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花樣年
FANTASIA

Colour Life Services Group Co., Limited

彩生活服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1778)

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: 1777)

VERY SUBSTANTIAL ACQUISITION

DISCLOSEABLE TRANSACTION

**JOINT ANNOUNCEMENT
IN RELATION TO
ACQUISITION OF
PROPERTY MANAGEMENT COMPANIES**

THE AGREEMENT

Reference is made to the announcement of Colour Life dated 18 January 2015 in relation to, inter alia, the possible acquisition of property management companies. The respective boards of directors of Colour Life and Fantasia are pleased to announce that on 12 February 2015, the Vendors and the Purchaser entered into the Agreement pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 100% of the equity interests of the Target Company, for the Consideration of RMB330,000,000 (equivalent to approximately HK\$410,157,000), subject to adjustment as described below. The Target Group is principally engaged in property management business and, as at the date of this joint announcement, provides property management services to more than 130 property developments in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

Colour Life

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 100% for Colour Life, the Acquisition constitutes a very substantial acquisition for Colour Life under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Colour Life EGM will be held for shareholders of Colour Life to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder. Fantasia, which owns approximately 50.4% of the total issued share capital of Colour Life as at the date of this joint announcement, has confirmed that it will vote in favour of the resolution in respect of the Acquisition. Fantasia does not have any interest in the Acquisition other than as a shareholder of Colour Life.

A circular containing, amongst other things, (i) details of the Acquisition, (ii) the accountants' report on the Target Group, (iii) the pro forma financial information of the Enlarged Colour Life Group upon Completion, and (iv) a notice convening the Colour Life EGM will be despatched to the shareholders of Colour Life. As additional time is required for the preparation of the financial information of the Target Group for inclusion in the circular, the circular is expected to be despatched to the shareholders of Colour Life on or before 30 April 2015.

Fantasia

Colour Life is a subsidiary of Fantasia which owns approximately 50.4% of Colour Life as at the date of this joint announcement. As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for Fantasia under Chapter 14 of the Listing Rules which is subject only to the reporting and announcement requirements.

As Completion is subject to the fulfilment or waiver (as the case may be) of the conditions precedent as set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of Colour Life and Fantasia should exercise caution when dealing in the securities of Colour Life and Fantasia.

RESUMPTION OF TRADING

At the request of Colour Life, trading in the shares of Colour Life on the Stock Exchange had been suspended with effect from 9:00 a.m. on Friday, 13 February 2015 pending the release of this joint announcement. An application has been made by Colour Life to the Stock Exchange for the resumption of trading in the shares of Colour Life from 9:00 a.m. on Tuesday, 17 February 2015.

A summary of the principal terms of the Agreement are set out below:

THE AGREEMENT

Date: 12 February 2015

Parties: (1) Vendors
(2) Purchaser

To the best of the knowledge, information and belief of the directors of Colour Life and Fantasia, having made all reasonable enquiries, the Vendors are third parties independent of Colour Life, Fantasia and their respective connected persons (as defined in the Listing Rules).

Assets to be acquired: Pursuant to the Agreement, the Vendors have agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 100% of the equity interests of the Target Company, on the terms and conditions as set out therein.

As at the date of this joint announcement, the Target Group provides property management services to more than 130 property developments in the PRC.

Consideration: The Consideration for the Acquisition is RMB330,000,000 (equivalent to approximately HK\$410,157,000), subject to adjustments set out below:

- (i) if, after the audit conducted by an independent auditor engaged by the Purchaser, the net asset value of the Target Group as at 31 December 2014 as shown in the Audited Financial Statements is less than that as shown in the unaudited consolidated accounts of the Target Group as at 31 October 2014 provided by the Vendors by more than 10%, the Consideration shall be reduced by the same amount of shortfall in the net asset value of the Target Group; and
- (ii) if details of the property management projects as of Completion deviates from those agreed in the Agreement, the Consideration shall be reduced accordingly on such terms to be agreed by the Vendors and the Purchaser.

The Consideration is expected to be settled by cash through a combination of bank borrowings and internal financial resources of Colour Life. Colour Life does not currently expect to utilise its listing proceeds to fund the Acquisition. The Consideration is payable by the Purchaser to the Vendors in the following manner:

- (i) as to RMB132,000,000 (equivalent to approximately HK\$164,062,800), being 40% of the Consideration, to the designated account of the Vendors within three working days of signing of the Agreement;

- (ii) as to RMB132,000,000 (equivalent to approximately HK\$164,062,800), being 40% of the Consideration, to the designated account of the Vendors within three working days after concluding both the shareholders' approval requirement of Colour Life as well as the obtaining of the filing receipt from regulatory authority in respect of the registration of transfer of shares; and
- (iii) as to RMB66,000,000 (equivalent to approximately HK\$82,031,400), being 20% of the Consideration, to the Escrow Account at the same time as the second 40% payment above.

If within 3 working days after the Completion Date, no adjustment is required to be made to the Consideration, the Purchaser shall instruct the Escrow Agent to release the last 20% of the Consideration to the designated account of the Vendors. In the event that adjustment is required to be made to the Consideration, the Purchaser shall instruct the Escrow Agent to release the last 20% of the Consideration less the amount of adjustment to the designated account of the Vendors. Any amount remaining in the Escrow Account (including but not limited to the amount of adjustment (if any) referred to above and interest accrued on the last 20% of the Consideration held in the Escrow Account) shall be returned to the Purchaser directly.

If the Purchaser fails to pay any amount due on the relevant due date under the Agreement, a penalty will be charged at the rate of 0.05% per day and where such delay exceeds 10 days, the penalty shall be increased to 20% of the consideration payable to the relevant Vendor.

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser and took into account, amongst other things, (a) the net asset value of the Target Group of RMB110,110,000 (equivalent to approximately HK\$136,855,719) as at 31 October 2014 as shown in the unaudited consolidated accounts of the Target Group prepared under HKFRS basis; and (b) the property management contracts entered into by the Target Group in respect of more than 130 property developments in the PRC.

The Company will announce the final Consideration amount once payment amount is determined or when payment is made.

Conditions precedent: Completion is conditional upon satisfaction (or waiver, as the case may be) of the following conditions:

- (a) from the date of the Agreement up to the Completion Date (i) there has been no Material Adverse Change which would lead to non-consummation of the Agreement; (ii) the representations and warranties from the Vendors and the Purchaser are accurate and true in all material respects; (iii) the Vendors and the Purchaser having complied with their respective undertakings and obligations prior to Completion; and (iv) there has been no material breach of the Agreement;
- (b) the issue of the Audited Financial Statements;
- (c) the shareholders of Colour Life having approved the transactions contemplated under the Agreement pursuant to the Listing Rules; and
- (d) each of the Vendors and the Target Company having provided all information required for notarisation (where applicable), completion of the transfer of Sale Shares and registration with the relevant regulatory authority.

In the event that the above conditions precedent cannot be fulfilled (or waived), the Agreement shall be terminated and the Vendors shall refund all sums paid by the Purchaser under the Agreement together with interest accrued thereon.

Completion: Subject to satisfaction (or waiver, as the case may be) of the above conditions precedent, Completion shall take place on the Completion Date.

Upon registration of transfer of the Sale Shares by the relevant regulatory authority, the Target Company will become a subsidiary of Colour Life.

Key Termination Events: If the Agreement cannot be consummated due to a breach by any or all of the Vendors, the Purchaser shall be entitled to terminate the Agreement. The Vendors shall return all sums received from the Purchaser pursuant to the Agreement and the defaulting Vendor(s) shall pay the Purchaser a further sum equivalent to 20% of the consideration in respect of the equity holding of the defaulting Vendor(s) pursuant to the Agreement.

If the Agreement cannot be consummated due to wilful or gross negligence on the part of the Purchaser, the Vendors shall be entitled to terminate the Agreement. The Purchaser shall pay the non-defaulting Vendor a further sum equivalent to 20% of the consideration payable for the transfer of his equity interest in the Target Company.

Profit guarantee:

Under the Agreement, the Vendors guarantee that for every financial year of the Target Group after Completion, for so long as the Target Group is under the management of the Core Senior Management Team, the audited net profit of the Target Group for each financial year will not be less than RMB30,000,000 (equivalent to approximately HK\$37,287,000). It is not expected that any adjustment for extraordinary items will be made when determining whether such guarantee is met. In the event such guaranteed profit is not met, the Purchaser shall be entitled to lay off the relevant management personnel.

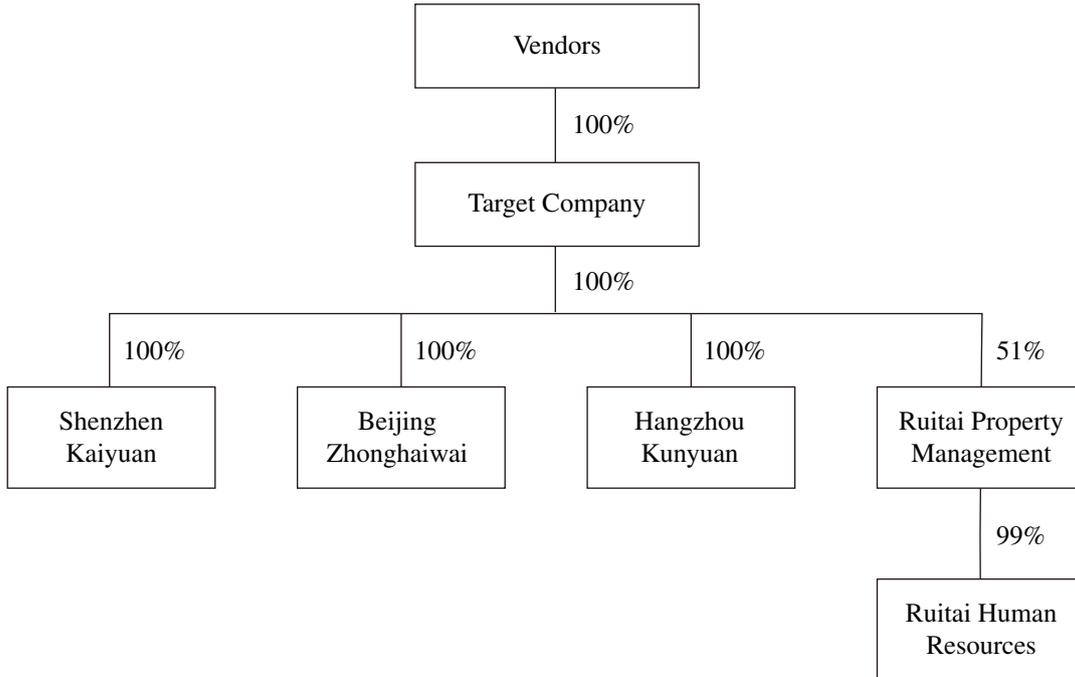
Non-compete undertaking:

Under the Agreement, the Vendors guaranteed that the Core Senior Management Team shall remain with the Target Group for no less than 3 years after the Completion Date. The Vendors further undertook that for a period of three years after the Completion Date, the Core Senior Management Team and their respective spouses and children shall not, either individually or jointly or as representatives of other entities to carry on, participate or engage in property management services in respect of the property developments managed by the Target Group as set out in the Agreement. In the event of breach of non-compete undertaking, the Purchaser shall be indemnified as to 20% of the consideration paid to the relevant Vendor for the transfer of his equity interest in the Target Company under the Agreement.

INFORMATION ON THE TARGET GROUP

The Target Company is a limited liability company established in the PRC. The Target Group are principally engaged in property management business and provide property management services to more than 130 property developments in the PRC.

Set out below is the shareholding structure of the Target Group as at the date of this joint announcement:



A summary of the key unaudited consolidated financial information of the Target Group prepared under HKFRS basis is set out as follows:

	For the year ended 31 December	
	2013	2014
Net profit (before taxation and extraordinary items)	approximately RMB12,622,000 (equivalent to approximately HK\$15,687,884)	approximately RMB26,989,000 (equivalent to approximately HK\$33,544,628)
Net profit (after taxation and extraordinary items)	approximately RMB8,868,000 (equivalent to approximately HK\$11,022,037)	approximately RMB19,230,000 (equivalent to approximately HK\$23,900,967)

The unaudited consolidated net asset value of the Target Company as at 31 December 2014 was approximately RMB113,343,000 (equivalent to approximately HK\$140,874,015).

REASONS FOR AND BENEFITS OF THE ACQUISITION

Fantasia and its subsidiaries are a leading property developer and property related service provider in the PRC. Colour Life and its subsidiaries are principally engaged in property management services, engineering services and community leasing, sales and other services. The Target Group is recognised as an influential force in the property management industry in the PRC. The Acquisition would provide a good opportunity for Colour Life and its subsidiaries to reinforce their position as one of the leading property management companies in the PRC. The board of directors of each of Colour Life and Fantasia considers that the terms of the Acquisition are fair and reasonable and in the interests of Colour Life and Fantasia and their respective shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Very substantial acquisition for Colour Life

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 100% for Colour Life, the Acquisition constitutes a very substantial acquisition for Colour Life under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Colour Life EGM will be held for shareholders of Colour Life to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder. Fantasia, which owns approximately 50.4% of the total issued share capital of Colour Life as at the date of this joint announcement, has confirmed that it will vote in favour of the resolution in respect of the Acquisition. Fantasia does not have any interest in the Acquisition other than as a shareholder of Colour Life.

A circular containing, amongst other things, (i) details of the Acquisition, (ii) the accountants' report on the Target Group, (iii) the pro forma financial information of the Enlarged Colour Life Group upon Completion, and (iv) a notice convening the Colour Life EGM will be despatched to the shareholders of Colour Life. As additional time is required for the preparation of the financial information of the Target Group for inclusion in the circular, the circular is expected to be despatched to the shareholders of Colour Life on or before 30 April 2015.

Discloseable transaction for Fantasia

Colour Life is a subsidiary of Fantasia which owns approximately 50.4% of Colour Life as at the date of this joint announcement. As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for Fantasia under Chapter 14 of the Listing Rules which is subject only to the reporting and announcement requirements.

As Completion is subject to the fulfilment (or waiver, as the case may be) of the conditions precedent as set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of Colour Life and Fantasia should exercise caution when dealing in the securities of Colour Life and Fantasia.

RESUMPTION OF TRADING

At the request of Colour Life, trading in the shares of Colour Life on the Stock Exchange had been suspended with effect from 9:00 a.m. on Friday, 13 February 2015 pending the release of this joint announcement. An application has been made by Colour Life to the Stock Exchange for the resumption of trading in the shares of Colour Life from 9:00 a.m. on Tuesday, 17 February 2015.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Agreement
“Agreement”	the equity transfer agreement dated 12 February 2015 entered into between the Vendors and the Purchaser in relation to the Acquisition
“Audited Financial Statements”	the audited consolidated financial statements of the Target Group for 2012, 2013, 2014 and up to the latest practicable date (to be determined and set out in the circular to the shareholders of Colour Life) to be issued by the accountants appointed by the Purchaser

“Beijing Zhonghaiwai”	北京中海外物業管理有限公司 (Beijing Zhonghaiwai Property Management Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Target Company
“Colour Life”	Colour Life Services Group Co., Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange
“Colour Life EGM”	the extraordinary general meeting of Colour Life to be convened to consider and, if thought fit, approve, among other things, the Acquisition and the transactions contemplated thereunder
“Completion”	completion of the Acquisition pursuant to the terms of the Agreement
“Completion Date”	the third working day after completion of the registration of transfer of the Sale Shares and the issue of a revised business registration certificate of the Target Company by the relevant regulatory authority or such later date as agreed between the Vendors and the Purchaser
“Consideration”	RMB330,000,000 (equivalent to approximately HK\$410,157,000), subject to adjustment
“Core Senior Management Team”	Li Lixin (李立新), Zang Shisheng (臧世勝), Huang Wei (黃瑋), Yang Congqi (楊叢歧), Li Changliu (李長柳) and Geng Wanling (耿萬嶺) all of whom are Vendors except Li Lixin (李立新)
“Enlarged Colour Life Group”	Colour Life and its subsidiaries as enlarged by the Acquisition upon Completion
“Escrow Account”	an account to be established within 20 working days of the payment of the first instalment of the Consideration with the Escrow Agent and jointly controlled by the Purchaser and a representative of the Vendors
“Escrow Agent”	a financial institution in the PRC to be agreed between the Vendors and the Purchaser
“Fantasia”	Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange
“Hangzhou Kunyuan”	杭州坤元物業服務有限公司 (Hangzhou Kunyuan Property Services Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Target Company

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change”	the (i) aggregate floor area of properties under the management of the Target Group, or (ii) the net asset value of the Target Group as at Completion, is less than 90% of the amount as agreed in the Agreement
“PRC”	the People’s Republic of China
“Purchaser”	Shenzhen Colour Life Services Group Company Limited (深圳市彩生活服務集團有限公司), a limited liability company established in the PRC and an indirect wholly owned subsidiary of Colour Life
“RMB”	Renminbi, the lawful currency of the PRC
“Ruitai Human Resources”	南京瑞泰人力資源服務有限責任公司 (Nanjing Ruitai Human Resources Services Co., Ltd.*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Target Company
“Ruitai Property Management”	南京瑞泰物業管理有限責任公司 (Nanjing Ruitai Property Management Co., Ltd.*), a limited liability company established in the PRC and a 51%-owned subsidiary of the Target Company
“Sale Shares”	100% equity interests of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shenzhen Kaiyuan”	深圳市開元科創樓宇科技有限公司 (Shenzhen Kaiyuan Kechuang Building Technology Co., Ltd.*), a limited liability company established in the PRC and a wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市開元國際物業管理有限公司 (Shenzhen Kaiyuan International Property Management Co., Ltd.*), a limited liability company established in the PRC
“Target Group”	the Target Company and its subsidiaries, namely Shenzhen Kaiyuan, Beijing Zhonghaiwai, Hangzhou Kunyuan, Ruitai Property Management and Ruitai Human Resources

“Vendors” 27 individuals being all shareholders of the Target Company, and each of them a Vendor

“%” per cent.

** All English translation of the Chinese names of the companies established in the PRC is for illustration purpose only*

For the purposes of this joint announcement, unless otherwise indicated, conversion of RMB and HK\$ is calculated at the exchange rate of RMB1 to HK\$1.2429. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

By Order of the board of
Colour Life Services Group Co., Limited
彩生活服務集團有限公司
TANG Xuebin
*Executive Director and
Chief Executive Officer*

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

Hong Kong, 16 February 2015

As at the date of this joint announcement,

- (a) *the board of directors of Colour Life comprises Mr. TANG Xuebin, Mr. DONG Dong and Mr. ZHOU Qinwei as executive Directors; Mr. PAN Jun, Mr. LAM Kam Tong and Mr. ZENG Liqing as non-executive Directors; and Mr. TAM Chun Hung, Anthony, Dr. LIAO Jianwen and Mr. XU Xinmin as independent non-executive Directors.*
- (b) *the board of directors of Fantasia comprises Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Lam Kam Tong, Mr. Zhou Jinqun and Mr. Wang Liang as executive Directors; 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. Huang Ming and Mr. Xu Quan.*