approximately RMB331.0 million (approximately HK\$389.4 million) and approximately RMB210.3 million (approximately HK\$247.5 million), respectively. As at 30 April 2011, the unaudited net asset value of Shenzhen Fantasia Investment attributable to its shareholders amounted to approximately RMB720.6 million (approximately HK\$847.7 million), respectively. The registered capital of Shenzhen Fantasia Investment is RMB100 million (approximately HK\$117.6 million).

Upon completion of the Acquisition, Shenzhen Fantasia Investment will become an indirect wholly-owned subsidiary of the Company and the results, assets and liabilities of Shenzhen Fantasia Investment will continue to be consolidated into the accounts of the Company.

VI. INFORMATION ON THE COMPANY

The Company is principally engaged in property development in the PRC.

VII. IMPLICATION OF THE LISTING RULES

As the Vendor indirectly holds 48% of the registered capital of Shenzhen Fantasia Investment, the Vendor is a connected person of the Company for the purpose of the Listing Rules, thus the Transactions constitute connected transactions on the part of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition and the Subscription are above 5% but below 25%, the Acquisition and the Subscription constitute non-exempt connected transactions of the Company under the Listing Rules and are therefore subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Acquisition also constitutes a discloseable transaction subject to announcement requirement under Chapter 14 of the Listing Rules.

On the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions; and (ii) Fantasy Pearl, which holds 3,174,795,000 Shares, representing an aggregate of approximately 65.14% of the issued share capital of the Company as at the date of this announcement, has approved the Transactions in writing in accordance with Rule 14A.43 of the Listing Rules, the Company has applied to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from strict compliance with the independent shareholders' approval requirement under Chapter 14A of the Listing Rules and the Stock Exchange has granted such waiver.

VIII. GENERAL

A circular containing, among other things, details of the Transactions, the letter from the independent board committee of the Company giving its recommendations to the independent shareholders of the Company in relation to the Transactions, the letter from the independent financial adviser containing its advice to the independent board committee and the independent shareholders of the Company in relation to the Transactions and other information required under the Listing Rules will be despatched to the Shareholders for their information not later than 8 July 2011.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Acquisition”	the acquisition of the entire issued share capital of the Target Company and the Shareholder’s Loan pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 24 June 2011 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Acquisition Consideration”	the sum of HK\$400,000,000 payable by the Purchaser to the Vendor in connection with the Acquisition
“Agreements”	the Acquisition Agreement and the Subscription Agreement
“Board”	the board of Directors
“Company” or “Purchaser”	Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Fantasia Chengdu Development”	Fantasia (Chengdu) Development Co., Ltd. (花樣年實業發展(成都)有限公司), a limited liability company established in the PRC. Shenzhen Fantasia Investment and Fantasia Investment Holdings Company Limited (香港花樣年投資控股集團有限公司), the Purchaser’s subsidiary, own 65% equity interest and 25% equity interest respectively, the remaining 10% equity interest is owned by Fantasia Group (China) Company Limited (花樣年集團(中國)有限公司)
“Fantasy Pearl”	Fantasy Pearl International Limited, a company incorporated in the British Virgin Islands and holds approximately 65.14% interest in the Company as at the date of this announcement
“General Mandate”	the general mandate to allot and issue Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 13 May 2011

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK HoldCo”	Splendor Sun Holdings Limited (榮日集團有限公司), a company incorporated in Hong Kong and indirectly wholly-owned by the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	24 June 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan, for the purposes of this announcement
“PRC HoldCo 1”	深圳市瑞禹科技有限公司 (Shenzhen Ruiyu Technology Company Limited)# , a company established in the PRC and indirectly wholly-owned by the Vendor
“PRC HoldCo 2”	深圳市百業騰興科技有限公司 (Shenzhen Baiyetengxing Technology Company Limited)# , a company established in the PRC and indirectly wholly-owned by the Vendor
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary shares of HK\$0.10 each in the Company
“Shareholders”	holders of the Shares
“Shareholder’s Loan”	approximately RMB160 million, being all amounts, whether principal, interest or otherwise, owing by Target Group to the Vendor as at the date of the Acquisition Agreement
“Shenzhen Fantasia Investment”	深圳市花樣年投資發展有限公司 (Shenzhen Fantasia Investment Development Company Limited)#, a company established in the PRC and is owned as to 52% by 花樣年集團(中國)有限公司 (Fantasia Group (China) Company Limited)#, being a wholly-owned subsidiary of the Purchaser, and as to 48% by the PRC HoldCo 2 as at the date of this announcement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 24 June 2011 entered into between the Company and the Vendor relating to the Subscription
“Subscription”	subscription of the Subscription Shares by the Vendor (or its nominee(s))
“Subscription Price”	HK\$400,000,000 payable in cash under the Subscription
“Subscription Shares”	333,333,000 new Shares to be issued and allotted by the Company to the Vendor (or its nominee(s)) pursuant to the Subscription Agreement
“Target Company”	Strong Nova Holdings Limited, a company incorporated in the British Virgin Islands and a subsidiary wholly-owned by the Vendor
“Target Group”	the Target Company, the HK HoldCo, the PRC HoldCo 1, the PRC HoldCo 2, Shenzhen Fantasia Investment and Fantasia Chengdu Development
“Transactions”	the Acquisition and the Subscription
“US\$”	U.S. dollar, the lawful currency of United States
“Vendor”	Mr. Yu Shui, being the sole shareholder of the Target Company
“%”	per cent.

The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at a rate of HK\$1.00 = RMB0.85.

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

Hong Kong, 24 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.