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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
61% EQUITY INTERESTS IN TOPSEARCH SHENZHEN**

The Board is pleased to announce that on 13 November 2012, Shenzhen Fantasia, a wholly-owned subsidiary of the Company, and Shanghai Yuxing, an Independent Third Party, entered into the Framework Agreement with Topsearch HK.

Pursuant to the Framework Agreement, Shenzhen Fantasia and Shanghai Yuxing agreed to purchase and Topsearch HK agreed to sell 61% and 9% of its equity interests in its wholly-owned subsidiary, Topsearch Shenzhen, to Shenzhen Fantasia and Shanghai Yuxing for a consideration of RMB213,421,324 (equivalent to approximately HK\$262,508,229) and RMB31,488,392 (equivalent to approximately HK\$38,730,722), respectively. On 13 November 2012, Shenzhen Fantasia, Shanghai Yuxing and Topsearch HK entered into (a) an equity transfer agreement to implement the transactions contemplated under the Framework Agreement and (b) a joint venture contract regarding the governance of Topsearch Shenzhen after completion of the Acquisition, both of which will become effective upon obtaining approvals from the relevant PRC regulatory authorities.

As at the date of this announcement, the assets of Topsearch Shenzhen include, among others, (i) the property rights of the properties numbered from one (1) to fourteen (14) erected on Shekou Land One and its land use rights; (ii) the land use rights of Shekou Land Two and the property rights of the building erected thereon; (iii) other assets (excluding certain carved-out assets and liabilities); and (iv) 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 under the Listing Rules.

THE FRAMEWORK AGREEMENT

Date

13 November 2012

Parties

- (1) Topsearch HK, as Vendor; and
- (2) Shenzhen Fantasia and Shanghai Yuxing, as Purchasers.

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

On 13 November 2012, Shenzhen Fantasia, Shanghai Yuxing and Topsearch HK entered into (a) an equity transfer agreement to implement the transactions contemplated under the Framework Agreement and (b) a joint venture contract regarding the governance of Topsearch Shenzhen after completion of the Acquisition, both of which will become effective upon obtaining approvals from the relevant PRC regulatory authorities.

Assets to be acquired

Pursuant to the Framework Agreement, the Vendor has agreed to sell and the Purchasers have agreed to purchase 70% of the equity interests in Topsearch Shenzhen, of which, Shenzhen Fantasia shall purchase 61% and Shanghai Yuxing shall purchase 9% of the equity interests in Topsearch Shenzhen.

Upon completion of the Acquisition, Shenzhen Fantasia, Shanghai Yuxing and the Vendor will hold 61%, 9% and 30% of the equity interests, respectively in Topsearch Shenzhen, which in turn holds:

- i. the property rights of the properties numbered from one (1) to fourteen (14) erected on Shekou Land One and its land use rights. Shekou Land One is designated for industrial storage use with an aggregate land use area of approximately 13,137.8 square meters. The land use rights of the properties erected on Shekou Land One are valid for 30 or 50 years and will expire on or about 9 June 2014 or 9 June 2034, respectively.
- ii. the land use rights of Shekou Land Two and the property rights of the building erected on Shekou Land Two. The property erected on Shekou Land Two is named as Topsearch Building (至卓飛高大樓) with a total construction area of approximately 40,101.35 square meters. Shekou Land Two is designated for industrial use with an aggregate parcel area of approximately 11,208.5 square meters. The land use rights of Shekou Land Two are valid for 50 years and will expire on 14 September 2050.

Shekou Land One and Shekou Land Two are collectively referred to as Shekou Land.

As at 30 September 2012, the book value of Shekou Land One and Shekou Land Two are RMB32,377,203 (equivalent to approximately HK\$39,823,960) and RMB161,009,260 (equivalent to approximately HK\$198,041,390), respectively.

Carved-out assets and liabilities

The parties to the Framework Agreement have agreed that all the indebtedness and liabilities incurred by Topsearch Shenzhen, its subsidiaries and its branch companies (if any) before the completion of the Acquisition and owed to the Vendor and/or third parties shall be carved out from the Acquisition. The Vendor shall waive its rights and obtain from each of the creditors of Topsearch Shenzhen an acknowledgement of repayment or an undertaking to waive any rights on all claims against Topsearch Shenzhen arising from such indebtedness and liabilities before completion of the Acquisition.

Consideration and payment

The Consideration for the Acquisition is RMB244,909,716 (equivalent to approximately HK\$301,238,951), of which, RMB213,421,324 (equivalent to approximately HK\$262,508,229) shall be paid by Shenzhen Fantasia and RMB31,488,392 (equivalent to approximately HK\$38,730,722) shall be paid by Shanghai Yuxing.

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 Shekou Land and the net asset value of Topsearch Shenzhen.

The Consideration shall be paid in the following manner:

- (1) Within five business days upon signing of the Framework Agreement, Shenzhen Fantasia shall pay RMB17,349,895 (equivalent to approximately HK\$21,340,371) and Shanghai Yuxing shall pay RMB2,559,821 (equivalent to approximately HK\$3,148,580) to the Fantasia Designated Account (the "**First Installment**"), which will then be transferred to the NRA Account, and finally to the Topsearch HK Designated Account upon completing all the relevant foreign exchange formalities.
- (2) Within five business days upon the fulfillment of certain conditions as provided in the Framework Agreement, including but not limited to, (a) the Vendor having (i) terminated employment with all existing employees of Topsearch Shenzhen (including its subsidiaries and branch companies) and settled all the outstanding payment and damages arising therefrom; (ii) terminated all the existing agreements previously entered by Topsearch Shenzhen, its subsidiaries and branch companies (if any) except those agreements mutually agreed by the Vendor and Purchasers to remain subsisting; (iii) disposed of the carved-out assets and liabilities of Topsearch Shenzhen; (iv) obtained approvals from all the relevant authorities in relation to the change of equity interests in Topsearch Shenzhen; (v) obtained the approvals from all the relevant authorities to increase the registered capital of Topsearch Qujiang by not less than RMB225,000,000 (equivalent to approximately HK\$276,750,000); (vi) obtained a new business registration certificate and a new memorandum and articles of association of Topsearch Shenzhen; (b) Topsearch International having obtained its shareholders' approval approving the Acquisition; and (c) the equity transfer agreement, the joint venture contract, amendments to the articles of association of Topsearch Shenzhen and other relevant transaction documents regarding the Acquisition having been executed, and the approvals of the aforesaid transaction documents from the relevant authorities having been obtained.

Shenzhen Fantasia shall pay RMB196,071,429 (equivalent to approximately HK\$241,167,858) and Shanghai Yuxing shall pay RMB28,928,571 (equivalent to approximately HK\$35,582,142), to the Fantasia Designated Account (the “**Second Installment**”).

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

Use of proceeds

As at the date of this announcement, the properties numbered from one (1) to fourteen (14) erected on Shekou Land One, Shekou Land Two and the Topsearch Building erected on Shekou Land Two have been mortgaged by Topsearch Shenzhen in favour of Shaoguan CCB (the “**Mortgage**”).

Upon fulfillment of certain conditions as provided in the Framework Agreement, including but not limited to, (i) obtaining the approvals from all the relevant authorities in relation to the increase of registered capital of Topsearch Qujiang; (ii) completing all the procedures required for the registration of change of equity interests in Topsearch Shenzhen; and (iii) completing the hand-over procedures of all the corporate and commercial documents of Topsearch Shenzhen, its subsidiaries and branch companies (if any) from the Vendor to Shenzhen Fantasia, Shenzhen Fantasia shall transfer the Second Installment deposited at the Fantasia Designated Account to the NRA Account and the Second Installment will then be immediately transferred to the Joint Escrow Account.

Immediately but in any event no later than two business days from the transfer of the Second Installment to the Joint Escrow Account, the Vendor undertakes to increase or procure the increase in the registered capital of Topsearch Qujiang by not less than RMB225,000,000 (equivalent to approximately HK\$276,750,000) and shall arrange for the immediate repayment of the loan and release of the Mortgage.

Conditions precedent for completion

The completion of the Acquisition is conditional and shall take place upon the fulfillment of a number of conditions, including but not limited to:

- (i) the completion of the hand-over procedures of all the corporate and commercial documents of Topsearch Shenzhen, its subsidiaries and branch companies (if any) from the Vendor to Shenzhen Fantasia to enable it to have effective control over Topsearch Shenzhen and Shekou Land (among other things);
- (ii) the payment of the Second Installment by the Purchasers;
- (iii) the completion of release of the Mortgage; and
- (iv) the delivery of the original property ownership certificate (房地產證) of Shekou Land and the proof for release of the Mortgage by the Vendor to the Purchasers.

Board composition and management of Topsearch Shenzhen

Upon completion of the Acquisition, the board of Topsearch Shenzhen shall consist of five directors. Shenzhen Fantasia, Shanghai Yuxing and Topsearch HK shall be entitled to nominate three, one and one directors, respectively. The chairman of the board, the general manager and the legal representative of Topsearch Shenzhen shall be persons nominated by Shenzhen Fantasia. Any change to the directors of Topsearch Shenzhen must be approved by the relevant party which authorised the relevant appointment.

Upon completion of the Acquisition, the operation and management of Topsearch Shenzhen shall be managed by Shenzhen Fantasia.

Right of first refusal and tag-along right

Upon completion of the Acquisition, if any shareholder (the “**Selling Shareholder**”) of Topsearch Shenzhen wishes to transfer its equity interests (the “**Relevant Equity Interests**”) in Topsearch Shenzhen to a third party, the Relevant Equity Interests must first be offered to the other existing shareholders of Topsearch Shenzhen for the same price and on the same terms of the proposed transfer. Those existing shareholders may choose to accept the Relevant Equity Interests or elect to sell their equity interests together with the Relevant Equity Interests on a pro-rata basis pursuant to their respective shareholdings. The Selling Shareholder may transfer its equity interests in Topsearch Shenzhen to a third party provided that, the existing shareholders expressly waive their rights in purchasing the Relevant Equity Interests by written confirmation or fail to provide any written confirmation within a reasonable period of time.

Rights of repurchase by the Vendor

If for reasons relating to Shenzhen Fantasia (other than events of force majeure), Topsearch Shenzhen fails to obtain the building construction project work permit (建築工程項目施工許可證) for Shekou Land within 36 months after the completion of the Acquisition (the “**Effective Date**”), the Vendor shall, within 180 days of the Effective Date, be entitled to serve a written notice to Shenzhen Fantasia for the repurchase of all equity interests in Topsearch Shenzhen held by Shenzhen Fantasia for a consideration with reference to the then valuation of Topsearch Shenzhen as determined by a mutually acceptable and credible property valuer, provided that Topsearch HK shall repay the shareholder loans (if any) advanced to Topsearch Shenzhen by Shenzhen Fantasia.

Termination

Automatic Termination

Within 12 months from the signing of the Framework Agreement, if the approvals from the relevant authorities required for the transfer of equity interests in Topsearch Shenzhen cannot be obtained not as a result of any fault of any party to the Framework Agreement or Topsearch International fails to obtain its shareholders’ approval approving the Acquisition, the Framework Agreement will be terminated automatically. The Vendor shall, within five business days of such termination, return all the amounts paid by the Purchasers together with any interests accrued thereon to the Purchasers.

Default by the Vendor

The Purchasers are entitled to terminate the Framework Agreement if, among others, the Vendor fails to complete transfer of the 70% equity interests in Topsearch Shenzhen to the Purchasers within 12 months from the date of the Framework Agreement or perform its obligations and undertakings under the Framework Agreement.

The Vendor shall, within five business days upon issuing of the termination notice by the Purchasers, return all amounts paid by the Purchasers, plus any interests accrued thereon and pay a liquidated damage of RMB20,000,000 (equivalent to approximately HK\$24,600,000) to the Purchasers.

Any Purchaser elects not to terminate the Framework Agreement shall be entitled, but not obliged to, acquire the equity interests in Topsearch Shenzhen of the rescinding Purchaser at an agreed consideration.

Default by the Purchasers

If any Purchaser fails to pay the Consideration by the respective scheduled payment dates, such defaulting Purchaser shall pay a liquidated damage to the Vendor calculated based on an agreed rate. If any Purchaser fails to pay the Consideration after 30 days of the respective scheduled payment dates, the Vendor is entitled to terminate the Framework Agreement and such defaulting Purchaser shall pay a liquidated damage of RMB20,000,000 (equivalent to approximately HK\$24,600,000). The Vendor shall, within five business days upon issuing the termination notice, return all amounts paid by the Purchasers after deducting the said RMB20,000,000 (equivalent to approximately HK\$24,600,000) to the Purchasers.

The defaulting Purchaser shall be liable for all damages or losses incurred to the non-defaulting Purchaser as a result of such breach.

Guarantees

Pursuant to a guarantee (the “**First Guarantee**”) dated 13 November 2012, Topsearch Qujiang agreed to guarantee the Vendor’s obligations under the Framework Agreement, including but not limited to, the transfer of the Second Installment from the NRA Account for the repayment of the loan and release of the Mortgage in accordance with the terms of the Framework Agreement. The First Guarantee shall be valid from the date of such guarantee until the completion of the repayment of the loan and release of the Mortgage.

Pursuant to a guarantee (the “**Second Guarantee**”) dated 13 November 2012, Topsearch International and Mr. Cheok agreed to jointly and severally guarantee the Vendor’s obligations under the Framework Agreement, including but not limited to, repayment of any debts, government penalties, tax or stamp duty to be paid by the Vendor, Topsearch Shenzhen, its subsidiaries and branch companies (if any) under the Framework Agreement, all other default payments and liquidated damages to be paid by the Vendor under the Framework Agreement, and the transfer of the Second Installment from the NRA Account for the repayment of the loan and release of the Mortgage in accordance with the terms of the Framework Agreement. If the non-performance of any obligations under the Framework Agreement is without any fault of the Vendor, Mr. Cheok will be discharged from his liabilities arising under the Second Guarantee, while Topsearch International shall remain liable. The Second Guarantee shall be valid for two years from the date of such guarantee.

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 potential opportunity for project development in Shenzhen, the PRC, and the Acquisition will allow the Company to further enhance its position in the market in Shenzhen, the PRC.

The Directors consider that the Framework 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 TOPSEARCH SHENZHEN

Topsearch Shenzhen is a limited liability company established in the PRC on 25 September 1987 with a registered capital of US\$50,000,000. Topsearch Shenzhen is principally engaged in the manufacture and sale of a broad range of printed circuit boards.

As at the date of this announcement, the assets of Topsearch Shenzhen include, among others, (i) the property rights of the properties numbered from one(1) to fourteen(14) erected on Shekou Land One and its land use rights; (ii) the land use rights of Shekou Land Two and the property rights of the building erected thereon; (iii) other assets (excluding certain carved-out assets and liabilities); and (iv) bank balances and cash.

Set out below are the unaudited financial information of Topsearch Shenzhen under the accounting principles generally accepted in Hong Kong for the two financial years ended 31 December 2011:

	31 December 2010	31 December 2011
	<i>Approximately RMB (equivalent to approximately HK\$)</i>	<i>Approximately RMB (equivalent to approximately HK\$)</i>
Net loss before taxation and extraordinary items	(105,852,033) (130,198,000)	(273,186,179) (336,019,000)
Net loss after taxation and extraordinary items	(105,852,033) (130,198,000)	(283,294,309) (348,452,000)

According to the unaudited financial information of Topsearch Shenzhen as at 31 December 2011, the net liability of Topsearch Shenzhen was approximately HK\$176,591,000.

INFORMATION ON THE VENDOR

To the best of the Directors' knowledge and belief, the Vendor is an investment holding company. The Vendor is a wholly-owned subsidiary of Topsearch International, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange. Topsearch International and its subsidiaries are principally engaged in the manufacture and sale of a broad range of printed circuit boards.

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 70% equity interests in Topsearch Shenzhen, of which, 61% to be acquired by Shenzhen Fantasia and 9% to be acquired by Shanghai Yuxing, pursuant to the Framework 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 with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Consideration”	RMB244,909,716 (equivalent to approximately HK\$301,238,951) in aggregate, of which, RMB213,421,324 (equivalent to approximately HK\$262,508,229) to be paid by Shenzhen Fantasia and RMB31,488,392 (equivalent to approximately HK\$38,730,722) to be paid by Shanghai Yuxing
“Directors”	directors of the Company
“Fantasia Designated Account”	a bank account to be opened by Shenzhen Fantasia at China Construction Bank, Shenzhen Branch (中國建設銀行深圳分行)
“Framework Agreement”	a transaction framework agreement entered into between Shenzhen Fantasia, Shanghai Yuxing and Topsearch HK on 13 November 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
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons
“Joint Escrow Account”	a bank account (驗資監管賬戶) to be opened by Topsearch Qujiang at Shaoguan CCB
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheok”	Mr. Cheok Ho Fung (卓可風), being the controlling shareholder of Topsearch International

“NRA Account”	a RMB bank account to be opened by Topsearch HK at China Construction Bank, Shenzhen Branch (中國建設銀行深圳分行)
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Purchasers”	Shenzhen Fantasia and Shanghai Yuxing, either party is a Purchaser
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Yuxing”	上海譽星投資中心(有限合夥)(Shanghai Yuxing Investment Center (Limited Partnership)*), a limited partnership established in the PRC
“Shaoguan CCB”	China Construction Bank Corporation Limited (Shaoguan Branch) (中國建設銀行股份有限公司韶關市分行)
“Shekou Land”	Shekou Land One and Shekou Land Two
“Shekou Land One”	the parcel of land having a land use area of approximately 13,137.8 square meters, identified as K320-0001 located at Gongye Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC
“Shekou Land Two”	the parcel of land having a parcel area of approximately 11,208.5 square meters, identified as K320-0002 located at the plot to the east of Shekou Avenue and to the west of Liyuan Road, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC
“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 established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Topsearch HK Designated Account”	a bank account to be opened by Topsearch HK at The Hongkong and Shanghai Banking Corporation Limited
“Topsearch HK” or the “Vendor”	Topsearch Printed Circuits (HK) Limited (至卓飛高線路板(香港)有限公司*), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Topsearch International

“Topsearch International”	Topsearch International (Holdings) Limited (至卓國際(控股)有限公司*), a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Topsearch Qujiang”	至卓飛高線路板(曲江)有限公司 (Topsearch Printed Circuits (Qujiang) Limited*), a company established in the PRC with limited liability and registered as a wholly-foreign owned enterprise under the relevant PRC laws. It is a wholly-owned subsidiary of Topsearch International
“Topsearch Shenzhen”	至卓飛高線路板(深圳)有限公司 (Topsearch Printed Circuits (Shenzhen) Limited*), a company established in the PRC with limited liability and registered as a wholly-foreign owned enterprise under the relevant PRC laws. It is a wholly-owned subsidiary of Topsearch International
“US\$”	United States dollars
“%”	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, 13 November 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*