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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)

CONTINUING CONNECTED TRANSACTIONS

STRUCTURED CONTRACTS

Reference is made to the announcements of the Company dated 19 August 2013, 12 September 2013, 2 May 2014, 22 May 2014, 16 June 2014 and 17 June 2014 in relation to, inter alia, the possibility of the Proposed Spin-off and the publication of the Prospectus.

On 16 June 2014, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang entered into the Structured Contracts such that the Colour Life Group is entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network. The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. The Company has engaged an independent financial adviser, Somerley, to advise it on the duration of the Structured Contracts. Based on the advice provided by the independent financial adviser to the Company, the duration of the Structured Contracts is required and in accordance with normal business practice for contracts of this type.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network is now treated as a wholly-owned subsidiary of Colour Life and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, being the chairman of the Company, an executive Director and a substantial shareholder of the holding company of the Company, the chairman and a non-executive director of Colour Life, and as to 30% by Mr. Tang, being an executive director, the chief executive officer and a substantial shareholder of Colour Life, Mr. Pan and Mr. Tan are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the Exclusive Management and Operation Agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

According to the current estimate of the Directors, each of the applicable percentage ratios in relation to the Structured Contracts is expected to be less than 0.1% for the three years ending 31 December 2014, 2015 and 2016, respectively and the transactions contemplated under the Structured Contracts are therefore exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A.33(3) of the Listing Rules. Notwithstanding the above, the Directors are of the view that in light of the possible expansion of the online community leasing, sales and other services of the Colour Life Group as a result of increasing demand for such services in future, it is possible for the annual service fee payable by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service to exceed such amount representing 5% or more of the applicable percentage ratios in relation to the Structured Contracts during the remaining term of the Structured Contracts which will render the transactions contemplated under the Structured Contracts be subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 19 August 2013, 12 September 2013, 2 May 2014, 22 May 2014, 16 June 2014 and 17 June 2014 in relation to, inter alia, the possibility of the Proposed Spin-off and the publication of the Prospectus.

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》(2011年修訂)), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider in the PRC.

Internet content provision services, or ICP services, belong to a sub-category of value-added telecommunications services. According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》), foreign investors shall contribute no more than 50% of the registered capital of a value-added telecommunications services provider and any such foreign investor shall maintain a good track record and possess relevant operational experience in the value-added telecommunications services industry (the “**Qualification Requirement**”).

During the year ended 31 December 2011 and up to 31 May 2012, Shenzhen Colour Life Network Service, a company established in the PRC, an indirect wholly-owned subsidiary of Colour Life and a non-wholly owned subsidiary of the Company, held the ICP License and operated certain online community leasing, sales and other services through the Colour Life Group’s website (www.colourlife.com). The ICP License expired on 31 May 2012, and Shenzhen Colour Life Network Service was not permitted by the relevant authorities to renew its ICP License as it is an indirect foreign invested enterprise and that its foreign shareholders do not have the relevant experience in operating value-added telecommunications services outside the PRC as required under the relevant laws and regulations of the PRC.

The Colour Life Group’s domain name (www.colourlife.com) was subsequently transferred to Shenzhen Caizhiyun Network, a company established in the PRC and the registered capital of which is held as to 70% by Mr. Pan, being the chairman of the Company, an executive Director and a substantial shareholder of the holding company of the Company, the chairman and a non-executive director of Colour Life, and as to 30% by Mr. Tang, being an executive director, the chief executive officer and a substantial shareholder of Colour Life, which obtained its ICP License on 17 July 2013.

STRUCTURED CONTRACTS

Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Colour Life Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network. To enable the Colour Life Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang entered into the Structured Contracts on 16 June 2014. While details of the terms of the Structured Contracts are set out in the Prospectus, a summary of the terms of the Structured Contracts is set out below:

(1) Exclusive Management and Operation Agreement

- Date: 16 June 2014
- Parties:
- (a) Shenzhen Colour Life Network Service
 - (b) Shenzhen Caizhiyun Network
 - (c) Mr. Pan
 - (d) Mr. Tang

Subject: Pursuant to the Exclusive Management and Operation Agreement, Shenzhen Caizhiyun Network agreed to engage Shenzhen Colour Life Network Service to provide exclusive and comprehensive management and operation services to Shenzhen Caizhiyun Network, including but not limited to (i) developing operational and investment plans and strategies; (ii) human resources management; (iii) providing strategic planning, operations and project management advice; (iv) technical and consulting services, including network support, business consultations, intellectual property development, equipment leasing, system integration and system maintenance.

In consideration of the management and operation services provided by Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network has agreed to pay a service fee to Shenzhen Colour Life Network Service on an annual basis. Shenzhen Colour Life Network Service is entitled to the revenue generated by Shenzhen Caizhiyun Network after deducting all relevant costs and expenses (including taxes), losses and related reserve funds.

Term: The Exclusive Management and Operation Agreement is for an initial term of 10 years and renewable for successive 10-year terms upon Shenzhen Colour Life Network Service's request made prior to the expiration of the term of the Exclusive Management and Operation Agreement. Shenzhen Colour Life Network Service is entitled to unilaterally terminate the Exclusive Management and Operation Agreement by serving 30 days' written notice on Shenzhen Caizhiyun Network but Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang are not entitled to terminate the Exclusive Management and Operation Agreement unilaterally.

(2) Call Option Agreement

Date: 16 June 2014

Parties:

- (a) Shenzhen Colour Life Network Service
- (b) Shenzhen Caizhiyun Network
- (c) Mr. Pan
- (d) Mr. Tang

Subject: The Call Option Agreement is entered into for the purposes of unwinding the Structured Contracts and acquiring equity interests in Shenzhen Caizhiyun Network as soon as the relevant PRC laws and regulations allow members of the Color Life Group to operate the business of Shenzhen Caizhiyun Network without the Structured Contracts. Under the Call Option Agreement, Mr. Pan and Mr. Tang agreed to irrevocably grant to Shenzhen Colour Life Network Service or its designee an exclusive right to acquire all or part of the equity interest held by each of them in Shenzhen Caizhiyun Network to the extent permitted by relevant PRC laws and regulations. The amount of consideration payable by Shenzhen Colour Life Network Service shall be the lowest possible amount permissible under the applicable PRC law and each of Mr. Pan and Mr. Tang undertakes to return any consideration received from the equity transfer after exercise of such option to Shenzhen Colour Life Network Service after deducting any paid-up capital of Shenzhen Caizhiyun Network contributed by them.

Term: The arrangements contemplated under the Call Option Agreement are for an initial term of 10 years and renewable for successive 10-year terms upon Shenzhen Colour Life Network Service's request made prior to the expiration of the Call Option Agreement. The Call Option Agreement will terminate once Shenzhen Colour Life Network Service or any party designated by Shenzhen Colour Life Network Service has fully exercised the exclusive right to purchase the entire equity interests held by Mr. Pan and Mr. Tang in Shenzhen Caizhiyun Network.

(3) Shareholders' Rights Entrustment Agreement

Date: 16 June 2014

Parties:

- (a) Shenzhen Colour Life Network Service
- (b) Shenzhen Caizhiyun Network
- (c) Mr. Pan
- (d) Mr. Tang

Subject: Pursuant to the Shareholders' Right Entrustment Agreement, Mr. Pan and Mr. Tang entrusted Shenzhen Colour Life Network Service or any party designated by Shenzhen Colour Life Network Service to exercise all their respective rights as shareholders of Shenzhen Caizhiyun Network.

Term: The term of the Shareholders' Rights Entrustment Agreement is for an initial term of 10 years and renewable for successive 10-year terms upon Shenzhen Colour Life Network Service's request made prior to the expiration of the term of the Shareholders' Rights Entrustment Agreement.

(4) Equity Pledge Agreement

Date: 16 June 2014

Parties: (a) Shenzhen Colour Life Network Service
(b) Shenzhen Caizhiyun Network
(c) Mr. Pan
(d) Mr. Tang

Subject: Pursuant to the Equity Pledge Agreement, Mr. Pan and Mr. Tang agreed to pledge their entire equity interests in Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service, which collectively represent all the equity interest in Shenzhen Caizhiyun Network, for the purpose of securing the performance of the contractual obligations of Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang under the Structured Contracts.

Term: The term of the Equity Pledge Agreement shall take effect upon registration with the relevant administration of industry and commerce in accordance with the applicable PRC laws and shall be terminated in accordance with relevant PRC laws when all obligations under any of the Structured Contracts have been completed.

(5) Power of Attorney

Date: 16 June 2014

Parties: (a) Shenzhen Colour Life Network Service
(b) Shenzhen Caizhiyun Network
(c) Mr. Pan
(d) Mr. Tang

Subject: Pursuant to the Power of Attorney, Mr. Pan and Mr. Tang irrevocably appointed Shenzhen Colour Life Network Service or its designee as their agent to act on their behalf on all matters concerning Shenzhen Caizhiyun Network and to exercise all of their rights as registered shareholders of Shenzhen Caizhiyun Network. These rights include, but not limited to, the right to sell, transfer, pledge or dispose of shares, exercise shareholders' voting rights, appoint the director and supervisor, sign minutes and file documents with the relevant companies registry. As a result of the terms of the Power of Attorney, Colour Life, through Shenzhen Colour Life Network Service, is able to exercise management control over the activities that most significantly impact the economic performance of Shenzhen Caizhiyun Network.

Term: The Power of Attorney shall terminate once (i) the Shareholders' Rights Entrustment Agreement is terminated or (ii) Shenzhen Colour Life Network Service serves a written termination notice to terminate the Power of Attorney.

Please refer to the section headed "History, Reorganization and the Group Structure – The Structured Contracts – Summary of the Structured Contracts" in pages 131 to 136 of Prospectus for further details.

Shareholder undertakings and spouse undertakings to address potential conflict of interests

On 16 June 2014, each of Mr. Pan and Mr. Tang and their respective spouses signed an undertaking to protect Colour Life Group's interests in Shenzhen Caizhiyun Network. Please refer to the section headed "History, Reorganization and the Group Structure – The Structured Contracts – Shareholder undertakings and spouse undertakings to address potential conflicts of interests" in pages 136 and 137 of the Prospectus for further details.

Effect and legality of the Structured Contracts

The PRC legal adviser of Colour Life is of the view that, based on the prevailing laws and regulations in the PRC, the Structured Contracts individually and collectively do not violate any existing mandatory rules, regulations and laws in the PRC or the respective articles of association of Shenzhen Colour Life Network Service and Shenzhen Caizhiyun Network. The Structured Contracts are legal, valid, binding on the parties to the Structured Contracts under the PRC laws and the Structured Contracts would not be deemed as concealing illegal intentions with a lawful form and void under the PRC Contract Law (《中華人民共和國合同法》).

The PRC legal adviser of Colour Life has also consulted the MIIT, being a competent regulatory authority in the PRC to give such assurance and interpret the Structured Contracts, where the representative of MIIT stated that there was no regulation enforceable or promulgated by MIIT which would prohibit or restrict the operation of value-added telecommunication businesses by foreign investors through contractual arrangements such as the Structured Contracts.

The PRC legal adviser of Colour Life further confirms that each of Shenzhen Caizhiyun Network and Shenzhen Colour Life Network Service is duly established and validly existing under the PRC laws, and has obtained or completed all requisite approvals, permits, registrations or filings as required by the applicable PRC laws, regulations and rules and has the capacity to carry out business operations in accordance with their respective licenses.

Please refer to the section headed “History, Reorganization and the Group Structure – The Structured Contracts – Effect and legality of the Structured Contracts” in page 138 of the Prospectus for further details.

Compliance of qualification requirement

Internet content provision services, or ICP services, belong to a subcategory of value-added telecommunications services. The PRC legal adviser of Colour Life has advised that the online community leasing, sales and other services provided by Shenzhen Colour Life Network through the Colour Life Group’s website constitute value-added telecommunications services. According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》), foreign investors shall contribute no more than 50% of the registered capital of a value-added telecommunications services provider and any such foreign investor shall maintain the Qualification Requirement. Please refer to the section headed “History, Reorganization and the Group Structure – The Structured Contracts – Compliance of qualification requirement” in pages 138 to 142 of the Prospectus for further details.

Manner and settlement of disputes which may arise from the Structured Contracts

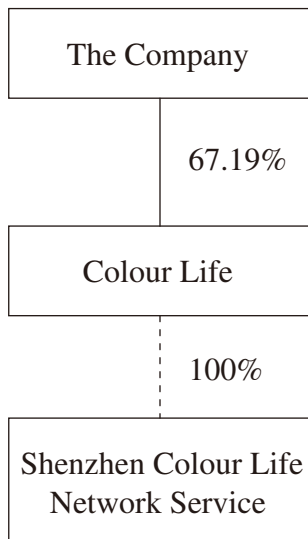
Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof. Please refer to section headed “History, Reorganization and the Group Structure – Manner and settlement of disputes which may arise from the Structured Contracts” in pages 142 to 143 of the Prospectus for further details.

STRUCTURE CHART

The structure chart of the Colour Life Group's interest in Shenzhen Caizhiyun Network immediately before and after the signing of the Structured Contracts are as follows:

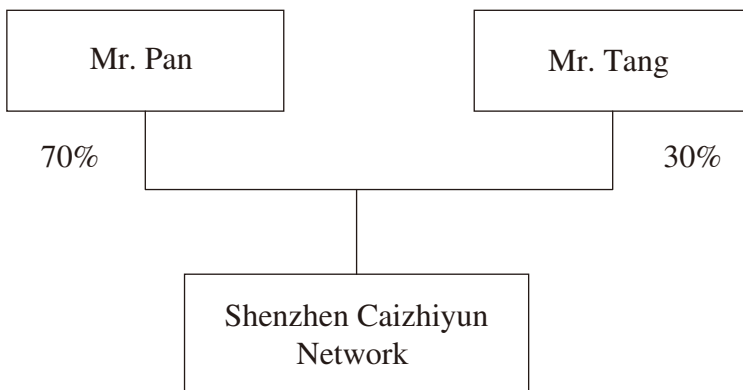
Before the signing of the Structured Contracts

Shareholding of Shenzhen Colour Life Network Service

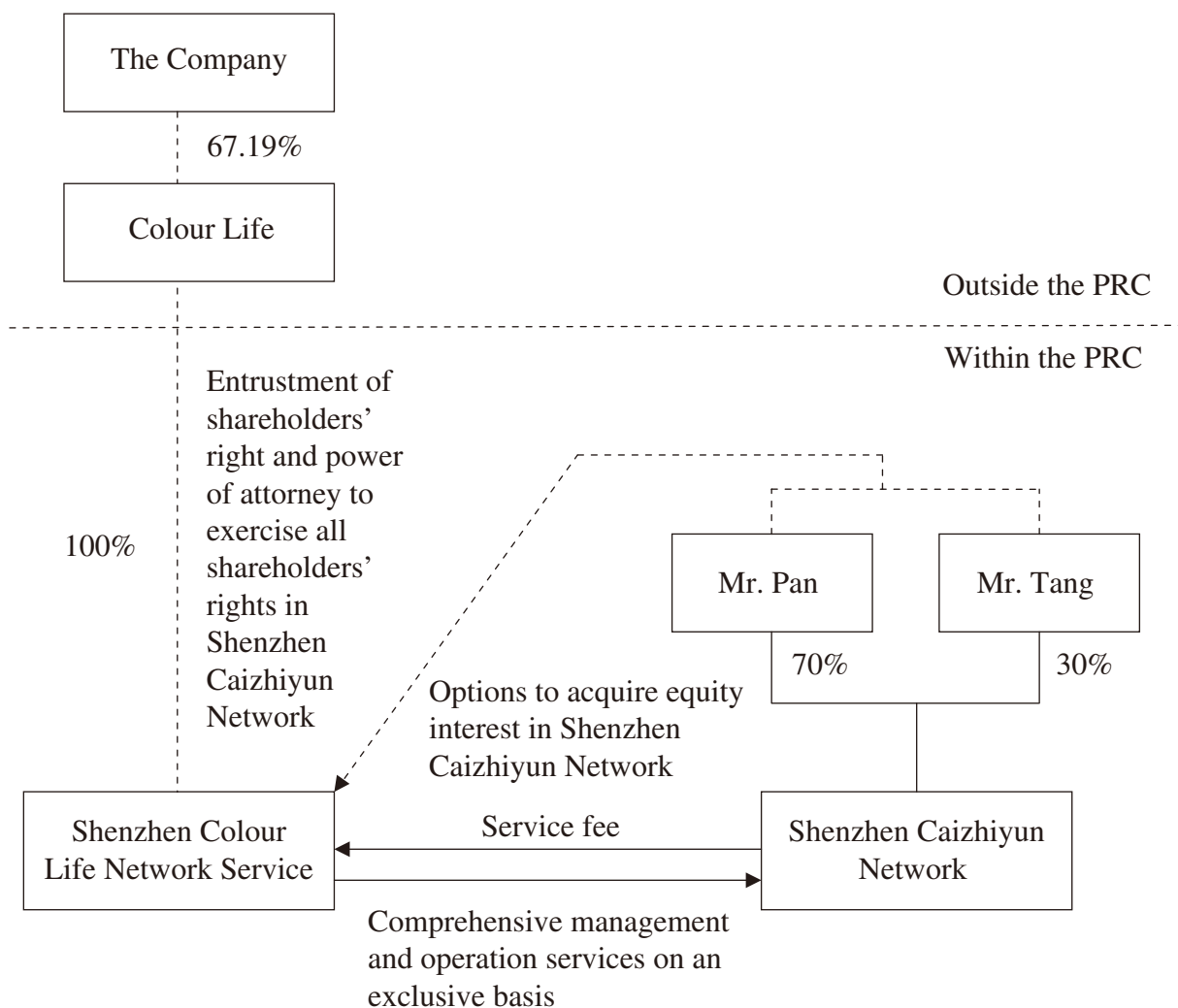


Note: --- denote indirect shareholding

Shareholding of Shenzhen Caizhiyun Network



Immediately after the signing of the Structured Contracts but before completion of the Proposed Spin-off



Note: --- denote indirect shareholding

INFORMATION OF THE PARTIES TO THE STRUCTURED CONTRACTS

Mr. Pan, the chairman of the Company, an executive Director and a substantial shareholder of the holding company of the Company, the chairman and a non-executive director of Colour Life, owns 70% equity interest in Shenzhen Caizhiyun Network.

Mr. Tang, the executive director, the chief executive officer and a substantial shareholder of Colour Life, owns 30% equity interest in Shenzhen Caizhiyun Network.

Shenzhen Colour Life Network Service, a limited liability company established in the PRC on 12 June 2007, an indirect wholly-owned subsidiary of Colour Life and an indirect non wholly-owned subsidiary of the Company.

Shenzhen Caizhiyun Network, a limited liability company established in the PRC on 11 April 2013 and is owned as to 70% by Mr. Pan and 30% by Mr. Tang, the financial results of which have been consolidated and accounted for as an indirect wholly-owned subsidiary of Colour Life and an indirect non wholly-owned subsidiary of the Company by virtue of the Structured Contracts.

INFORMATION OF THE GROUP

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 China, including the Chengdu – Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing – Tianjin metropolitan region.

INFORMATION OF THE COLOUR LIFE GROUP

Colour Life is a company incorporated as an exempted company with limited liability in the Cayman Islands on 16 March 2011. As at the date of this announcement, the Company is interested in approximately 67.19% of the issued share capital of Colour Life. Upon completion of the Proposed Spin-off which is expected to take place on or around 30 June 2014, Colour Life will become a company listed on the main board of the Stock Exchange (stock code: 1778) in which the Company will be interested in approximately 50.4% of the issued share capital of Colour Life. Accordingly, the Group will consolidate the financial results of Colour Life.

Colour Life Group is one of the leading property management companies in the PRC, as it was named China's Largest Community Services Operator in terms of the number of residential units managed as of 31 December 2012 by China Index Academy in 2013. The Colour Life Group has three main business segments: (1) property management services, which primarily include: (i) services such as security, cleaning, gardening, repair and maintenance provided to residential communities, which are mixed-use properties containing residential units and ancillary facilities that are non-residential in nature, such as commercial or office units, and (ii) pre-sale services provided to property developers, including cleaning, security and maintenance of the pre-sale display units; (2) engineering services, which primarily include: (i) equipment installation services, (ii) repair and maintenance services, and (iii) automation and other equipment upgrade services through the Colour Life Group's equipment leasing program; and (3) community leasing, sales and other services, which primarily include: (i) common area rental assistance, (ii) purchase assistance, and (iii) residential and retail units rental and sales assistance.

REASONS FOR AND BENEFITS OF ENTERING INTO THE STRUCTURED CONTRACTS

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Company, through the Colour Life Group, as if it was the Company's subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company, through Colour Life, to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by Colour Life's PRC legal advisor. Colour Life Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to the residents in the residential communities that Colour Life manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for as the Company's subsidiary, through Colour Life, and its financial position and operating results are consolidated in the Company's consolidated financial statements.

TRANSACTION AMOUNT UNDER THE STRUCTURED CONTRACTS

The service fee payable by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service under the Exclusive Management and Operation Agreement is dependent on the performance of Shenzhen Caizhiyun Network which was only established in April 2013 and therefore no audited accounts were available. Based on the management accounts of Shenzhen Caizhiyun Network as at 30 April 2014, the revenue and the net profit of Shenzhen Caizhiyun Network as at 30 April 2014 was approximately RMB601,000 and RMB60,000, respectively. According to the current estimate of the Directors, the service fee payable by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service is expected not to exceed RMB400,000, RMB500,000 and RMB600,000 for the three years ending 31 December 2014, 2015 and 2016, respectively and the percentage ratios of the service fee payable by Shenzhen

Caizhiyun Network to Shenzhen Colour Life Network Service for each of the three years ending 31 December 2016 is expected to be less than 0.1% and the transactions contemplated under the Structured Contracts are therefore exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3) of the Listing Rules. A summary of the above calculations is set out below:

For the years ending 31 December	Percentage Ratios		
	Assets Ratio <i>(Note 1)</i>	Revenue Ratio <i>(Note 2)</i>	Consideration Ratio <i>(Note 3)</i>
2014	0.001%	0.005%	0.010%
2015	0.002%	0.007%	0.012%
2016	0.002%	0.008%	0.015%

Notes:

1. Total assets of the Group as at 31 December 2013 was RMB30,563,466,000.
2. Total revenue of the Group for the year ended 31 December 2013 was RMB7,279,828,000.
3. Total market capitalisation of the Company, which was based on the average closing price of the Company for the five business days immediately preceding the date of the Structured Contracts was RMB4,103,306,819.

LISTING RULES IMPLICATIONS

The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. The Company has engaged an independent financial adviser, Somerley, to advise it on the duration of the Structured Contracts. Based on the advice provided by the independent financial adviser to the Company, the duration of the Structured Contracts is required and in accordance with normal business practice for contracts of this type.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network is now treated as a wholly-owned subsidiary of Colour Life and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, being the chairman of the Company, an executive Director and a substantial shareholder of the holding company of the Company, the chairman and a non-executive director of Colour Life, and as to 30% by Mr. Tang, being an executive director, the chief executive officer and a substantial shareholder of Colour Life, Mr. Pan and Mr. Tan are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the Exclusive Management and Operation Agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

According to the current estimate of the Directors, the applicable percentage ratios in relation to the Structured Contracts is expected to be less than 0.1% for the three years ending 31 December 2014, 2015 and 2016, respectively and the transactions contemplated under the

Structured Contracts will be exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A.33(3) of the Listing Rules.

Notwithstanding the above, the Directors are of the view that in light of the possible expansion of the online community leasing, sales and other services of the Colour Life Group as a result of increasing demand for such services in future, it is possible for the annual service fee payable by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service to exceed such amount representing 5% or more of the applicable percentage ratios in relation to the Structured Contracts during the remaining term of the Structured Contracts which will render the transactions contemplated under the Structured Contracts be subject to the independent shareholder's approval requirements under Chapter 14A of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

The Directors (including the independent non-executive Directors) confirm that it is a normal business practice and in the best interest of the Company and the Shareholders for the Structured Contracts to be of duration longer than three years. In addition, for the reasons stated above, the Directors (including the independent non-executive Directors) are of the view that the Structured Contracts and the transactions contemplated thereunder are fundamental to the Colour Life Group's legal structure and business operations, have been and shall be entered into in the ordinary and usual course of business of the Colour Life Group, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given the special nature of the Structured Contracts and Shenzhen Caizhiyun Network is treated as a wholly-owned subsidiary of Colour Life, therefore a non-wholly owned subsidiary of the Company, it is not desirable for the Company to imposed a fixed annual cap to be expressed in terms of monetary value for the transactions contemplated under the Structured Contracts and be required to re-comply with the requirements under Rule 14A.35(2) and (4) of the Listing Rules for the remaining term of the Structured Contracts. Accordingly, the Company has applied for and the Stock Exchange has granted to the Company the Waiver subject to the following conditions during the subsistence of the Structured Contracts:

As long as Shenzhen Colour Life Network Service remains a subsidiary of the Company, the Company is willing to be subject to the following conditions during the subsistence of the Structured Contracts:

- (i) **No changes without independent non-executive Directors' approval:** Except as described below, no changes to the Structured Contracts will be made without the approval of the independent non-executive Directors;
- (ii) **No changes without independent shareholders' approval of Colour Life:** No changes to the Structured Contracts will be made without the approval of the independent shareholders of Colour Life;
- (iii) **Economic benefits flexibility:** The Structured Contracts continue to enable the Company, through the Colour Life Group, to receive the relevant economic benefits derived by Shenzhen Caizhiyun Network through: (1) the Colour Life Group's option at any time (if and when permitted under the PRC laws) to acquire, all or part of the entire equity interest of Shenzhen Caizhiyun Network at the lowest price permissible under the PRC laws; (2) the business structure under which the revenue generated by the cooperation between the Colour Life Group and Shenzhen Caizhiyun Network is retained

by the Company, through the Colour Life Group; and (3) the right of the Company through Colour Life Group to govern the financial and operating policies as well as, in substance, all of the voting rights of Shenzhen Caizhiyun Network;

- (iv) **Renewal and cloning:** The framework of the Structured Contracts may be renewed and/or cloned upon the expiry of the existing arrangements or, in relation to any existing or new wholly foreign-owned enterprise or operating company that the Company, through the Colour Life Group, might wish to establish, without obtaining the approval of the shareholders of the Company, on substantially the same terms and conditions as the Structured Contracts. The directors, chief executive or substantial shareholders (as defined in the Listing Rules) of any existing or new wholly foreign-owned enterprise or operating company that the Company, through the Colour Life Group, may establish upon renewal and/or cloning of the Structured Contracts will be treated as the Company's connected persons and transactions between these connected persons and the Group other than those under the same Structured Contracts shall comply with Chapter 14A of the Listing Rules. This condition is also subject to relevant PRC laws, regulations and approvals; and
- (v) **Ongoing reporting and approvals:** The Company will comply with the annual review requirements under Rule 14A.35(5) and it will disclose details relating to the Structured Contracts on an ongoing basis as follows:
- details of the Structured Contracts will be disclosed in the Company's annual reports and accounts in accordance with the relevant provisions of the Listing Rules; and
 - for the purposes of Chapter 14A of the Listing Rules, Shenzhen Caizhiyun Network will be treated as Colour Life's wholly-owned subsidiary and a non-wholly owned subsidiary of the Company, and the respective directors, chief executives or substantial shareholders of Shenzhen Caizhiyun Network and their respective associates will be connected persons of the Company, and transactions between these connected persons and the Group, other than those under the Structured Contracts, will be subject to requirements under Chapter 14A of the Listing Rules.

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 they 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

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Application Proof”	the application proof of Colour Life
“Board”	the board of Directors
“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 and 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 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
“Directors”	directors of the Company
“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 finalized
“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
“ICP License”	the license for the provision of value-added telecommunications services, as issued and administered by the MIIT or its provincial level counterparts (中華人民共和國電信與信息服務業務經營許可證)
“Listing Approval”	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
“MIIT”	Ministry of Industry and Information of the PRC
“Mr. Pan”	Mr. Pan Jun (潘軍), the chairman of the Company, an executive Director and a substantial shareholder of the holding company of the Company, and the chairman and a non-executive director of Colour Life
“Mr. Tang”	Mr. Tang Xuebin (唐學斌), an executive director, the chief executive officer and a substantial shareholder of Colour Life
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“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
“Prospectus”	the prospectus dated 17 June 2014 issued by Colour Life
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.10 each in the Company
“Shenzhen Caizhiyun Network”	Shenzhen Caizhiyun Network Technology Co., Ltd. (深圳市彩之雲網絡科技有限公司), a limited liability company established in the PRC on 11 April 2013 and is owned as to 70% by Mr. Pan and as to 30% by Mr. Tang
“Shenzhen Colour Life Network Service”	Shenzhen Colour Life Network Service Co., Ltd. (深圳市彩生活網絡服務有限公司), a limited liability company established in the PRC on 12 June 2007 and Colour Life’s indirect wholly owned subsidiary
“Sommerley”	Sommerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Company on the Structured Contracts

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	the Exclusive Management and Operation Agreement, the Call Option Agreement, the Shareholders’ Rights Entrustment Agreement, the Equity Pledge Agreement and the Power of Attorney
“waiver”	the waiver from strict compliance with the annual cap and independent shareholders’ approval requirements under Rules 14A.35(2) and (4) of the Listing Rules

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

Hong Kong, 23 June 2014

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Lam Kam Tong, Mr. Zhou Jinquan and Mr. Wang Liang; the non-executive Directors are Mr. Li Dong Sheng and Mr. Yuan Hao Dong and the independent non-executive Directors are Mr. Ho Man, Mr. Liao Martin Cheung Kong, JP, Mr. Huang Ming and Mr. Xu Quan.