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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)

ANNOUNCEMENT

POSSIBLE DISCLOSEABLE TRANSACTION

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
COLOUR LIFE SERVICES GROUP CO., LIMITED
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement is made pursuant to Rule 13.09(2)(a) of the Listing Rules and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and PN15 of the Listing Rules.

The Board is pleased to announce that on 14 June 2013, the Company submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off.

On 19 August 2013, Colour Life submitted a listing application form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the Colour Life Shares on the Main Board of the Stock Exchange. The Proposed Spin-off is subject to the requirements under PN15 and other relevant provisions of the Listing Rules.

It is currently proposed that, pursuant to the Global Offering, the Colour Life Shares will be offered for subscription by way of an initial public offering in Hong Kong and international placement to professional, institutional and other investors. It is expected that the proceeds from the Global Offering will mainly be used by Colour Life Group for its (i) acquisition of regional property management companies; (ii) purchases of hardware equipment used for upgrading the communities under its engineering services business segment; (iii) funding the sales and marketing activities and investment of information technology software to further develop the value-added service platform and (iv) other working capital and general corporate purposes.

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of Shareholders by providing qualifying Shareholders with an assured entitlement to the Colour Life Shares by way of a preferential offering of the Colour Life Shares if the Global Offering proceeds. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

Colour Life is currently a non-wholly owned subsidiary of the Company which is owned as to approximately 67.19% by the Company. Upon completion of the Global Offering (assuming no exercise of the over-allotment options), it is proposed that the Company's percentage holding in the issued share capital of Colour Life will be reduced, although it is intended that Colour Life will remain as a subsidiary of the Company. Such reduction of the Company's shareholding interest in Colour Life is expected to constitute a possible discloseable transaction of the Company under the Listing Rules, which will be subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

The listing of the Colour Life Shares pursuant to the Proposed Spin-off is subject to, amongst others, the Listing Approval and the final decisions of the Board and of the board of directors of Colour Life. The final decisions of the Board and of the board of directors of Colour Life to proceed with the Proposed Spin-off and the Global Offering are dependent upon, among others, market conditions during the period leading up to the proposed Global Offering. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the Colour Life Shares will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off if and when appropriate.

INTRODUCTION

This announcement is made pursuant to Rule 13.09(2)(a) of the Listing Rules and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and PN15 of the Listing Rules.

The Board is pleased to announce that on 14 June 2013, the Company submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off.

On 19 August 2013, Colour Life submitted, through its appointed joint sponsors, a listing application form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the Colour Life Shares on the Main Board of the Stock Exchange. The Proposed Spin-off is subject to the requirements under PN15 and other relevant provisions of the Listing Rules.

PROPOSED SPIN-OFF

The Proposed Spin-off involves the spin-off by the Company and separate listing of its property management services business, engineering services business and value-added services business in China on the Main Board of the Stock Exchange.

Colour Life is incorporated in the Cayman Islands on 16 March 2011 and is currently a non-wholly owned subsidiary of the Company. The Colour Life Group is one of the leading property management companies in the PRC engaged in the provision of (i) property management services with a focus on residential communities, which primarily consist of services to residential communities with ancillary commercial and office space and carparks, as well as pre-sales services to property developers, (ii) engineering services which primarily include the provision of equipment installation services, repair and maintenance and automation equipment upgrade services, and (iii) value-added services which primarily include common area rental assistance, purchase assistance and residential and retail units rental and sales assistance.

It is currently proposed that, pursuant to the Global Offering, the Colour Life Shares will be offered for subscription by way of an initial public offering in Hong Kong and international placement to professional, institutional and other investors. It is expected that the proceeds from the Global Offering will mainly be used for (i) acquisition of regional property management companies; (ii) update hardware equipment used for upgrading the communities under its engineering services business segment; (iii) funding the sales and marketing activities and investment of information technology software to further develop the value-added service platform and (iv) other working capital and general corporate purposes.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off is in the interests of the Company and the Shareholders taken as a whole based on the following reasons:

- (a) the Proposed Spin-off will allow the Company and its shareholders an opportunity to realise their fair value of investment in Colour Life Group;
- (b) the Proposed Spin-off will enable Colour Life Group to build its identity as a separately listed group, and will provide separate fund-raising platforms for the Group (excluding Colour Life Group) (the “**Retained Group**”) and Colour Life Group. Such platform would allow Colour Life Group to gain direct access to the capital market for equity and/or debt financing to fund its existing operations and future expansion without reliance on the Company, thereby accelerating its expansion and improving its operating and financial performance, which in turn will provide better reward to the shareholders of both the Retained Group and Colour Life Group;
- (c) as a separately listed group, Colour Life Group will be able to further build on its reputation and be in a better position to negotiate and solicit more businesses, and the Company will in turn be able to benefit from the growth of Colour Life Group through its shareholding in Colour Life Group;
- (d) the Proposed Spin-off will increase the operational and financial transparency and improve the corporate governance of Colour Life Group and provide investors, the financial institutions and rating agencies with greater clarity on the businesses and financial status of the Retained Group and Colour Life Group on a stand-alone basis, and such improvements will help to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of both the Retained Group and Colour Life Group;
- (e) the Proposed Spin-off will enable Colour Life Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors, who can produce synergy for Colour Life Group, for investment in and forming strategic partnerships directly with Colour Life Group. The Retained Group will benefit from such investments without further capital commitment;
- (f) the stock performance of Colour Life Group can serve as a separate benchmark for shareholders and the investing public to evaluate the performance of Colour Life Group which could in turn serve as an incentive for the management of Colour Life Group to seek improvement and raise management and operating efficiency of Colour Life Group on an ongoing basis; and
- (g) the Proposed Spin-off would enable a more focused development, strategy planning and better allocation of resources for the Retained Group and Colour Life Group with respect to their respective businesses, and both the Retained Group and Colour Life Group would benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT(S)

In accordance with the requirements of PN15, the Board proposes to give due regard to the interests of Shareholders by providing qualifying Shareholders with an assured entitlement to the Colour Life Shares by way of a preferential offering of the Colour Life Shares if the Proposed Spin-off proceeds. Details of such assured entitlement have not yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

Colour Life is currently a non-wholly owned subsidiary of the Company which is owned as to approximately 67.19% by the Company. Upon completion of the Global Offering (assuming no exercise of the over-allotment options), it is proposed that the Company's percentage holding in the issued share capital of Colour Life will be reduced, although it is intended that Colour Life will remain as a subsidiary of the Company. Such reduction of the Company's shareholding interest in Colour Life is expected to constitute a possible discloseable transaction of the Company under the Listing Rules, which will be subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Chapter 14 of the Listing Rules as and when necessary.

GENERAL

The Group is a leading property developer and property related service provider in the PRC. 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 the PRC, including the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region.

The listing of the Colour Life Shares pursuant to the Proposed Spin-off is subject to, amongst others, the Listing Approval and the final decisions of the Board and of the board of directors of Colour Life. The final decisions of the Board and of the board of directors of Colour Life to proceed with the Proposed Spin-off and the Global Offering are dependent upon, among others, market conditions during the period leading up to the proposed Global Offering. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the Colour Life Shares will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off if and when appropriate.

DEFINITIONS

“Board”	the board of directors of the Company
“Colour Life”	Colour Life Services Group Co., Limited (彩生活服務集團有限公司) (formerly known as Colour Life Services Group Co., Ltd.), a company incorporated as an exempted company with limited liability in the Cayman Islands on 16 March 2011, which is currently a non wholly owned subsidiary of the Company
“Colour Life Group”	the group of companies comprising Colour Life and its subsidiaries following completion of an internal corporate reorganization of the Group to be carried out for the purpose of the Proposed Spin-off
“Colour Life Shares”	ordinary shares in the share capital of Colour Life
“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
“Global Offering”	pursuant to the Proposed Spin-off, the proposed issue and offer for subscription of the Colour Life Shares to the public in Hong Kong and the international placement of the Colour Life Shares to professional, institutional and other investors, the details of which have yet to be finalised
“Listing Approvals”	the approval from the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Colour Life Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PN15”	Practice Note 15 of the Listing Rules
“PN 15 Submission”	the submission made by the Company to the Stock Exchange pursuant to PN15
“Proposed Spin-off”	the proposed spin-off of Colour Life by way of a separate listing of the Colour Life Shares on the Main Board of the Stock Exchange

“Shareholders” the shareholder(s) of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Hong Kong, 19 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Lam Kam Tong and Mr. Zhou Jin Quan; 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.