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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)



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)

**CONNECTED TRANSACTION AND
DEEMED DISPOSAL**

CONNECTED TRANSACTION

**JOINT ANNOUNCEMENT
SUBSCRIPTION AGREEMENT IN RELATION TO HOME E&E**

THE SUBSCRIPTION AGREEMENT

The respective boards of directors of Fantasia and Colour Life are pleased to announce that on 9 December 2015, Home E&E, Fantasia China, Meilijia Investment, Qianhai Shengfeng and the Subscribers entered into the Subscription Agreement, pursuant to which Home E&E has agreed to issue, and Fantasia China, Qianhai Shengfeng and the Subscribers have agreed to subscribe for, a total of 5,150,752 shares in Home E&E, representing approximately 17.08% of the total number of issued shares of Home E&E immediately after completion of the Subscription, at a total consideration of approximately RMB205.0 million by way of capital injection into Home E&E in cash.

As at the date of this announcement, Home E&E is owned as to 70% by Fantasia China and 30% by Meilijia Investment. Upon completion of the Subscription, Home E&E will remain an indirect non-wholly owned subsidiary of Fantasia and be owned as to approximately 65.13% by Fantasia China, 24.88% by Meilijia Investment, 4.17% by Qianhai Shengfeng and 5.82% by the Subscribers.

LISTING RULES IMPLICATIONS

Fantasia

Following completion of the Subscription, the equity interest of Fantasia in Home E&E will be reduced from 70% to approximately 69.30% (of which 4.17% will be held through Colour Life). As such, the Subscription constitutes a deemed disposal for Fantasia under Rule 14.29 of the Listing Rules. As all applicable percentage ratios are less than 5%, the Subscription does not constitute a notifiable transaction for Fantasia under Chapter 14 of the Listing Rules.

Furthermore, as at the date of the Subscription Agreement, as (i) Mr. Pan Jun, an executive director of Fantasia, is a general partner of Meilijia Investment; and (ii) Home E&E is owned as to 30% by Meilijia Investment, Home E&E is a connected subsidiary and hence a connected person of Fantasia under the Listing Rules. Accordingly, the entering into of the Subscription Agreement constitutes a connected transaction for Fantasia under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription exceeds 0.1% but less than 5%, the entering into of the Subscription Agreement by Fantasia is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Colour Life

As at the date of the Subscription Agreement, as Fantasia is the controlling shareholder and hence a connected person of Colour Life, Home E&E, being a subsidiary of Fantasia, is an associate of a connected person of Colour Life under the Listing Rules. Accordingly, the entering into of the Subscription Agreement by Qianhai Shengfeng, a wholly-owned subsidiary of Colour Life, constitutes a connected transaction for Colour Life under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription exceeds 0.1% but less than 5%, the entering into of the Subscription Agreement by Colour Life is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed, shareholders and potential investors of Fantasia and Colour Life are advised to exercise caution when dealing in the shares or securities of Fantasia and Colour Life.

INTRODUCTION

The respective boards of directors of Fantasia and Colour Life are pleased to announce that on 9 December 2015, Home E&E, Fantasia China, Meilijia Investment, Qianhai Shengfeng and the Subscribers entered into the Subscription Agreement, pursuant to which Home E&E has agreed to issue, and Fantasia China, Qianhai Shengfeng and the Subscribers have agreed to subscribe for, a total of 5,150,752 shares in Home E&E, representing approximately 17.08% of the total number of issued shares of Home E&E immediately after completion of the Subscription, at a total consideration of approximately RMB205.0 million by way of capital injection into Home E&E in cash.

As at the date of this announcement, Home E&E is owned as to 70% by Fantasia China and 30% by Meilijia Investment. Upon completion of the Subscription, Home E&E will remain an indirect non-wholly owned subsidiary of Fantasia and be owned as to approximately 65.13% by Fantasia China, 24.88% by Meilijia Investment, 4.17% by Qianhai Shengfeng and 5.82% by the Subscribers.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

- Date: 9 December 2015
- Parties:
- (i) Home E&E
 - (ii) Fantasia China
 - (iii) Meilijia Investment
 - (iv) Qianhai Shengfeng
 - (v) the Subscribers

Subject matter of the Subscription Agreement

Home E&E has agreed to issue, and Fantasia China, Qianhai Shengfeng and the Subscribers have agreed to subscribe for, a total of 5,150,752 shares in Home E&E, representing approximately 17.08% of the total number of issued shares of Home E&E immediately after completion of the Subscription, in the following manner:

Shareholders	Subscription price (RMB)	Number of shares in Home E&E subscribed for	Percentage of equity interest in Home E&E upon completion of the Subscription (%)
Fantasia China	84,999,984.40	2,135,678	7.08
Qianhai Shengfeng	49,999,983.80	1,256,281	4.17
Subscribers (<i>Note 1</i>)	69,999,961.40	1,758,793	5.83
Total:	204,999,929.60	5,150,752	17.08

Note 1: To the best knowledge, information and belief of the directors of Fantasia and Colour Life, having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owners are third parties independent of Fantasia, Colour Life and their respective connected persons.

Subscription Price

The total subscription price for the Subscription is approximately RMB205.0 million by way of capital injection into Home E&E in cash. The subscription price was arrived at after arm's length negotiation among the parties to the Subscription Agreement with reference to the estimated financial performance of Home E&E for the year ending 31 December 2015 and the expected price-earning ratio of Home E&E based on such estimated figure. Part of the subscription price for the Subscription will be used to increase the registered capital of Home E&E from RMB25,000,000 to RMB30,150,752 and the remaining will be paid to Home E&E's capital reserve.

Pursuant to the Subscription Agreement, the total subscription price for the Subscription shall be settled in cash by depositing the sum to a designated bank account of Home E&E.

Conditions precedent

The completion of the Subscription is subject to the following conditions precedent:

- (1) the Subscription being approved at the shareholders meeting of Home E&E; and
- (2) Home E&E having made the relevant registration with the relevant government authorities for the Subscription.

Completion

Completion shall take place on the day Home E&E has made the relevant registration with the relevant government authorities for the Subscription.

Lock-up

Pursuant to the Subscription Agreement, the shares in Home E&E subscribed by Fantasia China, Qianhai Shengfeng and the Subscribers under the Subscription Agreement will be subject to a lock-up of six months from the completion of the Subscription.

INFORMATION ON HOME E&E

Home E&E is a company established in the PRC on 27 October 2010 and the shares of which are quoted on the NEEQ. Home E&E together with its subsidiaries is primarily engaged in the provision of property management, asset operation and management and the relevant value added services for commercial properties. As at the date of this announcement, Home E&E is owned as to 70% by Fantasia China and 30% by Meilijia Investment.

The following table is a simplified summary of the shareholding structure of Home E&E prior to and immediately after completion of the Subscription:

Shareholders	Capital contribution prior to completion of the Subscription (Registered capital)		Capital contribution immediately after completion of the Subscription (Registered capital)	
	RMB	(%)	RMB	(%)
Fantasia China	17,500,000	70	19,635,678	65.13
Meilijia Investment	7,500,000	30	7,500,000	24.88
Qianhai Shengfeng	–	–	1,256,281	4.17
Subscribers (<i>Note 1</i>)	–	–	1,758,793	5.82
Total:	25,000,000	100	30,150,752	100

Note 1: To the best knowledge, information and belief of the directors of Fantasia and Colour Life, having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owners are third parties independent of Fantasia, Colour Life and their respective connected persons.

As at 30 June 2015, the audited total assets and net assets of Home E&E were RMB188,479,827.34 and RMB33,825,375.26, respectively. The audited net profits (both before and after taxation) of Home E&E for the two financial years ended 31 December 2014 were as follows:

	For the year ended 31 December 2013 (RMB)	For the year ended 31 December 2014 (RMB)
Net profit before taxation	31,388,710.56	47,456,813.99
Net profit after taxation	23,625,228.16	38,175,428.72

FINANCIAL IMPACT

Fantasia

Following completion of the Subscription, the equity interest in Home E&E attributable to Fantasia will be reduced from 70% to approximately 67.22%. The financial results of Home E&E will continue to be consolidated into the financial statements of Fantasia. Fantasia's net asset value based on the audited consolidated net asset value as at 30 June 2015 is expected to increase by RMB69,999,961 as the amount of capital injection by Subscribers and the gain on deemed disposal will be approximately RMB1,086,314 through reserve, which has been calculated with reference to the carrying value of Home E&E based on its audited accounts for the period ended 30 June 2015. However, the actual gain or loss to be charged to Fantasia as a result of the deemed disposal is subject to the change upon the finalization of the financial statements of Home E&E as at the date of the completion of the Subscription.

Colour Life

Following completion of the Subscription, Colour Life will acquire approximately 4.17% equity interest in Home E&E. The Subscription will not lead to any gain or loss to Colour Life.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT

Fantasia

The directors of Fantasia consider that the entering into of the Subscription Agreement could (i) provide immediate funding to Home E&E for the development of its business; (ii) allow Home E&E to establish its own identity as a separately quoted company from Fantasia with its own shareholding structure; (iii) enhance the reputation and competitiveness of Home E&E in the market as investments by the Subscribers and Qianhai Shengfeng demonstrate their confidence in the operation of Home E&E and serve as endorsements of Home E&E's performance, strength and prospects.

As such, the directors (including the independent non-executive directors) of Fantasia are of the view that the Subscription Agreement was entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in line with the overall development strategy of Fantasia as well as in the interest of Fantasia and its shareholders as a whole.

Colour Life

The directors of Colour Life consider that the investment in Home E&E can enhance future strategic cooperation with Home E&E to provide and introduce more value added services to the residents who currently live in the communities managed by Colour Life.

As such, the directors (including the independent non-executive directors) of Colour Life are of the view that the Subscription Agreement was entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in line with the overall development strategy of Colour Life as well as in the interest of Colour Life and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Fantasia

Following completion of the Subscription, the equity interest of Fantasia in Home E&E will be reduced from 70% to approximately 69.30% (of which 4.17% will be held through Colour Life). As such, the Subscription constitutes a deemed disposal for Fantasia under Rule 14.29 of the Listing Rules. As all applicable percentage ratios are less than 5%, the Subscription does not constitute a notifiable transaction for Fantasia under Chapter 14 of the Listing Rules.

Furthermore, as at the date of the Subscription Agreement, as (i) Mr. Pan Jun, an executive director of Fantasia, is a general partner of Meilijia Investment; and (ii) Home E&E is owned as to 30% by Meilijia Investment, Home E&E is a connected subsidiary and hence a connected person of Fantasia under the Listing Rules. Accordingly, the entering into of the Subscription Agreement constitutes a connected transaction for Fantasia under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription exceeds 0.1% but less than 5%, the entering into of the Subscription Agreement by Fantasia is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Pan Jun is a general partner of Meilijia Investment, Mr. Pan Jun is treated to have a material interest in the Subscription and accordingly, Mr. Pan Jun had abstained from voting on the resolution proposed at the board meeting of Fantasia to approve the Subscription Agreement. Save as mentioned above, no directors of Fantasia have any material interests in the transactions contemplated under the Subscription Agreement which are required to abstain from voting on the relevant resolutions proposed at the board meeting of Fantasia to approve the Subscription Agreement and the transactions contemplated thereunder.

Colour Life

As at the date of the Subscription Agreement, as Fantasia is the controlling shareholder and hence a connected person of Colour Life, Home E&E, being a subsidiary of Fantasia, is an associate of a connected person of Colour Life under the Listing Rules. Accordingly, the entering into of the Subscription Agreement by Qianhai Shengfeng, a wholly owned subsidiary of Colour Life, constitutes a connected transaction for Colour Life under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription exceeds 0.1% but less than 5%, the entering into of the Subscription Agreement by Colour Life is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Pan Jun is a general partner of Meilijia Investment, Mr. Pan Jun is treated to have a material interest in the Subscription and accordingly, Mr. Pan Jun had abstained from voting on the resolution proposed at the board meeting of Colour Life to approve the Subscription Agreement. Save as mentioned above, no directors of Colour Life have any material interests in the transactions contemplated under the Subscription Agreement which are required to abstain from voting on the relevant resolutions proposed at the board meeting of Colour Life to approve the Subscription Agreement and the transactions contemplated thereunder.

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed, shareholders and potential investors of Fantasia and Colour Life are advised to exercise caution when dealing in the shares or securities of Fantasia and Colour Life.

GENERAL

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 for residential properties.

Home E&E together with its subsidiaries is primarily engaged in the provision of property management, asset operation and management and the relevant value added services for commercial properties.

Meilijia Investment is a limited partnership established and registered under the laws of the PRC and is principally engaged in equity investments.

To the best knowledge, information and belief of the directors of Fantasia and Colour Life, having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owner are third parties independent of Fantasia, Colour Life and their respective connected persons.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Colour Life”	Colour Life Services Group Co., Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Fantasia”	Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands with limited liability the shares of which are listed on the main board of the Stock Exchange;
“Fantasia China”	Fantasia Group (China) Company Limited* (花樣年集團(中國)有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of Fantasia;
“Home E&E”	Shenzhen Home E&E Commercial Services Group Co., Ltd.* (深圳市美易家商務服務集團股份有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of Fantasia;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Meilijia Investment”	Shenzhen Meilijia Investment Partnership* (深圳市美利家投資合夥企業(有限合夥)), a limited partnership established and registered under the laws of the PRC;
“NEEQ”	National Equities Exchange and Quotations System* (全國中小企業股份轉讓系統);
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Qianhai Shengfeng”	Shenzhen Qianhai Shengfeng Tongda Equity Investment Co., Limited* (深圳市前海盛峰通達股權投資有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of Colour Life;

“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	seven subscribers for the Subscription;
“Subscription”	the subscription of a total of 5,150,752 shares in Home E&E by Fantasia China, Qianhai Shengfeng and the Subscribers; and
“Subscription Agreement”	the subscription agreement dated 9 December 2015 entered into among Home E&E, Fantasia China, Meilijia Investment, Qianhai Shengfeng and the Subscribers in relation to the Subscription.

* *For identification purpose only.*

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

By order of the board of
Colour Life Services Group Co., Limited
Tang Xuebin
Executive Director and Chief Executive Officer

Hong Kong, 9 December 2015

As at the date of this announcement,

- (a) *the executive directors of Fantasia are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Lam Kam Tong and Mr. Zhou Jinquan; the non-executive directors of Fantasia are Mr. Li Dong Sheng and Mr. Yuan Hao Dong; and the independent non-executive directors of Fantasia are Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu; and*
- (b) *the executive directors of Colour Life are Mr. Tang Xuebin, Mr. Dong Dong and Mr. Zhou Qinwei; the non-executive directors of Colour Life are Mr. Pan Jun, Mr. Lam Kam Tong and Mr. Zhou Hongyi; and the independent non-executive directors of Colour Life are Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin.*