

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

HISTORY AND DEVELOPMENT

History

Before the incorporation of our Company, our operating subsidiaries were an integral part of the Fantasia Group, the shares of which are listed on the Main Board of the Stock Exchange. The history of our main business segment, the property management segment, can be traced back to the business commencement of Shenzhen Colour Life Property Management on May 10, 2002. Shenzhen Colour Life Property Management was established by, among others, Shenzhen Fantasia Investment Development Co., Ltd., a subsidiary of the Fantasia Group, and Mr. Pan Jun (潘軍), our Non-executive Director, with a view to creating a complementary business segment to the Fantasia Group's core business in property development. In the same year, Mr. Tang Xuebin (唐學斌), our Executive Director and chief executive officer, joined our Group as a member of our senior management team. Our property management services business included services such as security, cleaning, gardening, repair and maintenance primarily for residential communities.

To complement our property management services, in 2002, we began to provide community leasing, sales and other services to the residents and property owners of the residential communities managed by us. These community leasing, sales and other services primarily include purchase assistance services for basic daily necessities such as beverage and newspapers, with a goal to improve their living quality and convenience at these residential communities. Since our commencement of operations in 2002 and after having established all of our three business segments in Shenzhen, we began to expand our business to other cities in the PRC outside Shenzhen in 2004.

In December 2006, we commenced our engineering services business through the acquisition of Shenzhen Kaiyuan Tongji, a company which is primarily engaged in the provision of engineering services to property developers and the residential communities that we manage in Shenzhen. In June 2007, we started to centralize our provision of community leasing, sales and other services through Shenzhen Colour Life Network Service, which primarily included provision of common area rental assistance and purchase assistance services.

As of December 31, 2013, our property management business covered 60 cities in the PRC where we were contracted to manage 436 residential communities and provide consultancy services to 179 residential communities.

Business Development Milestones

The following events are the key business milestones of our Group since its establishment:

Year	Events
2002	Shenzhen Colour Life Property Management commenced its operations on May 10, 2002 in Shenzhen, the PRC.
2003	Shenzhen Colour Life Property Management was certified under ISO 9001 and ISO 14001 for the quality of its property management services.
2004	We began to expand our business to other cities in the PRC outside Shenzhen.

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Year	Events
2006	<p>Shenzhen Colour Life Property Management was certified under ISO 9001 for the quality of its property management services.</p> <p>Shenzhen Colour Life acquired Shenzhen Kaiyuan Tongji on December 5, 2006.</p>
2007	<p>Shenzhen Colour Life Network Service was established on June 12, 2007, as our principal subsidiary providing community leasing, sales and other services to residents and property owners in the residential communities managed by us.</p> <p>Shenzhen Colour Life Network Service commenced its operations, which primarily included provision of common area rental assistance and purchase assistance services.</p> <p>Shenzhen Colour Life Network Service started to launch the website www.colourlife.com.</p>
2011	<p>Our Company was established on March 16, 2011.</p>
2013	<p>Shenzhen Colour Life Network Service launched our mobile application, another medium through which the residents and property owners in the residential communities that we managed or provided consultancy services to can access our online platform.</p>

CORPORATE DEVELOPMENT

We summarize below our major operating subsidiaries for each of our business segments:

Name of subsidiary	Date and place of incorporation	Details of acquisition/ establishment	Reference
Property management services business			
Shenzhen Colour Life Property Management	December 11, 2000, the PRC	Acquisition of Shenzhen Colour Life Property Management by Shenzhen Colour Life from Fantasia Group (China) on November 13, 2006.	Please refer to the section entitled “— Property management services business — Shenzhen Colour Life Property Management”
Nanjing Mingcheng Property Management	May 30, 2002, the PRC	Acquisition of Nanjing Mingcheng Property Management by Shenzhen Colour Life from Mr. Huang Jianxin (黄建新) and Ms. Huang Jianqin (黄建琴) on January 8, 2013. Save for their interest in Nanjing Mingcheng Property Management, each of Mr. Huang Jianxin (黄建新) and Ms. Huang Jianqin (黄建琴) are Independent Third Parties.	Please refer to the section entitled “— Property management services business — Nanjing Mingcheng Property Management”

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Name of subsidiary	Date and place of incorporation	Details of acquisition/ establishment	Reference
Nanjing Huitao Property . . .	September 29, 2006, the PRC	Acquisition of Nanjing Huitao Property by Shenzhen Colour Life from Mr. Wu Tao (吳濤) and Mr. Ma Xu (馬旭) on April 10, 2013. Mr. Ma Xu (馬旭) is an Independent Third Party. Save for his interest in Nanjing Huitao Property, Mr. Wu Tao (吳濤) is an Independent Third Party.	Please refer to the section entitled “— Property management services business — Nanjing Huitao Property”
Engineering services business			
Shenzhen Kaiyuan Tongji . . .	November 15, 2001, the PRC	Acquisition of Shenzhen Kaiyuan Tongji by Shenzhen Colour Life from Ms. Zhou Bei (周蓓) and Shanghai Tongji Building Technology Co., Ltd. (上海同濟樓宇科技有限公司) on December 5, 2006. Each of Ms. Zhou Bei (周蓓) and Shanghai Tongji Building Technology Co., Ltd. (上海同濟樓宇科技有限公司) is an Independent Third Party.	Please refer to the section entitled “— Engineering services business — Shenzhen Kaiyuan Tongji”
Community leasing, sales and other services business			
Shenzhen Colour Life Network Service	June 12, 2007, the PRC	Establishment of Shenzhen Colour Life Network Service by Shenzhen Colour Life.	Please refer to the section entitled “— Community leasing, sales and other services business — Shenzhen Colour Life Network Service”
Shenzhen Xingyanhang Real Estate	April 23, 2007, the PRC	Acquisition of Shenzhen Xingyanhang Real Estate by Shenzhen Colour Life from Shenzhen Siyuan Xingye Real Estate Consultancy Co., Ltd. (深圳思源興業房地產經紀有限公司) (“ Shenzhen Siyuan Consultancy ”) (formerly known as Shenzhen Xingyan Property Consultancy Co., Ltd. (深圳市星彥地產顧問有限公司)) and Fantasia Group (China) on July 7, 2010 and November 15, 2011. Shenzhen Siyuan Consultancy Co., Ltd. is an Independent Third Party.	Please refer to the section entitled “— Community leasing, sales and other services business — Shenzhen Xingyanhang Real Estate” and “— Reorganization — Internal reorganization of Shenzhen Xingyanhang Real Estate”
Shenzhen Qianhai Caizhiyun	April 22, 2013, the PRC	Establishment of Shenzhen Qianhai Caizhiyun by Colour Cloud Group (HK).	Please refer to the section entitled “— Reorganization — Establishment of certain subsidiaries”

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Name of subsidiary	Date and place of incorporation	Details of acquisition/ establishment	Reference
Shenzhen Qianhai Caifubao	May 7, 2013, the PRC	Establishment of Shenzhen Qianhai Caifubao by Colour Pay Group (HK).	Please refer to the section entitled “— Reorganization — Establishment of certain subsidiaries”
PRC holding company			
Shenzhen Colour Life	August 25, 2006, the PRC	Acquisition of Shenzhen Colour Life by Shenzhen Colour Life Community Technology from Yahoo Technology on March 15, 2013.	Please refer to the section entitled “— Reorganization — Intragroup reorganization of subsidiaries”

As part of our corporate development, we established and acquired our major subsidiaries for each of our business segments through the following steps:

Property Management Services Business

Shenzhen Colour Life Property Management

Shenzhen Colour Life Property Management is principally engaged in property management and was established in the PRC on December 11, 2000 with an initial registered capital of RMB5,000,000. As of the date of establishment, Shenzhen Colour Life Property Management was owned as to 90% by Shenzhen Fantasia Investment Development Co., Ltd. (深圳市花樣年投資發展有限公司) (formerly known as Shenzhen Xingyan Investment Development Co., Ltd. (深圳市星彥投資發展有限公司)), as to 5% by Mr. Pan Jun (潘軍) and as to 5% by Mr. Chen Yue (陳越).

Since the date of its establishment, Shenzhen Colour Life Property Management has undertaken a series of equity transfers after which Shenzhen Colour Life Property Management became wholly owned by Fantasia Group (China).

On October 30, 2006, Fantasia Group (China), the then sole shareholder of Shenzhen Colour Life Property Management, entered into an equity transfer agreement with Shenzhen Colour Life pursuant to which Fantasia Group (China) agreed to transfer its 100% interest in Shenzhen Colour Life Property Management to Shenzhen Colour Life for a consideration of RMB4,865,020 which was determined based on arm’s length negotiations between the parties. On November 13, 2006, an updated business license reflecting such transfer was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Colour Life Property Management became wholly owned by Shenzhen Colour Life.

On December 13, 2012, the registered capital of Shenzhen Colour Life Property Management was increased from RMB5,000,000 to RMB35,000,000. Shenzhen Colour Life Property Management remained wholly owned by Shenzhen Colour Life.

As of December 31, 2013, Shenzhen Colour Life Property Management was contracted to manage 321 residential communities and provide consultancy services to 167 residential communities.

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Nanjing Mingcheng Property Management

Nanjing Mingcheng Property Management is principally engaged in property management and was established in the PRC on May 30, 2002 with an initial registered capital of RMB2,000,000. As of the date of establishment, Nanjing Mingcheng Property Management was owned by the following entities each of which is an Independent Third Party and their respective contributions are set forth in the table below:

Shareholder	Capital contribution (RMB)	Approximate equity interest
Nanjing Shibo Architectural Design Co., Ltd. (南京視博建築設計有限公司)	100,000	5%
Nanjing Lixin Investment Management Co., Ltd. (南京立信投資管理有限公司)	1,800,000	90%
Nanjing Mingcheng Real Estate Development Co., Ltd. (南京名城房地產開發有限公司)	100,000	5%
Total	2,000,000	100%

Since the date of its establishment, Nanjing Mingcheng Property Management has undertaken a series of equity transfers after which Nanjing Mingcheng Property Management was then owned as to 95% by Mr. Huang Jianxin (黃建新) and as to 5% by Ms. Huang Jianqin (黃建琴).

On December 8, 2012, each of Mr. Huang Jianxin (黃建新) and Ms. Huang Jianqin (黃建琴) entered into an equity transfer agreement with Shenzhen Colour Life pursuant to which Shenzhen Colour Life agreed to acquire from Mr. Huang Jianxin (黃建新) and Ms. Huang Jianqin (黃建琴) 85% and 5% of their interest in Nanjing Mingcheng Property Management, respectively, for a total consideration of RMB5,680,000, which was determined based on arm's length negotiation between the parties. On January 8, 2013, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfers, Nanjing Mingcheng Property Management was owned as to 90% by Shenzhen Colour Life and as to 10% by Mr. Huang Jianxin (黃建新).

As of December 31, 2013, Nanjing Mingcheng Property Management was contracted to manage 15 residential communities.

Nanjing Huitao Property

Nanjing Huitao Property is principally engaged in property management and was established in the PRC on September 29, 2006 with an initial registered capital of RMB1,000,000. As of the date of establishment, Nanjing Huitao Property was owned as to 65% by Mr. Wu Tao (吳濤) and as to 35% by Mr. Yu Wenhui (余文輝).

Since the date of its establishment, Nanjing Huitao Property has undertaken a series of equity transfers after which Nanjing Huitao Property was then owned as to 80% by Mr. Wu Tao (吳濤) and as to 20% by Mr. Ma Xu (馬旭) each of whom are Independent Third Parties.

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On April 2, 2013, Shenzhen Colour Life entered into an equity transfer agreement with Mr. Wu Tao (吳濤) and Mr. Ma Xu (馬旭), pursuant to which Shenzhen Colour Life agreed to acquire from Mr. Wu Tao (吳濤) and Mr. Ma Xu (馬旭), each an Independent Third Party then holding 70% and 20% of the entire equity interest of Nanjing Huitao Property, for a total consideration of RMB5,280,000, which were determined based on arm's length negotiation between the parties. On April 10, 2013, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfers, Nanjing Huitao Property was owned as to 90% by Shenzhen Colour Life and as to 10% by Mr. Wu Tao (吳濤).

As of December 31, 2013, Nanjing Huitao Property was contracted to manage 21 residential communities.

Engineering Services Business

Shenzhen Kaiyuan Tongji

Shenzhen Kaiyuan Tongji is principally engaged in the provision of engineering services and was established in the PRC on November 15, 2001 with an initial registered capital of RMB2,000,000. As of the date of establishment, Shenzhen Kaiyuan Tongji was owned as to 36.5% by Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司) (formerly known as Shenzhen Zhonghai Waicheng Property Management Co., Ltd. (深圳市中海外承物業管理有限公司)) and as to 63.5% by Shanghai Tongji Building Technology Co., Ltd. (上海同濟樓宇科技有限公司) each of which is an Independent Third Party.

Since the date of its establishment, Shenzhen Kaiyuan Tongji has undertaken a series of equity transfers after which Shenzhen Kaiyuan Tongji was owned as to 74.6% by Ms. Zhou Bei (周蓓) and as to 25.4% by Shanghai Tongji Building Technology Co., Ltd. (上海同濟樓宇科技有限公司).

On October 30, 2006, Ms. Zhou Bei (周蓓), the then majority shareholder of Shenzhen Kaiyuan Tongji, and Shanghai Tongji Building Technology Co., Ltd. (上海同濟樓宇科技有限公司) entered into an equity transfer agreement with Shenzhen Colour Life pursuant to which Shenzhen Colour Life agreed to acquire from Ms. Zhou Bei (周蓓) and Shanghai Tongji Building Technology Co., Ltd. (上海同濟樓宇科技有限公司) their 74.6% and 25.4% interests in Shenzhen Kaiyuan Tongji, respectively, for a consideration of RMB2,986,248 and RMB1,016,765, respectively, which was determined based on arm's length negotiation between the parties. On December 5, 2006, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfers, Shenzhen Kaiyuan Tongji became wholly owned by Shenzhen Colour Life.

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Community Leasing, Sales and Other Services Business

Shenzhen Colour Life Network Service

Shenzhen Colour Life Network Service is principally engaged in the provision of community leasing, sales and other services and was established in the PRC on June 12, 2007 with an initial registered capital of RMB10,000,000. As of the date of establishment, Shenzhen Colour Life Network Service was wholly owned by Shenzhen Colour Life.

Shenzhen Xingyanhang Real Estate

Shenzhen Xingyanhang Real Estate is principally engaged in the provision of community leasing, sales and other services and historically provided property agency services which were gradually phased out over the Track Record Period. It was established in the PRC on April 23, 2007 with an initial registered capital of RMB4,000,000. As of the date of establishment, Shenzhen Xingyanhang Real Estate was owned as to 85% by Shenzhen Siyuan Consultancy, an Independent Third Party, and 15% by Ms. Lu Ying (路莹), a director of Shenzhen Xingyanhang Real Estate.

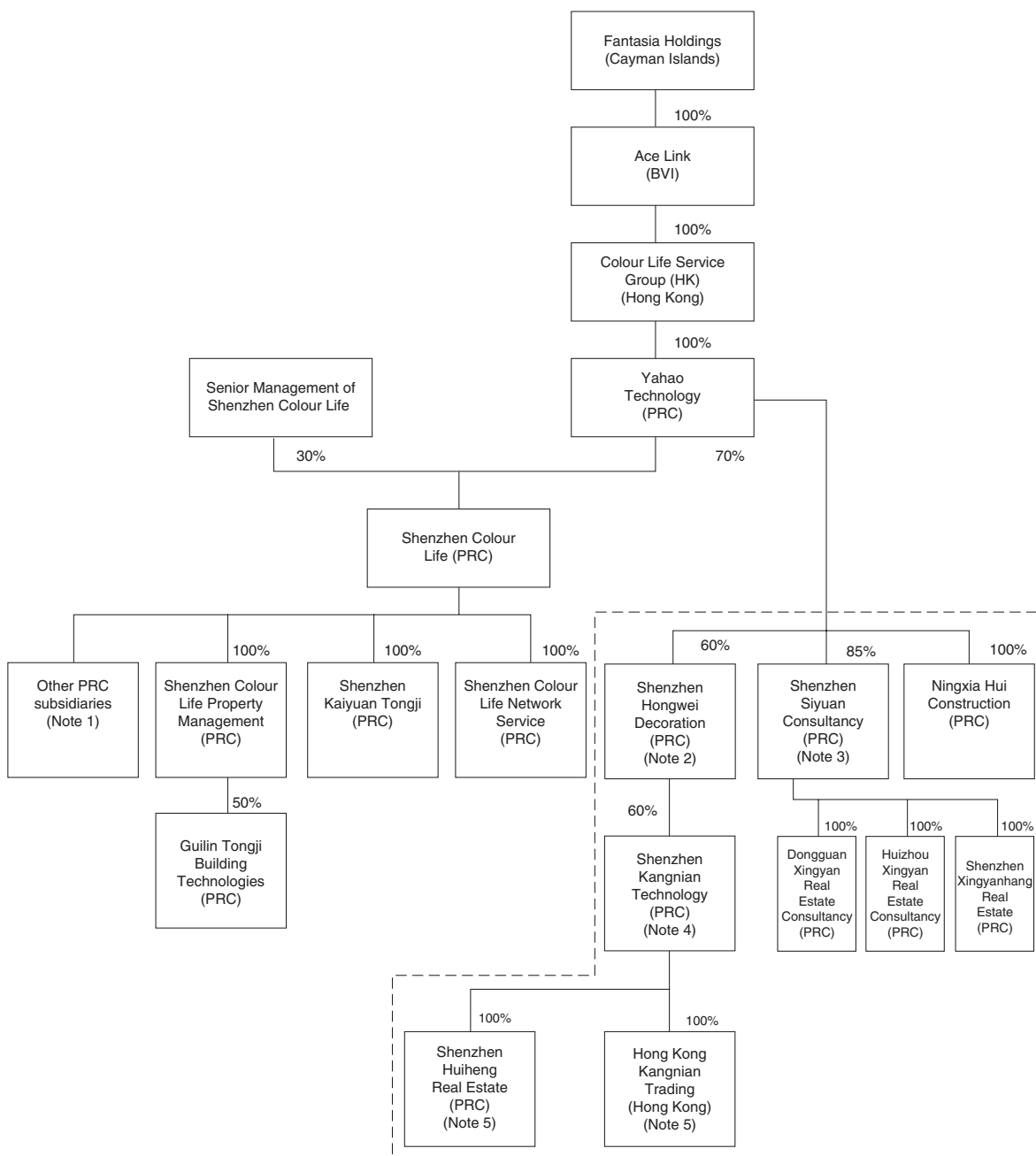
Shenzhen Xingyanhang Real Estate underwent a series of equity transfers the details of which are set out in the section entitled “— Reorganization.” Upon completion of such equity transfers, Shenzhen Xingyanhang Real Estate was owned as to 92.65% by Shenzhen Colour Life and as to 7.35% by Ms. Lu Ying (路莹).

As advised by our PRC legal advisor, all the transfers described under the section entitled “— Corporate Development” have been approved by and/or registered with the relevant PRC government authorities and were properly and legally completed and settled in each case in accordance with PRC laws, rules and regulations.

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REORGANIZATION

The following diagram illustrates our shareholding structure before the Reorganization:



Notes:

- (1) These consist of inactive PRC companies and Shenzhen Caiyue Hotel which were subsequently disposed of by our Group in order to streamline our business model.
- (2) The remaining 40% interest in Shenzhen Hongwei Decoration was held by Shenzhen Huaqianli Real Estate Development Company Limited (深圳市花千里房地產開發有限公司), a wholly owned subsidiary of Fantasia Holdings.
- (3) The remaining 15% interest in Shenzhen Siyuan Consultancy was held by Ms. Lu Ying (路瑩), a director of Shenzhen Xingyanhang Real Estate.

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- (4) The remaining 40% interest in Shenzhen Kangnian Technology was held by Shenzhen Huaqianli Real Estate Development Company Limited (深圳市花千里房地產開發有限公司), a wholly owned subsidiary of Fantasia Holdings.
- (5) Shenzhen Huiheng Real Estate and Hong Kong Kangnian Trading were the major operating subsidiaries of Yahoo Technology principally engaged in property development and property investment in the PRC, respectively.

The Reorganization comprised the following steps:

Internal Reorganization of Shenzhen Xingyanhang Real Estate

On January 27, 2010, Ms. Lu Ying (路瑩), a director of Shenzhen Xingyanhang Real Estate, entered into an equity transfer agreement with Shenzhen Siyuan Consultancy pursuant to which Ms. Lu Ying (路瑩) agreed to transfer her 15% interest in Shenzhen Xingyanhang Real Estate to Shenzhen Siyuan Consultancy for a consideration of RMB600,000 which was determined with reference to the registered capital Shenzhen Xingyanhang Real Estate as of the date of the transfer. On March 19, 2010, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Xingyanhang Real Estate became wholly owned by Shenzhen Siyuan Consultancy, which was in turn owned as to 85% by Yahoo Technology.

On June 3, 2010, Shenzhen Siyuan Consultancy entered into an equity transfer agreement with Shenzhen Colour Life pursuant to which Shenzhen Siyuan Consultancy agreed to transfer its 51% interest in Shenzhen Xingyanhang Real Estate to Shenzhen Colour Life for a consideration of RMB1,800,000 which was determined based on arm's length negotiations between the parties. On July 7, 2010, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Xingyanhang Real Estate was owned as to 51% by Shenzhen Colour Life and as to 49% by Shenzhen Siyuan Consultancy.

On July 8, 2010, Shenzhen Siyuan Consultancy entered into an equity transfer agreement with Fantasia Group (China), a wholly owned subsidiary of Fantasia Holdings, pursuant to which Shenzhen Siyuan Consultancy agreed to transfer its 41.65% interest in Shenzhen Xingyanhang Real Estate to Fantasia Group (China) for a consideration of RMB1,666,000 which was determined with reference to the registered capital of Shenzhen Xingyanhang Real Estate as of the date of the transfer. On August 26, 2010, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Xingyanhang Real Estate was owned by the following entities and their respective contributions are set forth in the table below:

Shareholder	Capital contribution (RMB)	Approximate equity interest
Shenzhen Colour Life	2,040,000	51%
Fantasia Group (China)	1,666,000	41.65%
Shenzhen Siyuan Consultancy	294,000	7.35%
Total	4,000,000	100%

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On July 12, 2010, Shenzhen Siyuan Consultancy entered into an equity transfer agreement with Ms. Lu Ying (路瑩) pursuant to which Shenzhen Siyuan Consultancy agreed to transfer its 7.35% interest in Shenzhen Xingyanhang Real Estate to Ms. Lu Ying (路瑩) for a consideration of RMB294,000 which was determined with reference to the registered capital of Shenzhen Xingyanhang Real Estate as of the date of the transfer. On September 17, 2010, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Xingyanhang Real Estate was owned by the following entities/persons and their respective contributions are set forth in the table below:

Shareholder	Capital contribution (RMB)	Approximate equity interest
Shenzhen Colour Life	2,040,000	51%
Fantasia Group (China)	1,666,000	41.65%
Ms. Lu Ying (路瑩)	294,000	7.35%
Total	4,000,000	100%

On October 14, 2011, Fantasia Group (China) entered into an equity transfer agreement with Shenzhen Colour Life pursuant to which Fantasia Group (China) agreed to transfer its 41.65% interest in Shenzhen Xingyanhang Real Estate to Shenzhen Colour Life for a consideration of RMB1,666,000 which was determined with reference to the registered capital Shenzhen Xingyanhang Real Estate as of the date of the transfer. On November 15, 2011, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Xingyanhang Real Estate was owned as to 92.65% by Shenzhen Colour Life and as to 7.35% by Ms. Lu Ying (路瑩).

For the accounting implications regarding the internal reorganization of Shenzhen Xingyanhang Real Estate, please refer to the further information as set forth under the paragraph entitled “Financial Information — Basis of Preparation.”

Disposal of Unrelated Subsidiaries from Yahao Technology

On August 23, 2010, Yahao Technology transferred its 85% interest in Shenzhen Siyuan Consultancy (formerly known as Shenzhen Xingyan Property Consultancy Co., Ltd. (深圳市星彥地產顧問有限公司)) to Fantasia Group (China) for a consideration of RMB2,650,000 which was determined based on arm’s length negotiations between the parties. Upon completion of such transfer, Shenzhen Siyuan Consultancy ceased to be a subsidiary of Yahao Technology.

On March 14, 2011 and March 21, 2011, Yahao Technology transferred its 60% interest in Shenzhen Hongwei Decoration and 100% interest in Ningxia Hui Nationality Autonomous Region Xingshengji Construction Company Limited (寧夏回族自治區新聖基建築工程有限公司) (“**Ningxia Hui Construction**”) to Shenzhen Zhifu Property Development Company Limited (深圳置富房地產開發有限公司) for consideration of RMB6,000,000 and RMB20,000,000, respectively, which was determined based on arm’s length negotiation between Shenzhen Hongwei Decoration and Ningxia Hui Construction as agreed by the parties. Upon completion of such transfer, Shenzhen Hongwei Decoration and Ningxia Hui Construction ceased to be subsidiaries of Yahao Technology.

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For the accounting implications regarding the disposal of the unrelated subsidiaries from Yahao Technology, please refer to the further information as set forth under the paragraph entitled “Financial Information — Basis of Preparation.”

Incorporation of Our Company, Acquisition of Ace Link and Interest Exchange

Our Company was incorporated in the Cayman Islands on March 16, 2011.

On July 25, 2011, our Company entered into a sale and purchase agreement with Fantasia Holdings, pursuant to which our Company acquired the entire issued share capital of Ace Link from Fantasia Holdings at a consideration of US\$100. Upon completion of such acquisition, Ace Link became a direct wholly owned subsidiary of our Company and Shenzhen Colour Life, a subsidiary of Ace Link and the holding company of our operating subsidiaries, became an indirect wholly owned subsidiary of our Company.

On July 25, 2011, Mr. Tang Xuebin (唐學斌), Mr. Dong Dong (董東), Mr. Ye Hui (葉暉), Mr. Guan Jiandong (關建東), Mr. Chang Rong (昌榮) and Mr. Wang Xuliang (王旭良) (collectively, the “**Senior Management of Shenzhen Colour Life**”) entered into an equity transfer agreement with Yahao Technology pursuant to which the Senior Management of Shenzhen Colour Life agreed to transfer their 30% equity interest in Shenzhen Colour Life to Yahao Technology for a consideration of RMB3,000,000. On July 25, 2011, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Colour Life became a wholly owned subsidiary of Yahao Technology.

On the same date (i.e., July 25, 2011), Splendid Fortune, a company then wholly owned by the Senior Management of Shenzhen Colour Life, entered into a share transfer agreement with Fantasia Holdings, pursuant to which Fantasia Holdings agreed to transfer its 30% interest in our Company to Splendid Fortune for a consideration in an amount in US dollars equivalent to RMB3,000,000. Upon completion of such transfer, our Company was owned as to 70% by Fantasia Holdings and as to 30% by Splendid Fortune, which is in turn wholly owned by the Senior Management of Shenzhen Colour Life.

Establishment of Certain Subsidiaries

Tong Yuan was incorporated in the BVI on December 3, 2012 with an authorized share capital of US\$50,000 divided into 50,000 shares with par value of US\$1.00 each. On January 7, 2013, 100 shares were allotted and issued to our Company for a consideration of US\$100.00 which was determined with reference to the par value of the shares allotted and issued. Upon completion of such allotment, Tong Yuan became a direct wholly owned subsidiary of our Company.

Novel Era was incorporated in Hong Kong on November 16, 2012 with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On January 30, 2013, one share was transferred from the initial subscriber, Blear Services Limited, a nominee company which is an Independent Third Party, and 99 shares were allotted and issued to Tong Yuan for a consideration of HK\$100 which was determined with reference to the par value of the shares transferred, allotted and issued. Upon completion of such transfer and allotment, Novel Era became an indirect wholly owned subsidiary of our Company.

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Shenzhen Colour Life Community Technology was established in the PRC with limited liability with an initial registered capital of HK\$1,000,000. Shenzhen Colour Life Community Technology is wholly owned by Novel Era and is an indirect wholly owned subsidiary of our Company.

On April 22, 2013, Shenzhen Qianhai Caizhiyun was established in the PRC with limited liability with an initial registered capital of HK\$5,000,000. Shenzhen Qianhai Caizhiyun is wholly owned by Colour Cloud Group (HK) and is an indirect wholly owned subsidiary of our Company.

On May 7, 2013, Shenzhen Qianhai Caifubao was established in the PRC with limited liability with an initial registered capital of HK\$5,000,000. Shenzhen Qianhai Caifubao is wholly owned by Colour Pay Group (HK) and is an indirect wholly owned subsidiary of our Company.

Intragroup Reorganization of Subsidiaries

On March 14, 2013, Shenzhen Colour Life Community Technology and Yahao Technology entered into an equity transfer agreement, pursuant to which Shenzhen Colour Life Community Technology agreed to acquire the entire equity interest of Shenzhen Colour Life from Yahao Technology for a consideration of RMB15,000,000, which was determined with reference to the then registered capital of Shenzhen Colour Life as of the date of transfer. On March 15, 2013, an updated business license reflecting such acquisition was granted by the relevant PRC authority. Upon completion of such transfer, Shenzhen Colour Life, the holding company of our operating subsidiaries remained as an indirect wholly owned subsidiary of our Company.

On July 12, 2013, Tong Yuan acquired 10,000 shares in the share capital of Colour Cloud Group (HK) from Colour Cloud Group, representing the entire issued share capital of Colour Cloud Group (HK), for a consideration of HK\$10,000, which was determined based on the par value of the shares transferred. Upon completion of such transfer, Colour Cloud Group (HK) remained as an indirect wholly owned subsidiary of our Company.

On July 12, 2013, Tong Yuan acquired 10,000 shares in the share capital of Colour Pay Group (HK) from Colour Pay Group, representing the entire issued share capital of Colour Pay Group (HK) for a consideration of HK\$10,000, which was determined based on the par value of the shares transferred. Upon completion of such transfer, Colour Pay Group (HK) remained as an indirect wholly owned subsidiary of our Company.

Disposal of Certain Subsidiaries

On April 30, 2013, the Company disposed of the entire issued share capital of Ace Link to Zhao Xing Holdings Limited (“**Zhao Xing Holdings**”), a wholly owned subsidiary of Fantasia Holdings for a consideration of US\$100, which was determined based on the nominal value of the shares transferred. Ace Link was disposed of by our Group as part of our reorganization and delineation of our business from the Retained Group. Upon completion of such disposal, Zhao Xing Holdings held the entire share capital of Ace Link and its subsidiaries, upon which Ace Link and its subsidiaries ceased to be the subsidiaries of our Company. For the financial impact as a result of such disposal, please refer to the section entitled “Financial Information — Discontinued Operations and Their Presentation in the Consolidated Financial Statements” for further details.

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In January 2013, Shenzhen Caiyue Hotel Management Co., Ltd (深圳市彩悦酒店管理有限公司) (“**Shenzhen Caiyue Hotel Management**”) entered into an equity transfer agreement with Mr. Huang Wenhui (黃文輝) and Mr. Liu Yunhai (劉鄆海), each an Independent Third Party, pursuant to which Shenzhen Caiyue Hotel Management agreed to dispose of its entire interest in Shenzhen Caiyue Hotel Co., Ltd. (深圳市彩悦酒店有限公司) (“**Shenzhen Caiyue Hotel**”) to each of Mr. Huang Wenhui (黃文輝) and Mr. Liu Yunhai (劉鄆海) in equal shares for a consideration of RMB1,000, respectively, which was determined based on arm’s length negotiation between the parties. Upon completion of such disposal, Shenzhen Caiyue Hotel ceased to be a subsidiary of Shenzhen Caiyue Hotel Management. For the accounting implications regarding the disposal of our 100% interest in Shenzhen Caiyue Hotel, please refer to the further information as set forth under the section entitled “Financial Information — Discontinued Operations and Their Presentation in the Consolidated Financial Statements.”

On March 4, 2013, Shenzhen Colour Life entered into an equity transfer agreement with Mr. Liu Yunhai (劉鄆海) and Ms. Yu Guixiang (余桂香), each an Independent Third Party, pursuant to which Shenzhen Colour Life agreed to dispose of its entire interest in Shenzhen Caiyue Hotel Management to each of Mr. Liu Yunhai (劉鄆海) and Ms. Yu Guixiang (余桂香) in equal shares for a consideration of RMB1,000, respectively, which was determined based on arm’s length negotiation between the parties. Shenzhen Caiyue Hotel Management was disposed of by our Group to streamline our business model. Upon completion of such disposal, Shenzhen Caiyue Hotel Management ceased to be a subsidiary of Shenzhen Colour Life. For the accounting implications regarding the disposal of our 100% interest in Shenzhen Caiyue Hotel Management, please refer to the further information as set forth under the section entitled “Financial Information — Discontinued Operations and Their Presentation in the Consolidated Financial Statements.”

As advised by our PRC legal advisor, all the transfers of the PRC subsidiaries described under the section entitled “— Reorganization” have been approved by and/or registered with the relevant PRC government authorities and were properly and legally completed and settled in each case in accordance with PRC laws, rules and regulations.

Capitalization Issue prior to the Pre-IPO Investments

On May 28, 2013, our Company issued and allotted 1,386,000 Shares and 594,000 Shares to Fantasia Holdings and Splendid Fortune respectively for a total consideration of HK\$198,000. The amount standing to the credit of the distributable reserves account of our Company in the sum of HK\$198,000 was capitalized and applied in paying up in full the 1,386,000 Shares and 594,000 Shares. After such issue and allotment of Shares to Fantasia Holdings and Splendid Fortune, Fantasia Holdings and Splendid Fortune held 1,400,000 Shares and 600,000 Shares, representing 70% and 30% of the issued share capital of our Company, respectively.

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Pre-IPO Investments

On May 29, 2013, our Company entered into (i) a share subscription agreement with First Shanghai, an Independent Third Party, pursuant to which our Company agreed to issue and allot to First Shanghai to hold on trust for and on behalf of 11 individual investors, who are PRC and New Zealand nationals and Hong Kong resident, and one corporate investor which is incorporated in the BVI with limited liability and an investment holding company, who are also Independent Third Parties (other than Mr. Zeng Liqing (曾李青) who is our Non-executive Director and is beneficially interested in 11,626 Shares) (the “Investors”), and First Shanghai agreed to subscribe for and on behalf of the Investors an aggregate of 69,760 Shares; and (ii) a share subscription agreement with China Bowen, an Independent Third Party, Fantasia Holdings and Splendid Fortune, pursuant to which our Company agreed to issue and allot to China Bowen, and China Bowen agreed to subscribe for an aggregate of 13,752 Shares.

Upon completion of the above issue and allotment on June 6, 2013, Fantasia Holdings, Splendid Fortune, First Shanghai (on behalf of the Investors) and China Bowen held 1,400,000 Shares, 600,000 Shares, 69,760 Shares and 13,752 Shares, respectively.

Please refer to the section entitled “— Pre-IPO Investments by First Shanghai and China Bowen” for further details.

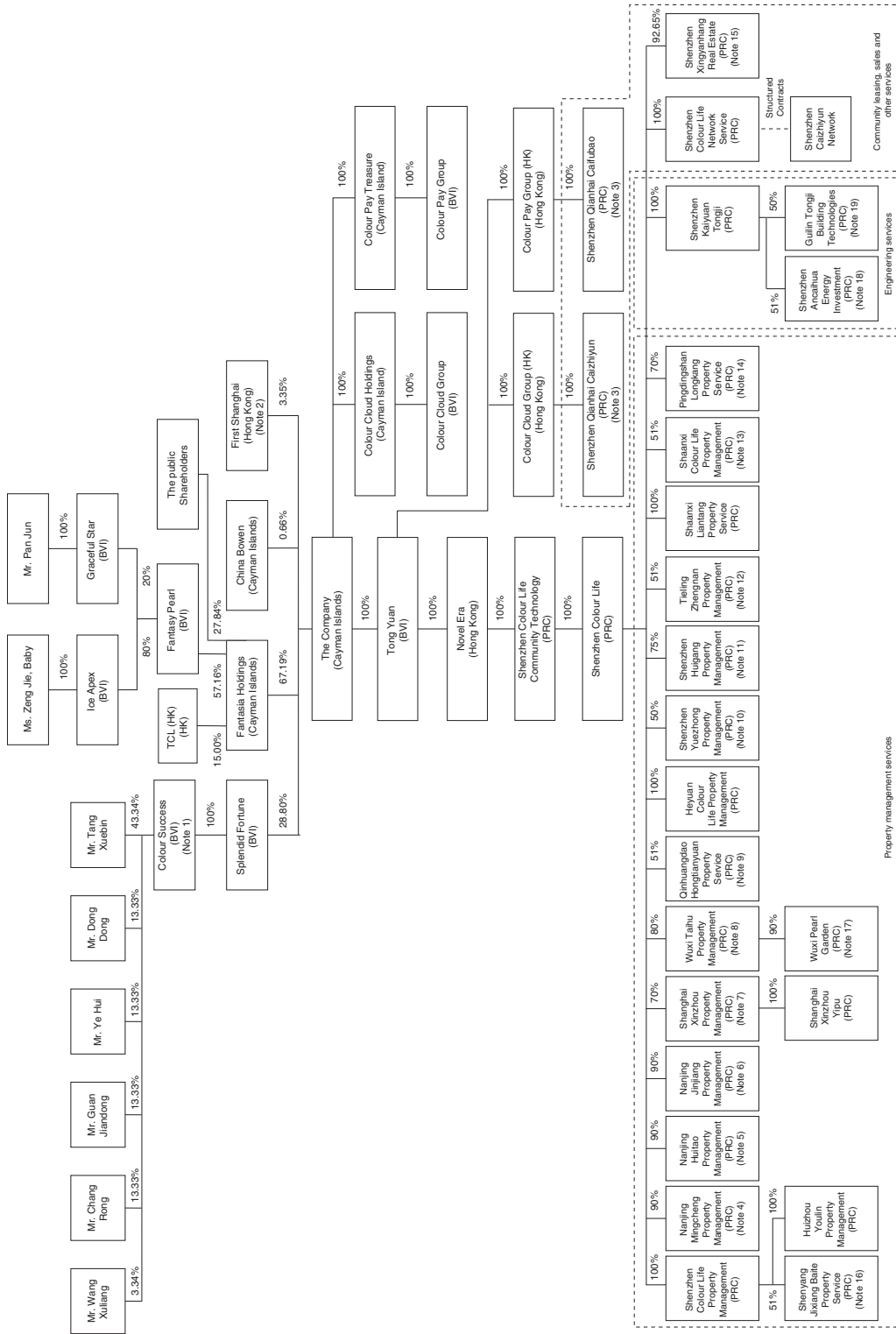
Capitalization Issue prior to the Global Offering

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Directors is authorized to capitalize the amount of HK\$74,791,648.80 from such account and apply such sum in paying up in full at par a total of 747,916,488 Shares for allotment and issue to its then shareholders, on a pro rata basis.

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Our Group's Shareholding Structure After the Reorganization

The following diagram illustrates our shareholding structure after the corporate reorganization and immediately prior to the Global Offering and the Capitalization Issue:



HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Notes:

- (1) Colour Success acquired the entire issued share capital of Splendid Fortune from the Senior Management of Shenzhen Colour Life on June 24, 2013.
- (2) First Shanghai held its interest in our Company on trust for and on behalf of 12 other investors. For further details, please refer to the section entitled “— Pre-IPO Investments by First Shanghai and China Bowen.”
- (3) Shenzhen Qianhai Caizhiyun and Shenzhen Qianhai Caifubao are principally engaged in community leasing, sales and other services business.
- (4) The remaining 10% interest in Nanjing Mingcheng Property Management is held by Mr. Huang Jianxin (黃建新). Save for his interest in Nanjing Mingcheng Property Management, Mr. Huang Jianxin (黃建新) is an Independent Third Party.
- (5) The remaining 10% interest in Nanjing Huitao Property Management is held by Mr. Wu Tao (吳濤). Save for his interest in Nanjing Huitao Property Management, Mr. Wu Tao (吳濤) is an Independent Third Party.
- (6) The remaining 10% interest in Nanjing Jinjiang Property Management is held by Mr. Yu Youzhong (俞有忠). Save for his interest in Nanjing Jinjiang Property Management, Mr. Yu Youzhong (俞有忠) is an Independent Third Party.
- (7) The remaining 30% interest in Shanghai Xinzhou Property Management is held by Mr. Mao Yiqing (毛逸清) and Shanghai Zhoupu Asset Management Co., Ltd. (上海周浦資產管理有限公司). Save for their interest in Shanghai Xinzhou Property Management, each of Mr. Mao Yiqing (毛逸清) and Shanghai Zhoupu Asset Management Co., Ltd. (上海周浦資產管理有限公司) are Independent Third Parties.
- (8) The remaining 20% interest in Wuxi Taihu Property Management is held by Wuxi Taihu Garden Real Estate Management Co., Ltd. (無錫市太湖花園物業管理有限責任公司). Save for its interest in Wuxi Taihu Property Management, Wuxi Taihu Garden Real Estate Management Co., Ltd. (無錫市太湖花園物業管理有限責任公司) is an Independent Third Party.
- (9) The remaining 49% interest in Qinhuangdao Hongtianyuan Property Service is held by Ms. Liu Tong (劉彤) and Ms. Liu Li (劉莉) in the proportion of 29.4% and 19.6%. Save for their interest in Qinhuangdao Hongtianyuan Property Service, each of Ms. Liu Tong (劉彤) and Ms. Liu Li (劉莉) are Independent Third Parties.
- (10) The remaining 50% interest in Shenzhen Yuezhong Property Management is held by Shenzhen Yuezhong Group Co., Ltd. (深圳市越眾(集團)股份有限公司) and Shenzhen Pengzhu Car Factory (深圳市鵬竹汽車修配廠) in the proportion of 40% and 10%, respectively. Save for their interest in Shenzhen Yuezhong Property Management, each of Shenzhen Yuezhong Group Co., Ltd. (深圳市越眾(集團)股份有限公司) and Shenzhen Pengzhu Car Factory (深圳市鵬竹汽車修配廠) are Independent Third Parties. Shenzhen Yuezhong Property Management is accounted as an associate of our Company. See Note 19 of the Accountant’s Report.
- (11) The remaining 25% interest in Shenzhen Huigang Property Management is held by Mr. Ai Yong (艾永). Save for his interest in Shenzhen Huigang Property Management, Mr. Ai Yong (艾永) is an Independent Third Party.
- (12) The remaining 49% interest in Tieling Zhengnan Property Management is held by Liaoning Zhengnan Real Estate Development Co., Ltd. (遼寧正南房地產開發有限公司). Save for its interest in Tieling Zhengnan Property Management, Liaoning Zhengnan Real Estate Development Co., Ltd. is an Independent Third Party.
- (13) The remaining 49% interest in Shaanxi Colour Life Property Management is held by Mr. Zhang Hua (張華), Mr. Zhang Xiangrong (張向榮) and Ms. Yin Jingyi (殷敬怡) in the proportion of 25%, 12% and 12%, respectively. Save for their interest in Shaanxi Colour Life Property Management, each of Mr. Zhang Hua (張華), Mr. Zhang Xiangrong (張向榮) and Ms. Yin Jingyi (殷敬怡) are Independent Third Parties.
- (14) The remaining 30% interest in Pingdingshan Longkang Property Service is held by Ms. Gong Yanru (龔燕如). Save for her interest in Pingdingshan Longkang Property Service, Ms. Gong Yanru (龔燕如) is an Independent Third Party.
- (15) The remaining 7.35% interest in Shenzhen Xingyanhang Real Estate is held by Ms. Lu Ying (路瑩). Ms. Lu Ying (路瑩) is a director of Shenzhen Xingyanhang Real Estate. The operations of Shenzhen Xingyanhang Real Estate gradually phased out over the Track Record Period.
- (16) The remaining 49% interest in Shenyang Jixiang Baite Property Service is held by Mr. Lan Tao (蘭濤) and Mr. Lan Shihai (蘭仕海) in the proportion of 40% and 9%, respectively. Save for his interest in Shenyang Jixiang Baite Property Service, Mr. Lan Tao (蘭濤) is an Independent Third Party.
- (17) The remaining 10% interest in Wuxi Pearl Garden is held by Mr. Wu Zhiqiang (吳志強). Save of his interest in Wuxi Pearl Garden, Mr. Wu Zhiqiang (吳志強) is an Independent Third Party.
- (18) The remaining 49% interest in Shenzhen Ancaihua Energy Investment is held by Shenzhen Ancaihua Lighting Co., Ltd. (深圳市安美華照明有限公司). Save for its interest in Shenzhen Ancaihua Energy Investment, Shenzhen Ancaihua Lighting Co., Ltd. (深圳市安美華照明有限公司) is an Independent Third Party.
- (19) The remaining 50% interest in Guilin Tongji Building Technologies is held by Guilin Zhenan Property Service Co., Ltd. (桂林市振安物業服務有限公司). Save for its interest in Guilin Tongji Building Technologies, Guilin Zhenan Property Service Co., Ltd. (桂林市振安物業服務有限公司) is an Independent Third Party. Guilin Tongji Building Technologies is accounted as our Group’s interest in a joint venture. See Note 21 of the Accountant’s Report.

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Notes:

- (1) First Shanghai held its interest in our Company on trust for and on behalf of 12 other investors. For further details, please refer to the section entitled “— Reorganization — Pre-IPO Investments.”
- (2) The remaining 10% interest in Nanjing Mingcheng Property Management is held by Mr. Huang Jianxin (黃建新). Save for his interest in Nanjing Mingcheng Property Management, Mr. Huang Jianxin (黃建新) is an Independent Third Party.
- (3) The remaining 10% interest in Nanjing Huitao Property Management is held by Mr. Wu Tao (吳濤). Save for his interest in Nanjing Huitao Property Management, Mr. Wu Tao (吳濤) is an Independent Third Party.
- (4) The remaining 10% interest in Nanjing Jinjiang Property Management is held by Mr. Yu Youzhong (俞有忠). Save for his interest in Nanjing Jinjiang Property Management, Mr. Yu Youzhong (俞有忠) is an Independent Third Party.
- (5) The remaining 30% interest in Shanghai Xinzhou Property Management is held by Mr. Mao Yiqing (毛逸清) and Shanghai Zhoupu Asset Management Co., Ltd. (上海周浦資產管理有限公司). Save for their interest in Shanghai Xinzhou Property Management, each of Mr. Mao Yiqing (毛逸清) and Shanghai Zhoupu Asset Management Co., Ltd. (上海周浦資產管理有限公司) are Independent Third Parties.
- (6) The remaining 20% interest in Wuxi Taihu Property Management is held by Wuxi Taihu Garden Real Estate Management Co., Ltd. (無錫市太湖花園物業管理有限責任公司). Save for its interest in Wuxi Taihu Property Management, Wuxi Taihu Garden Real Estate Management Co., Ltd. (無錫市太湖花園物業管理有限責任公司) is an Independent Third Party.
- (7) The remaining 49% interest in Qinhuangdao Hongtianyuan Property Service is held by Ms. Liu Tong (劉彤) and Ms. Liu Li (劉莉). Save for their interest in Qinhuangdao Hongtianyuan Property Service, each of Ms. Liu Tong (劉彤) and Ms. Liu Li (劉莉) are Independent Third Parties.
- (8) The remaining 50% interest in Shenzhen Yuezhong Property Management is held by Shenzhen Yuezhong Group Co., Ltd. (深圳市越眾(集團)股份有限公司) and Shenzhen Pengzhu Car Factory (深圳市鵬竹汽車修配廠) in the proportion of 40% and 10%, respectively. Save for their interest in Shenzhen Yuezhong Property Management, each of Shenzhen Yuezhong Group Co., Ltd. (深圳市越眾(集團)股份有限公司) and Shenzhen Pengzhu Car Factory (深圳市鵬竹汽車修配廠) are Independent Third Parties. Shenzhen Yuezhong Property Management is accounted as an associate of our Company. See Note 19 of the Accountant’s Report.
- (9) The remaining 25% interest in Shenzhen Huigang Property Management is held by Mr. Ai Yong (艾永). Save for his interest in Shenzhen Huigang Property Management, Mr. Ai Yong (艾永) is an Independent Third Party.
- (10) The remaining 49% interest in Tieling Zhengnan Property Management is held by Liaoning Zhengnan Real Estate Development Co., Ltd. (遼寧正南房地產開發有限公司). Save for its interest in Tieling Zhengnan Property Management, Liaoning Zhengnan Real Estate Development Co., Ltd. is an Independent Third Party.
- (11) The remaining 49% interest in Shaanxi Colour Life Property Management is held by Mr. Zhang Hua (張華), Mr. Zhang Xiangrong (張向榮) and Ms. Yin Jingyi (殷敬怡) in the proportion of 25%, 12% and 12%, respectively. Save for their interest in Shaanxi Colour Life Property Management, each of Mr. Zhang Hua (張華), Mr. Zhang Xiangrong (張向榮) and Ms. Yin Jingyi (殷敬怡) are Independent Third Parties.
- (12) The remaining 30% interest in Pingdingshan Longkang Property Service is held by Ms. Gong Yanru (龔燕如), an Independent Third Party. Save for her interest in Pingdingshan Longkang Property, Ms. Gong Yanru (龔燕如) is an Independent Third Party.
- (13) The remaining 7.35% interest in Shenzhen Xingyanhang Real Estate is held by Ms. Lu Ying (路瑩). Ms. Lu Ying (路瑩) is a director of Shenzhen Xingyanhang Real Estate. The operations of Shenzhen Xingyanhang Real Estate gradually phased out over the Track Record Period.
- (14) The remaining 49% interest in Shenyang Jixiang Baite Property Service is held by Mr. Lan Tao (蘭濤) and Mr. Lan Shihai (蘭仕海) in the proportion of 40% and 9%, respectively. Save for his interest in Shenyang Jixiang Baite Property Service, Mr. Lan Tao (蘭濤) is an Independent Third Party.
- (15) The remaining 10% interest in Wuxi Pearl Garden is held by Mr. Wu Zhiqiang (吳志強). Save of his interest in Wuxi Pearl Garden, Mr. Wu Zhiqiang (吳志強) is an Independent Third Party.
- (16) The remaining 49% interest in Shenzhen Ancaihua Energy Investment is held by Shenzhen Ancaihua Lighting Co., Ltd. (深圳市安美華照明有限公司). Save for its interest in Shenzhen Ancaihua Energy Investment, Shenzhen Ancaihua Lighting Co., Ltd. (深圳市安美華照明有限公司) is an Independent Third Party.
- (17) The remaining 50% interest in Guilin Tongji Building Technologies is held by Guilin Zhenan Property Service Co., Ltd. (桂林振安物業服務有限公司). Save for its interest in Guilin Tongji Building Technologies, Guilin Zhenan Property Management Service Co., Ltd. (桂林市振安物業服務有限公司) is an Independent Third Party. Guilin Tongji Building Technologies is accounted as our Group’s interest in a joint venture. See Note 21 of the Accountant’s Report.

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

PRE-IPO INVESTMENTS BY FIRST SHANGHAI AND CHINA BOWEN

Subscription by First Shanghai

On May 29, 2013, our Company entered into the First Shanghai Subscription Agreement with First Shanghai, an Independent Third Party, pursuant to which our Company agreed to issue and allot to First Shanghai to hold on trust for and on behalf of the Investors, and First Shanghai agreed to subscribe for and on behalf of the Investors an aggregate of 69,760 Shares (the “**First Shanghai Subscription Shares**”), representing approximately 3.35% of the then enlarged issued share capital of our Company immediately following completion of the Pre-IPO Investments, and approximately 2.5% of the enlarged issued share capital of our Company upon completion of the Capitalization Issue and the Global Offering for a subscription price of US\$6,000,000 (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme) (the “**First Shanghai Subscription**”). The indirect shareholding to be held by each of the Investors in our Company will range from 0.06% to 0.5% immediately following completion of the Global Offering and the Capitalization Issue.

Subscription by China Bowen

On May 29, 2013, our Company, China Bowen, an Independent Third Party, Fantasia Holdings and Splendid Fortune entered into the China Bowen Subscription Agreement, pursuant to which our Company agreed to issue and allot to China Bowen, and China Bowen agreed to subscribe for an aggregate of 13,752 Shares (the “**China Bowen Subscription Shares**”), representing approximately 0.66% of the then enlarged issued share capital of our Company immediately following completion of the Pre-IPO Investments, and approximately 0.5% of the enlarged issued share capital of our Company upon completion of the Capitalization Issue and the Global Offering for a subscription price of US\$1,000,000 (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme) (the “**China Bowen Subscription**”).

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Further details of the investment of each of our pre-IPO investors are set out below:

Name of the pre-IPO investor	First Shanghai (on behalf of the Investors)	China Bowen
Background of investor:	<p>First Shanghai is principally engaged in provision of brokerage services in securities trading. It is a company incorporated under the laws of Hong Kong and is owned by First Shanghai Financial Holding Limited and First Shanghai Nominees Limited. To the best knowledge, information and belief of our Directors, other than its investment in our Company, First Shanghai is independent of and not connected with our Directors, chief executive or Substantial Shareholders or any of our subsidiaries or their respective associates.</p> <p>Our Company agreed to issue and allot shares to First Shanghai to hold on trust for and on behalf of the Investors who are, to the best knowledge, information and belief of our Directors, other than their investment in our Company and Mr. Zeng Liqing's (曾李青) directorship in our Company, all are independent of and not connected with our Directors, chief executive or Substantial Shareholders or any of our subsidiaries or their respective associates.</p>	<p>China Bowen is an investment holding company incorporated in the Cayman Islands and is owned by Wang Wen, Zou Wen, Rao Wenjian and Wen Bingchang. China Bowen is principally engaged in fund management. To the best knowledge, information and belief of our Directors, other than its investment in our Company, China Bowen is independent of and not connected with our Directors, chief executive or Substantial Shareholders or any of our subsidiaries or their respective associates.</p>
Date of subscription agreement:	May 29, 2013	May 29, 2013
Number of Shares:	25,111,446 Shares (representing approximately 10.04% of the total number of Offer Shares offered under the Global Offering)	4,950,295 Shares (representing approximately 1.98% of the total number of Offer Shares offered under the Global Offering)
Consideration:	HK\$46,574,000 (equivalent to US\$6,000,000) (the “ First Shanghai Consideration ”)	HK\$7,762,400 (equivalent to US\$1,000,000) (the “ China Bowen Consideration ”)
Basis of determination of consideration: . . .	With reference to the agreed assessment of the value of our Group at the time of signing of the First Shanghai Subscription Agreement	With reference to the agreed assessment of the value of our Group at the time of signing of the China Bowen Subscription Agreement
Subscription price payment date: . . .	June 5, 2013 (the “ First Shanghai Completion Date ”)	June 5, 2013 (the “ China Bowen Completion Date ”)

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Name of the pre-IPO investor	First Shanghai (on behalf of the Investors)	China Bowen
Investment cost per share:	Approximately HK\$1.85 per Share after the Capitalization Issue. Assuming an Offer Price of HK\$3.95 per Offer Share (being the mid-point of the indicative Offer Price range), the price paid by First Shanghai is equivalent to a discount of approximately 53.2% to such price per Offer Share.	Approximately HK\$1.57 per Share after the Capitalization Issue. Assuming an Offer Price of HK\$3.95 per Offer Share (being the mid-point of the indicative Offer Price range), the price paid by China Bowen is equivalent to a discount of approximately 60.3% to such price per Offer Share.
Use of proceeds: . . .	<ul style="list-style-type: none"> (i) Acquisition of property management companies (ii) Settlement of listing expenses (iii) working capital <p>As of the Latest Practicable Date, the proceeds have not been fully utilized.</p>	<ul style="list-style-type: none"> (i) Acquisition of property management companies (ii) Settlement of listing expenses (iii) working capital <p>As of the Latest Practicable Date, the proceeds have not been fully utilized.</p>
Strategic benefits that the pre-IPO investors will bring to our Company:	Contribution of working capital	Contribution of working capital
Shareholding in our Company immediately following completion of the Global Offering and the Capitalization Issue:	Approximately 2.5%	Approximately 0.5%

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Name of the pre-IPO investor	First Shanghai (on behalf of the Investors)	China Bowen
Special rights applicable to First Shanghai and China Bowen: . . .	<p>1) <u>Reserved matters</u></p> <p>For so long as First Shanghai is a holder of all the First Shanghai Subscription Shares, our Company shall not proceed with or undertake any of the following matters without first obtaining the prior written consent of First Shanghai:</p> <p>(i) issue any new Shares other than (a) Shares issued upon exercise of options granted under any employees option scheme of our Company; (b) Shares issued to all Shareholders in proportion to their shareholding in our Company; (c) Shares offered pursuant to the Global Offering; and (d) Shares issued to China Bowen under the China Bowen Subscription;</p> <p>(ii) repurchase any Shares other than Shares repurchased from all Shareholders in proportion to their shareholding in our Company.</p> <p>The above special right granted to First Shanghai shall lapse automatically immediately before the Listing.</p>	<p>1) <u>Right to nominate a Director</u></p> <p>For so long as China Bowen is a holder of all the China Bowen Subscription Shares, China Bowen may nominate a person to be appointed as a Director.</p> <p>2) <u>Reserved matters</u></p> <p>For so long as China Bowen is a holder of all the China Bowen Subscription Shares, our Company shall not undertake any of the following matters without first obtaining the prior written consent of China Bowen or the Director nominated by China Bowen:</p> <p>(i) issue any new Shares other than (a) Shares issued to all Shareholders in proportion to their shareholding in our Company; (b) Shares offered pursuant to the Global Offering; and (c) Shares issued to First Shanghai under the First Shanghai Subscription;</p> <p>(ii) repurchase any Shares other than Shares repurchased from all Shareholders in proportion to their shareholding in our Company.</p> <p>The above special rights granted to China Bowen shall lapse automatically immediately before the Listing.</p> <p>3) <u>Put options</u></p> <p>Our Company has granted an option (the “Put Option”) to China Bowen that in the event that the Listing does not complete on or before June 4, 2015 (or such later date as our Company and China Bowen may agree in writing), China Bowen may, for a period of 30 days thereafter, by notice in writing to our Company, require our Company to purchase all the China Bowen Subscription Shares then held by China Bowen at the amount equal to the sum of the China Bowen Consideration plus a return calculated at the rate of 12% per annum of the China Bowen Consideration minus any dividends or distribution and any amounts in relation to the transfer or disposal of such China Bowen Subscription Shares, received by China Bowen in relation to the China Bowen Subscription Shares.</p>

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Name of the pre-IPO investor	First Shanghai (on behalf of the Investors)	China Bowen
Lock up:	<p>Each of the Investors and China Bowen irrevocably undertakes to our Company that for a period from the respective First Shanghai Completion Date and the China Bowen Completion Date up to the earlier of June 4, 2015 and the 180th day after the Listing Date, respectively (the “Lock-up Period”), each of the Investors and China Bowen shall not and shall procure that none of its affiliates or associates (within the meaning of the Listing Rules) shall, without the prior written consent of our Company, either directly or indirectly, (a) offer, sell, contract to sell, or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in or create any encumbrance over any Shares in which they have a beneficial interest or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase any Shares, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of any Shares in which they have a beneficial interest, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing.</p>	
Restrictions on transfer and right of first refusal: . . .	<p>If at any time after the expiry of the Lock-up Period, the Investors or China Bowen propose to sell, assign, transfer, pledge, hypothecate, create or permit to subsist any encumbrance or otherwise encumber or dispose of in any way, all or any part of any direct or indirect interest (the “Transfer”) of any of the Shares held by them in which they are interested to one or more parties, then they shall give Fantasia Holdings a written notice of the intention to make the proposed Transfer (the “Transfer Notice”), which notice shall include in reasonable detail (i) a description of the Shares to be transferred (the “Offered Shares”), (ii) the identity of the prospective transferee(s), (iii) the consideration which must be for cash and the material terms and conditions upon which the proposed Transfer is to be made, and (iv) all other information reasonably necessary to fully describe the proposed Transfer.</p> <p>The Transfer Notice shall include a written certification by China Bowen (in the event a Transfer Notice is given by the Investors) or the Investors (in the event a Transfer Notice is given by China Bowen) that it has received a firm offer from the prospective transferee(s) which is a bona fide purchase and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice subject to Fantasia Holdings’ right of first refusal (the “Right of First Refusal”) as contemplated under their respective deed of undertaking.</p> <p>Upon receipt of the Transfer Notice from either the Investors or China Bowen, Fantasia Holdings shall have an option for a period of 30 days from the date of the Transfer Notice to elect to purchase all or any part of the Offered Shares at the price and subject to the material terms and conditions described in the Transfer Notice. Fantasia Holdings may exercise such Right of First Refusal by notifying the Investors or China Bowen (as the case may be) in writing (the “Election Notice”), before expiration of the 30 day period as to the number of Offered Shares it desires to purchase under the Right of First Refusal. If no such Election Notice is delivered within the above specified time period, it shall be deemed a delivery of an Election Notice including Fantasia’s election to purchase none of Offered Shares.</p>	
Public float:	<p>Save for Mr. Zeng Liqing’s (曾李青) beneficial interest in 11,626 Shares held for and on behalf of him by First Shanghai, the Shares held by First Shanghai and China Bowen are considered as part of the public float as both First Shanghai and China Bowen (i) are not connected persons of our Company; (ii) the acquisition of their respective interest in the Shares was not financed directly or indirectly by any connected person of our Company; and (iii) are not accustomed to take instructions from a connected person in relation to the acquisition, disposal, voting or other disposition of securities of our Company registered in its name or otherwise held by it.</p>	

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On the above basis, the Joint Sponsors submit that they consider and confirm that the Pre-IPO Investments are in compliance with the “Interim Guidance on Pre-IPO Investments” issued by the Listing Committee since the consideration under the Pre-IPO Investments were settled on June 5, 2014, which was more than 28 clear days before the date of the first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing.

THE STRUCTURED CONTRACTS

Introduction

The online aspect of our community leasing, sales and other services business can be traced back to the establishment of Shenzhen Colour Life Network Service, our in-house development and launch of the website www.colourlife.com in 2007. The ICP License for our online community leasing, sales and other services was obtained on May 31, 2007 and expired on May 31, 2012. Our PRC legal advisor confirms that, throughout the term of the ICP License, the online community leasing, sales and other services business was legal on the basis that Shenzhen Colour Life Network Service was qualified, passed all requisite annual inspections and had obtained all necessary licenses and approvals as required in accordance with PRC laws, rules and regulations in order to lawfully conduct such online commercial, information and financial value-added services as listed in its ICP License.

The relevant PRC laws, rules and regulations restrict foreign ownership of value-added telecommunications enterprises to a maximum of 50%, and require that any foreign investor(s) investing in such an enterprise must be in good standing and have relevant experience in operating value-added telecommunications services outside the PRC.

When we obtained our ICP License in 2007 and throughout the five year term thereof, relevant local authorities did not apply the above-mentioned restriction to Shenzhen Colour Life Network Service as Shenzhen Colour Life Network Service was not directly owned by a foreign entity, and Shenzhen Colour Life Network Service passed each requisite annual inspection related to its ICP License prior to the expiration of such term. However, after the expiration of the ICP License in May 2012, Shenzhen Colour Life Network Service was not permitted to renew its ICP License as it is an indirect foreign invested enterprise which was subject to the above-mentioned restriction.

After the expiration of the ICP License on May 31, 2012, Shenzhen Colour Life Network Service continued its online community leasing, sales and other services business until December 1, 2012, when we transferred our domain name (www.colourlife.com) to Shenzhen Caianju Technology Co., Ltd. (深圳市彩安居科技有限公司, formerly known as 深圳市彩安居裝飾材料有限公司). For further details of the non-compliance, please see the section entitled “Business.” In August 2013, the above domain name was transferred from Shenzhen Caianju Technology Co., Ltd. to Shenzhen Caizhiyun Network, which obtained its ICP License on July 17, 2013. Subsequently, our Group has been operating our online community leasing, sales and other services business through Shenzhen Caizhiyun Network.

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Based on the above-mentioned restriction, we cannot acquire the equity interest in Shenzhen Caizhiyun Network. To enable us to continue our online community leasing, sales and other services business in the PRC, we entered into the Exclusive Management and Operation Agreement, the Call Option Agreement, the Shareholders' Rights Entrustment Agreement, the Equity Pledge Agreement and the Power of Attorney (collectively, the "**Structured Contracts**") which enables our Group to manage and operate the business of Shenzhen Caizhiyun Network in the PRC, and exercise effective control over and, to the extent permitted by PRC laws and regulations, have the right to acquire the equity interest in Shenzhen Caizhiyun Network. We have narrowly tailored the Structured Contracts in order to achieve our Group's business purposes to minimize the potential conflict with relevant PRC laws and regulations. Our Group undertakes to unwind the Structured Contracts and acquire the equity interest in Shenzhen Caizhiyun Network as soon as the relevant PRC laws allow us to operate Shenzhen Caizhiyun Network's business without the Structured Contracts.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in our Group as if it was our subsidiary, resulting in all economic benefits of its business flowing to our subsidiary, Shenzhen Colour Life Network Service, and us. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, we 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 HKFRS, 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 our Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable our Company 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 our PRC legal advisor. We derive 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 we manage or provide consultancy services to. Under such circumstances, our 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 our lack of equity ownership in Shenzhen Caizhiyun Network, we are 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 our subsidiary and its financial position and operating results are consolidated in our consolidated financial statements. The Structured Contracts have been effective since June 16, 2014.

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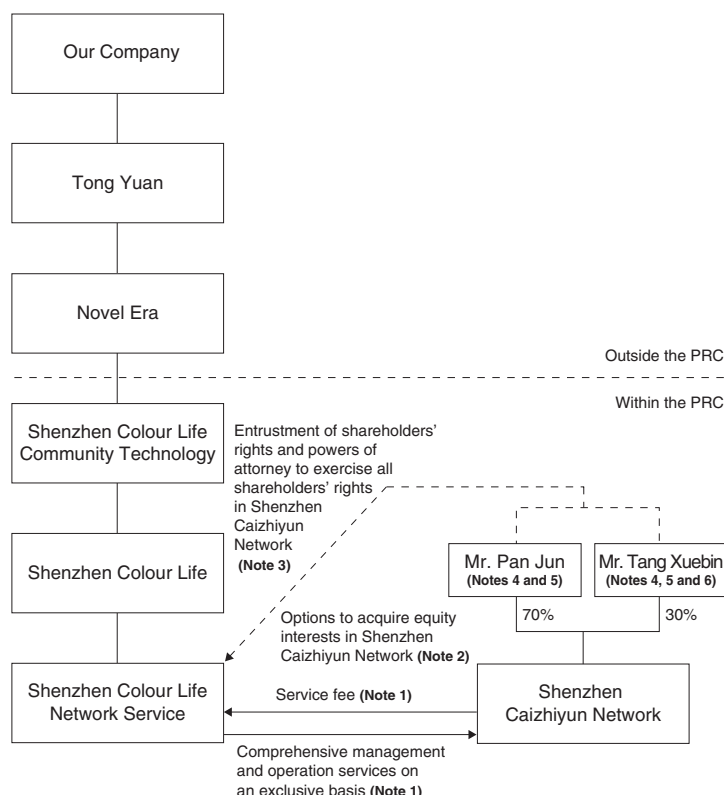
We cannot assure you that our Structured Contracts will not be challenged by the PRC government. See the section entitled “Risk Factors – Risks relating to Our Corporate Structure – The PRC government may determine that the Structured Contracts or the ownership structure or business operations of our Company or Shenzhen Caizhiyun Network do not comply with PRC laws and regulations, if so, our business, financial position or results of operations could be materially and adversely affected.” We believe that if we were unable to use our online services platform due to challenges by the PRC government and if we are unable to unwind the Structured Contracts when the foreign restriction is lifted, we would continue to offer community leasing, sales and other services through our offline service platform, such as through our on-site management offices and our toll free services hotline, as we have done during the Track Record Period, which will be supported by our online website to be operated by Colour Life Service Group (HK) which is intended to provide an alternative online platform to our customers if the online website operated by Company is temporarily not in operation. In addition, only 1.1% of our revenue from community leasing, sales and other services segment in 2013 was derived from the online platform.

As of the Latest Practicable Date, the Company did not purchase any insurance to cover the risks relating to the Structured Contracts. We have determined that the costs of insurance for the risks associated with business liability or disruption and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impracticable for us to have such insurance. For further details, please refer to the section entitled “Risk Factors – Risk relating to Our Business and Industry – Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter.”

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Diagrammatic Representation of the Structured Contracts

The following simplified diagram illustrates how the Structured Contracts effectively transfer the economic benefits of Shenzhen Caizhiyun Network and pass the risks associated therewith to our Group as stipulated under the Structured Contracts:



Notes:

- (1) Shenzhen Colour Life Network Service will manage and operate the business of Shenzhen Caizhiyun Network, and Shenzhen Colour Life Network Service is entitled to receive an annual management service fee which is equivalent to the revenue generated by Shenzhen Caizhiyun Network after deducting all relevant costs and expenses (including taxes), losses and related reserve funds.
- (2) Shenzhen Colour Life Network Service (or its designee) has the exclusive right to acquire any or all the equity interests in Shenzhen Caizhiyun Network at the lowest price as permitted under the relevant PRC laws and regulations on the condition that such acquisition shall be in compliance with the relevant PRC laws and regulations.
- (3) Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) have entrusted Shenzhen Colour Life Network Service (or its designees) all of their shareholders' rights, including without limitation, the right to vote at all shareholders' meetings of Shenzhen Caizhiyun Network, sign minutes, file documents with the relevant companies registry and appoint directors.
- (4) Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) have granted to Shenzhen Colour Life Network Service a pledge over their entire equity interest in Shenzhen Caizhiyun Network for the purpose of securing the performance of the contractual obligations by Shenzhen Caizhiyun Network and its shareholders under the Structured Contracts.
- (5) The equity interests of Shenzhen Caizhiyun Network may not be sold, transferred, encumbered or otherwise disposed of by Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) without the prior written consent of Shenzhen Colour Life Network Service in order to ensure Shenzhen Colour Life Network Service retains control over Shenzhen Caizhiyun Network.
- (6) Mr. Pan Jun (潘軍) is our chairman and Non-executive Director. Mr. Tang Xuebin (唐學斌) is our chief executive officer, Executive Director and substantial Shareholder and will be deemed to be beneficially interested in 215,981,477 Shares for the purpose of Part XV of the SFO immediately upon the completion of the Global Offering.

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

Summary of the Structured Contracts

(1) Exclusive Management and Operation Agreement

On June 16, 2014, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network and its equity interest holders, namely Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌), entered into an exclusive management and operation agreement (the “**Exclusive Management and Operation Agreement**”) pursuant to which Shenzhen Caizhiyun Network agreed to engage Shenzhen Colour Life Network Service to provide exclusive and comprehensive management and operation services to Shenzhen Caizhiyun Network and its subsidiaries (the “**Shenzhen Caizhiyun Network Group**”), 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; and (iv) technical and consulting services, including network support, business consultations, intellectual property development, equipment leasing, system integration and system maintenance. In line with the services it provides, Shenzhen Colour Life Network Service has currently employed 30 research and development personnel (including its outsourced workers) primarily providing technical services to Shenzhen Caizhiyun Network, and over 60 personnel with business management experiences primarily providing business consultations and other similar services to Shenzhen Caizhiyun Network. Accordingly, our Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all economic benefits generated by the business operated by Shenzhen Caizhiyun Network through the Structured Contracts as a whole.

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 the Shenzhen Caizhiyun Network after deducting all relevant costs and expenses (including taxes), losses and related reserve funds. Without the prior written consent of Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network Group is not allowed to transfer any of its rights and duties under the Exclusive Management and Operation Agreement to a third party, among others, or change any members of the board of directors or senior management of the Shenzhen Caizhiyun Network Group. In addition, in order to prevent the leakage of assets of Shenzhen Caizhiyun Network, the Exclusive Management and Operation Agreement also provides that, in the absence of prior written consent from Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) shall not dispose any assets of Shenzhen Caizhiyun Network. Pursuant to the Exclusive Management and Operation Agreement, Shenzhen Colour Life Network Service has the exclusive right to own all intellectual property rights developed by Shenzhen Colour Life Network Service and Shenzhen Caizhiyun Networks, and authorizes Shenzhen Caizhiyun Network to use such intellectual property.

In the event that Shenzhen Caizhiyun Network is in breach of the terms of the Exclusive Management and Operation Agreement, Shenzhen Caizhiyun Network shall then bear any liabilities arising from such breach. Save as otherwise, Shenzhen Colour Life Network Service is not obligated to provide any financial support to Shenzhen Caizhiyun Network for any operating loss or any critical operational adversity incurred or encountered by Shenzhen Caizhiyun Network or its subsidiaries.

In the event that the shareholders or officers of the shareholders of Shenzhen Caizhiyun Network occupy the position of directors, the senior management and other positions of our Company, all of the shareholders of Shenzhen Caizhiyun Network agreed that they shall give priority to, and shall not cause the damage to, the interests of Shenzhen Colour Life Network Service and our Company if there are any potential conflicts of interest amongst Shenzhen Colour Life Network Service, our Company, Shenzhen Caizhiyun Network and its shareholders.

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In the event of death, bankruptcy or divorce of the shareholders of Shenzhen Caizhiyun Network resulting in a change in ownership of its shares, all shareholders of Shenzhen Caizhiyun Network agreed that (i) the rights and obligations under the Exclusive Management and Operation Agreement shall continue to bind on their successors; and (ii) the Exclusive Management and Operation Agreement shall prevail over their wills, divorce agreements, debts arrangements and other legal instruments in any forms entered into by them after the signing of the Exclusive Management and Operation Agreement, unless prior written approval of Shenzhen Colour Life Network Service has been obtained.

The Exclusive Management and Operation Agreement is for a term of 10 years and renewable for successive 10-year terms upon Shenzhen Colour Life Network Service's request made before the termination 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 a 30 days' written notice but Shenzhen Caizhiyun Network, Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) are not entitled to terminate unilaterally.

(2) Call Option Agreement

On June 16, 2014, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network and its equity interest holders, namely Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌), entered into a call option agreement (the "**Call Option Agreement**") for the purposes of unwinding the Structured Contracts and acquiring equity interests in Shenzhen Caizhiyun Network as soon as the relevant PRC laws allow us to operate Shenzhen Caizhiyun Network's business without the Structured Contracts. Under the Call Option Agreement, Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) 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 Jun (潘軍) and Mr. Tang Xuebin (唐學斌) undertakes to return any consideration received from the equity transfer after exercise of this option to Shenzhen Colour Life Network Service after deducting any paid-up capital of Shenzhen Caizhiyun Network contributed by them. Among other matters, each of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌), as equity interest holders of Shenzhen Caizhiyun Network, and Shenzhen Caizhiyun Network covenants that he/it will including but not limited to:

- (i) not to or not cause Shenzhen Caizhiyun Network to alter the articles of association of Shenzhen Caizhiyun Network or change its registered capital without the prior written consent of Shenzhen Colour Life Network Service;
- (ii) not to or not cause Shenzhen Caizhiyun Network to deal with the assets, business, revenue or other rights of Shenzhen Caizhiyun Network unless with the prior written consent of Shenzhen Colour Life Network Service;
- (iii) not to or not cause Shenzhen Caizhiyun Network to take out any loan unless in the ordinary course of business and with prior written consent of Shenzhen Colour Life Network Service;
- (iv) not to or not cause Shenzhen Caizhiyun Network to enter into any contract exceeding RMB100,000 other than those entered into in the ordinary course of business;
- (v) not to or not cause Shenzhen Caizhiyun Network to advance any loan, facility or any form of guarantees unless with the prior written consent of Shenzhen Colour Life Network Service;
- (vi) cause Shenzhen Caizhiyun Network to appoint persons designated by Shenzhen Colour Life Network Service to be directors of Shenzhen Caizhiyun Network and to dismiss any directors of Shenzhen Caizhiyun Network upon Shenzhen Colour Life Network Service's request; and

HISTORY, REORGANIZATION AND THE GROUP STRUCTURE

(vii) not sell, dispose, transfer or encumber their equity interests in Shenzhen Caizhiyun Network without the prior written consent of Shenzhen Colour Life Network Service, unless pledges on such equity interest are imposed under the Equity Pledge Agreement.

In the event of a mandatory liquidation required by PRC laws, each of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) shall transfer all his remaining assets and residual interests in Shenzhen Caizhiyun Network after such liquidation to Shenzhen Colour Life Network Service or its appointee to the extent permitted by PRC laws and, at the lowest price permitted by PRC laws. In such case, each of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) undertakes to return all consideration received from the transfer to Shenzhen Colour Life Network Service after deducting any paid-up capital contributed by them, outstanding liquidation expenses, salary, social insurance premiums, statutory compensation, tax or debts of Shenzhen Caizhiyun Network.

In the event of death, bankruptcy or divorce of the shareholders of Shenzhen Caizhiyun Network resulting in a change in ownership of its shares, all registered shareholders of Shenzhen Caizhiyun Network agreed that (i) the rights and obligations under the Call Option Agreement shall continue to bind on their successors; and (ii) the Call Option Agreement shall prevail over their wills, divorce agreements, debts arrangement and other legal instruments in any forms entered into by them after the signing of the Call Option Agreement, unless prior written approval of Shenzhen Colour Life Network Service has been obtained.

The arrangements contemplated under the Call Option Agreement together with all rights and obligations thereunder have taken effect since June 16, 2014 and are for a term of 10 years. The Call Option Agreement is renewable for successive 10-year terms upon Shenzhen Colour Life Network Service's request made before 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 equity interests held by Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) in Shenzhen Caizhiyun Network.

(3) Shareholders' Rights Entrustment Agreement

On June 16, 2014, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network and its equity interest holders, namely Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌), entered into an entrustment agreement (the "**Shareholders' Rights Entrustment Agreement**"), pursuant to which Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) entrusted Shenzhen Colour Life Network Service or the party designated by Shenzhen Colour Life Network Service to exercise all their respective rights as shareholders of Shenzhen Caizhiyun Network, including but not limited to the following:

- (i) the right to vote at the shareholders' meeting of Shenzhen Caizhiyun Network;
- (ii) the right to call for shareholders' meetings and sign all shareholders' resolutions of Shenzhen Caizhiyun Network;
- (iii) the right to file documents for and on behalf of Shenzhen Caizhiyun Network with the relevant administrations of trade and industry or other authorities in charge of registration of companies and effect any change of registration particulars;
- (iv) the right to appoint and/or dismiss all the directors and supervisors of Shenzhen Caizhiyun Network; and

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- (v) the right to transfer equity interests in Shenzhen Caizhiyun Network or otherwise dispose thereof by any means all the rights as shareholders in accordance with the applicable laws, regulations and articles of association.

The exercise of the aforesaid rights as shareholders of Shenzhen Caizhiyun Network does not require the consent or approval of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌), the shareholders of Shenzhen Caizhiyun Network. The term of the Shareholders' Rights Entrustment Agreement is for 10 years and renewable for successive 10-year terms upon Shenzhen Colour Life Network Service's request made before the expiration of the Shareholders' Rights Entrustment Agreement. The Shareholders' Rights Entrustment Agreement will terminate when: (i) the Shareholders' Rights Entrustment Agreement becomes illegal due to the change of laws, regulations and related policies, and if part of the agreement becomes invalid due to the above situations, such articles shall be deemed to be deleted since then, and other part of the agreement shall remain valid and enforceable; (ii) the Structured Contracts are terminated by resolution by our Shareholders or Directors after Listing; (iii) Shenzhen Colour Life Network Service or the party designated by Shenzhen Colour Life Network Service has purchased all equity interests held by Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) in Shenzhen Caizhiyun Network and the related registration has been completed; or (iv) Shenzhen Colour Life Network Service serves a 30 days' written termination notice.

In the event of death, bankruptcy or divorce of the shareholders of Shenzhen Caizhiyun Network resulting in a change in ownership of its shares, all shareholders of Shenzhen Caizhiyun Network agreed that (i) the rights and obligations under the Shareholders' Rights Entrustment Agreement shall continue to bind their successors; and (ii) the Shareholders' Rights Entrustment Agreement shall prevail over their wills, divorce agreements, debts arrangements and other legal instruments in any form entered into by them after the signing of the Shareholders' Rights Entrustment Agreement, unless prior written approval of Shenzhen Colour Life Network Service has been obtained.

(4) Equity Pledge Agreement

On June 16, 2014, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network and its equity interest holders, namely Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌), entered into an equity pledge agreement (the "**Equity Pledge Agreement**"), pursuant to which Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) agreed to pledge 100% of their respective equity interests in Shenzhen Caizhiyun Network (the "**Pledged Securities**") 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 by Shenzhen Caizhiyun Network, Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) under the Structured Contracts.

Pursuant to the Equity Pledge Agreement, neither Mr. Pan Jun (潘軍) nor Mr. Tang Xuebin (唐學斌) is allowed to transfer, pledge or create any form of guarantee on their respective equity interests in Shenzhen Caizhiyun Network without the prior written consent of Shenzhen Colour Life Network Service, unless such transfer, pledge or guarantee is made to Shenzhen Colour Life Network Service or its designee.

In the event of death, bankruptcy or divorce of the registered shareholders of Shenzhen Caizhiyun Network resulting in a change in ownership of its shares, all registered shareholders of Shenzhen Caizhiyun Network agreed that (i) the rights and obligations under the Equity

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Pledge Agreement shall continue to bind on their successors; and (ii) the Equity Pledge Agreement shall prevail over their wills, divorce agreements, debts arrangement and other legal instruments in any forms entered into by them after the signing of the Equity Pledge Agreement, unless prior written approval of Shenzhen Colour Life Network Service has been obtained.

The arrangements contemplated under the Equity Pledge Agreement together with all rights and obligations thereunder have taken effect since June 16, 2014. The pledge of the Pledged Securities shall take effect upon registration with the relevant administration of industry and commerce in accordance with applicable PRC law and shall be terminated in accordance with relevant PRC laws when all obligations under any of the Structured Contracts have been completed. Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) have undertaken, among other things, that they shall pay up the outstanding registered capital on time in accordance with the articles of association of Shenzhen Caizhiyun Network and the relevant PRC laws. In addition, they shall not be entitled to transfer any of their rights and/or obligations under the Equity Pledge Agreement to any third party, unless with the prior written consent from Shenzhen Colour Life Network Service. However, Shenzhen Colour Life Network Service shall have the right to transfer its rights or obligations under the Structured Contracts to third parties. Our PRC legal advisor confirmed that the Equity Pledge Agreement is in the process of being registered with the relevant PRC legal authority pursuant to PRC laws and regulations.

(5) Power of Attorney

Each of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) executed an irrevocable power of attorney on June 16, 2014 (the “**Powers of Attorney**”), appointing Shenzhen Colour Life Network Service or its designee as its 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 are 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 Powers of Attorney, our Company, 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. The Powers 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.

The Structured Contracts constitute continuing connected transactions of the Company upon Listing. For further details, please refer to the section entitled “Connected Transactions.” In addition, our Company will disclose the overall performance and compliance with the Structured Contracts and plan and progress of meeting the Qualification Requirements in our annual/interim report to update our Shareholders and investors. Copies of the Structured Contracts will be made available on our website upon Listing.

The provisions set out in the Structured Contracts are also binding on the successors of the parties to the Structured Contracts (to the extent that such parties are individuals). Although the Structured Contracts do not specify the identity of successors to the parties, under the succession law of the PRC, the statutory successors include the spouse, children, parents, who are the successors first in order and brothers, sisters, paternal grandparents and the maternal grandparents who are the successors second in order and shall enjoy the right when there not exist the successors first in order and any breach by the successors would be deemed to be a breach of the Structured Contracts. In case of a breach, Shenzhen Colour Life Network Service can enforce its rights against the successors. Therefore, the Directors believe that (i) the

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Structured Contracts are sufficient for the protection of our Group even in the event of death of one or more of the parties to the Structured Contracts, and (ii) Shenzhen Colour Life Network Service can enforce its right under the Structured Contracts against the successors of the parties to the Structured Contracts.

Our PRC legal advisor is of the view that Shenzhen Caizhiyun Network and Shenzhen Colour Life Network Service are 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 have the capacity to carry out business operations in accordance with their respective licenses.

Shareholder Undertakings and Spouse Undertakings to address potential conflicts of interests

On June 16, 2014, each of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) signed an undertaking pursuant to which each of them irrevocably undertakes that:

- (a) in the event of death, incapacity or any other event which causes the inability of such shareholder to perform his day-to-day obligations, such shareholder will transfer, unconditionally and at the lowest price permitted by PRC laws, all of the equity interests held by him in Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service (if allowed by the then applicable PRC laws) or its appointee (as the case may be). In such case, each of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) undertakes to return all consideration received from the transfer to Shenzhen Colour Life Network Service after deducting any paid-up capital contributed by them;
- (b) such shareholder acknowledges that his spouse is fully aware of his execution of each of the Structured Contracts and consented that such shareholder is the sole beneficiary of all the rights and interests and solely assumes all of the obligations under the Structured Contracts; his spouse shall not enjoy any interests or rights under the Structured Contracts, nor assume any obligations thereunder; further, such shareholder and his spouse agree that, in the event of divorce, all of the equity interests held by such shareholder in Shenzhen Caizhiyun Network shall not be deemed as mutual assets, but assets solely owned by such shareholder;
- (c) such shareholder has sole discretion to make independent decisions in relation to Shenzhen Caizhiyun Network, which shall not be subject to or be influenced by his spouse's decision; in the event of divorce, such shareholder will ensure that adequate preventative measures are taken to ensure the due performance of the Structured Contracts and will not take any actions deviating from the intention for executing the Structured Contracts;
- (d) unless a prior written consent is obtained from Shenzhen Colour Life Network Service, such shareholder will not engage in, conduct, participate in or use the information obtained from Shenzhen Caizhiyun Network or any of its affiliates to participate in, directly or indirectly, any business or activity which competes or is likely to compete with the business of Shenzhen Caizhiyun Network or its subsidiaries (if any), nor will he acquire, hold any interests in or derive any interests from any business which competes or is likely to compete with the business of Shenzhen Caizhiyun Network or its subsidiaries (if any);
- (e) such shareholder will not take any action deviating from the intention and purposes of the Structured Contracts which may lead to any conflict of interests between Shenzhen Caizhiyun Network and Shenzhen Colour Life Network Service or its subsidiaries (if any); and

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- (f) if any conflict of interests occurs during the performance of the Structured Contracts by such shareholder, he will act in favour of Shenzhen Colour Life Network Service as set forth in the Structured Contracts and in accordance with the directions of Shenzhen Colour Life Network Service.

Furthermore, on June 16, 2014, each of the spouses of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) signed an undertaking pursuant to which each of the spouses irrevocably undertakes that;

- (a) she is fully aware of the execution of the Structured Contracts and consents that her spouse is the sole beneficiary of all the rights and interests and solely assumes obligations under the Structured Contracts; furthermore, she shall not enjoy any interests or rights under the Structured Contracts, nor assume any obligations thereunder;
- (b) all of the equity interests held by her spouse in Shenzhen Caizhiyun Network shall be deemed as assets solely owned by her spouse, not mutual assets jointly owned by her and her spouse; and
- (c) she will not participate in the operation or management of Shenzhen Caizhiyun Network, nor will claim any interests or rights in Shenzhen Caizhiyun Network's equities or assets; in the event of divorce (as the case may be), her spouse has sole discretion to decide how to dispose of his interests in Shenzhen Caizhiyun Network.

Notwithstanding that we are not the registered shareholder of Shenzhen Caizhiyun Network and Mr. Pan Jun (潘軍), being a controlling shareholder of Shenzhen Caizhiyun Network holding 70% interest therein, is not our Controlling Shareholder, our Directors are of the view that we have adopted sufficient measures to protect our interest in Shenzhen Caizhiyun Network by considering the following factors:

1. Although Mr. Pan Jun (潘軍) is the authorized representative and the controlling shareholder of Shenzhen Caizhiyun Network, our Directors are of the view that his interest in Fantasia Holdings is aligned with our Group as he is the chairman and executive director of Fantasia Holdings and he is also a substantial shareholder holding 20% interest in Fantasy Pearl, being the immediate holding company of Fantasia Holdings. Given his substantial stake in Fantasia Holdings and his role as a director of both Fantasia Holdings and our Company, he owes fiduciary duty to shareholders of both Fantasia Holdings and our Company. In light of the above, our Directors believe that Mr. Pan Jun (潘軍) is and will be acting in the interest of Fantasia Holdings and our Company at all times.
2. The Structured Contracts and the undertakings to be provided by Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌), being the shareholders of Shenzhen Caizhiyun Network, and their respective spouse, provide sufficient measures to ensure that we can have absolute control over Shenzhen Caizhiyun Network. For example, pursuant to the Shareholders' Rights Entrustment Agreement, Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) entrusted Shenzhen Colour Life Network Service or the party designated by it to exercise all their respective rights as shareholders of Shenzhen Caizhiyun Network, including but not limited to the right to vote at the shareholders' meetings of Shenzhen Caizhiyun Network and the right to appoint and/or dismiss all the directors and supervisors of Shenzhen Caizhiyun Network. Also, pursuant to the Exclusive Management and Operation Agreement, the bank accounts of Shenzhen Caizhiyun

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Network are operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by Mr. Zhou Qinwei (周勤偉), an Executive Director. Our Directors are of the view that the Structured Contracts and our internal control measures will prevent misappropriation of assets and funds by the shareholders of Shenzhen Caizhiyun Network.

3. Our compliance department, headed by Mr. Zhou Qinwei (周勤偉), our Executive Director and chief financial officer, will monitor the proper implementation and Mr. Pan Jun's (潘軍) and Mr. Tang Xuebin's (唐學斌) compliance with the Structured Contracts.

Effect and legality of the Structured Contracts

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 telecommunication 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 subcategory of value-added telecommunications services. Our PRC legal advisor has advised that the community leasing, sales and other services provided by Shenzhen Colour Life Network Service through the Colour Life 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 a good track record and possess relevant operational experience in the value-added telecommunication services industry (the “**Qualification Requirement**”).

Based on consultations with the relevant personnel responsible for the approval of value-added telecommunications services at MIIT and the Guangdong Communications Administration Bureau (廣東省通信管理局), our PRC legal advisor has advised that in order to demonstrate that it has satisfied the Qualification Requirement, a foreign investor shall provide the competent PRC authority with its telecommunications services business operating license issued by the relevant authority at its place of registration (equivalent of the ICP License issued by the MIIT) and its financial reports of the most recent three years. However, the MIIT did not specify during our PRC legal advisor's consultations what would constitute “a good track record” and “relevant operational experience” and there are no specific written guidelines in this regard or in respect of whether and what type of documentation is required to establish the requisite credentials in cases where there is no telecommunications service business licensing regime in the jurisdiction or country in which the foreign investor provides the relevant telecommunication services.

As for the legality of the contractual arrangements, our PRC legal advisor, after taking reasonable actions and steps to reach its legal conclusions including consulting the MIIT where the representative stated that there is no regulation enforceable or promulgated by the MIIT which prohibits or restricts the operation of value-added telecommunication businesses by foreign investors through contractual arrangements such as the Structured Contracts, are of the view that each of the Structured Contracts individually and collectively do not violate any of the applicable PRC laws and regulations. Our PRC legal advisor is also of the view that the MIIT is the competent regulatory authority to give such assurance and interpret the Structured Contracts.

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Compliance of qualification requirement

Despite the lack of clear guidance or interpretation on the Qualification Requirement, we have taken and plan to continue to take specific steps and make efforts to comply with the Qualification Requirement. Novel Era, our subsidiary in Hong Kong, has been constructing our overseas website, www.colourlife.com.hk which plans to introduce and promote our community leasing, sales and other services to our future customers and offer an alternative platform for our existing customers. Our current and future customers will be able to order goods and services over the new website, with the receipt of payment and delivery of such goods and services to be undertaken by our relevant PRC subsidiaries or the transaction parties. The website also provides community leasing, sales and other services such as residential and retail unit rental and sales assistant. In effect, the online services provided by us via the websites in Hong Kong serves as an alternative platform for those existing tenants to place orders for their properties in their residential communities. We also aim to provide such services to existing tenants who may be residing overseas at times and to provide information of the community leasing, sales and other services as a means to promote our overall business model and services offered to our customers. Our overseas website also act as an advertising platform for overseas vendors to promote their products, which are not available on our onshore website, to the residents in the residential communities we manage or provide consultancy services to. Such residents can order such goods from the overseas vendors through our overseas website and Shenzhen Caizhiyun Network will then arrange for the delivery and settlement in the PRC or by other delivery and settlement arrangements as agreed by the transaction parties. The construction of the website will be completed before the Listing. Furthermore, we are developing a mobile application for both iOS and Android users as an additional access point to the online database for further extending the coverage of the Colour Life website to more residential communities we manage, thereby making our online platform and community leasing, sales and other services accessible to more residents. Our Company will commit financial resources to ensure compliance with the applicable laws and regulations and our Directors are of the view that the costs for the implementation of the above plan is immaterial to our Group and we have adequate internal resources to construct and maintain the websites and mobile applications.

Going forward, we will explore various opportunities in building up our community leasing, sales and other services business operations overseas for the purposes of being qualified, as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted. We will take active steps in identifying overseas acquisition targets which focus on the provision of online services in order for us to fulfill the Qualification Requirement and enrich our experience in the overseas value-added telecommunication business. We will begin to actively seek potential acquisition targets in overseas jurisdiction. As of the Latest Practicable Date, we had not identified any suitable acquisition targets.

Furthermore, we will adopt several corporate governance measures to ensure compliance with the Qualification Requirement. We plan to (i) implement a management system which we will designate our in-house legal department with the responsibility of monitoring by itself and through our PRC legal advisor the latest developments in the PRC laws and regulations in this regard and provide regular updates to our Directors, (ii) periodically consult with the MIIT, and (iii) start research into the regulatory environment and local market conditions of selected overseas jurisdictions for the purpose of identifying potential overseas jurisdictions in which the Company may consider establishing online business operations in the future if and when conditions are suitable. In the event that the restrictions on the percentage of foreign ownership in telecommunications services and on foreign ownership are lifted but foreign investors are still

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required to comply with the Qualification Requirement, we will maintain close contact with the relevant PRC regulatory authorities and seek specific guidance as to the Qualification Requirement prior to taking any concrete actions to satisfy the Qualification Requirement.

Based on consultations with the relevant personnel responsible for the approval of foreign-invested value-added telecommunications services at MIIT, they have not indicated any objection on the operations to be conducted by the Novel Era through its website to meet the Qualification Requirement. Our PRC legal advisor is of the view that the exact details of the Qualification Requirement are subject to the discretion of the MIIT when it handles the specific applications from foreign investors intending to set up a foreign-invested value-added telecommunications enterprise under the Administrative Rules for Foreign Investments in Telecommunications Enterprises (外商投資電信企業管理規定). Our PRC legal advisor is of the view that such steps conducted or to be conducted by us are reasonable and appropriate to comply with the Qualification Requirement.

Our PRC legal advisor confirms that, if the restrictions on the percentage of foreign ownership in telecommunication services and the Qualification Requirement are lifted such that our Group can acquire all of the equity interests in Shenzhen Caizhiyun Network, on the basis that Shenzhen Caizhiyun Network has already obtained the ICP License, there will not be any legal impediment for our Group to operate our online community leasing, sales and other services business through the acquisition of 100% equity interest in Shenzhen Caizhiyun Network.

Our PRC legal advisor confirmed that, based on the prevailing laws and regulations in the PRC, each of the Structured Contracts individually and collectively do not violate the existing mandatory rules, regulations and laws in the PRC and the respective articles of association of the contracting parties. Each agreement that constitutes the Structured Contracts is legal, valid, binding on the contracting parties under PRC laws. Our PRC legal advisor also confirmed that 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》). Our PRC legal advisor has taken all possible actions or steps to enable it to reach the above legal conclusions.

Based on the above, our Directors are of the view that each of the Structured Contracts conferring significant control and economic benefits from Shenzhen Caizhiyun Network to our Company is enforceable under the PRC and local law.

Our Company is aware of the recent press articles claiming that certain PRC court rulings and arbitral decisions invalidated certain agreements which were intended to circumvent foreign investment restrictions in the PRC in contravention of the PRC Contract Law and the General Principles of Civil Laws, and that such court rulings and arbitral decisions may increase (i) the possibility of the PRC courts taking similar action on corporate structures commonly adopted by foreign investors to engage in restricted businesses in the PRC; and (ii) the incentive for the PRC owners of entities forming part of such corporate structures to renege on their contractual obligations. In particular, as confirmed by our PRC legal advisor, a recent judgment of the Supreme Court of the PRC deemed the entry by a Hong Kong company and a PRC company into a series of entrustment contracts designed to provide the Hong Kong company a means by which to conduct foreign investment in a PRC bank to be a circumvention of the mandatory provisions of PRC laws regulating the financial management system. Relevant PRC laws prohibit the investment of foreign capital by non-financial institutions and restrict the investment of foreign capital by financial institutions into PRC banks. The Supreme Court of the PRC held

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that the entrustment contracts were void on the basis that the parties' intention in entering into such contracts was to conceal an unlawful purpose, i.e. the indirect investment of foreign capital by the Hong Kong company into a PRC bank.

As confirmed by our PRC legal advisor, pursuant to Article 52 of the Contract Law, a contract shall be void under any of the following circumstances: (i) the contract is concluded through the use of fraud or coercion by one party, and therefore damages the interest of the State; (ii) malicious collusion is conducted to damage the interests of the State, a collective or a third party; (iii) the contract damages the public interests; (iv) an illegitimate purpose is concealed under the guise of legitimate acts; or (v) the contract violates the mandatory provisions of PRC laws and administrative regulations. In the context of Article 52, our PRC legal advisor is of the view that the various contractual arrangements described in relevant recent press articles and the contractual arrangements subject to the decision of Supreme Court of the PRC described above can be differentiated from the Structured Contracts entered into by Shenzhen Caizhiyun Network, its shareholders and Shenzhen Colour Life Network Service on the bases that: (i) all of the parties to the Structured Contracts are companies established in the PRC or are PRC citizens; (ii) the parties entered into and perform the Structured Contracts willingly; (iii) none of the parties engaged in or were subject to any fraud or coercion or harbored malicious intent in entering into and performing the Structured Contracts; (iv) the Structured Contracts do not constitute or result in damage to the public interest; (v) the Structured Contracts are tailored to achieve a specific purpose and were not entered into to conceal an illegitimate act; (vi) the Structured Contracts do not involve or constitute the investment of foreign capital into a domestic enterprise; and (vii) the Structured Contracts do not violate or result in a violation of the Administrative Rules for Foreign Investment in Telecommunications Enterprises or the mandatory provisions of any PRC laws.

Accordingly, our PRC legal advisor is of the view that the entering into and performance of the Structured Contracts do not fall within any of the five circumstances under which contracts would be determined to be void as set out in Article 52 of the PRC Contract law including “an illegitimate purpose is concealed under the guise of legitimate acts,” and the related provisions of the General Principles of the Civil Law. However, there are risks associated with the Structured Contracts. For information, please see the section entitled “Risk Factors — Risks relating to Our Corporate Structure.”

In addition, to ensure that the shareholders of Shenzhen Caizhiyun Network will discharge their obligations under the Structured Contracts, the Equity Pledge Agreement will be registered with the competent administration for industry and commerce. In accordance with the Property Rights Law of the PRC (中華人民共和國物權法), the pledge interest shall be created at the time of registration of the pledge interest by the administration for industry and commerce. After registration, the share pledge will be enforceable against a third party.

Shenzhen Colour Life Network Service's entitlement to the economic benefits generated from the operations of Shenzhen Caizhiyun Network is part of the transactions under the Structured Contracts. Under the Structured Contracts, all the material business activities involving the restricted businesses of Shenzhen Caizhiyun Network are instructed and supervised by Shenzhen Colour Life Network Service and all economic benefits and risks arising from the business of Shenzhen Caizhiyun Network are transferred to Shenzhen Colour Life Network Service. The commercial purpose of the Structured Contracts is to provide our Group, having access to a fund raising platform after the Listing, with effective control over the financial and operational policies of Shenzhen Caizhiyun Network. Therefore, our Directors consider that there is clear commercial purpose behind the Structured Contracts.

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Further, the types of taxes and tax rates applicable to Shenzhen Caizhiyun Network are the same as or higher than those applicable to Shenzhen Colour Life Network Service. As such, the Structured Contracts and the transactions under the same do not have any favorable impact on the tax liabilities of our Group before the Structured Contracts were entered into. Therefore, our Company takes the view that the Structured Contracts are not, and should not be seen as, an attempt to avoid any of our Group's tax liabilities which may be subject to challenge by the PRC tax bureaus or government authorities.

Up to the Latest Practicable Date, our Group has not encountered any interference or encumbrances from any PRC governing bodies in operating their business through Shenzhen Caizhiyun Network under the Structured Contracts. After due and reasonable enquiries, in the opinion of our PRC legal advisor, Shenzhen Caizhiyun Network has obtained all necessary permits, approvals and certificates of qualifications to carry out its existing business activities in the PRC. However, there are risks associated with the Structured Contracts. For further information, please see the section entitled "Risk Factors — Risks relating to Our Corporate Structure."

Manner of 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. The results of the arbitration shall be final and binding on all relevant parties. The arbitrator may award remedies over the shares or assets of Shenzhen Caizhiyun Network, injunctive relief or order the winding up of Shenzhen Caizhiyun Network. The courts of Hong Kong, the Cayman Islands, the PRC or the place where Shenzhen Caizhiyun Network's or Shenzhen Caizhiyun Network's principal assets are located will have the power to grant provisional remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

However, according to our PRC legal advisor, under the PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or equity interest in operating entities in PRC in case of disputes. Such remedies therefore may not be available to our Group, notwithstanding the terms of the Structured Contracts. In other words, such provision in the Structured Contracts may not be enforceable.

The PRC laws do not disallow the arbitral body to give award of transfer of assets of or equity interest in Shenzhen Caizhiyun Network. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures.

Under the PRC laws, courts or judicial authorities in the PRC generally do not award remedies over the shares and/or assets of Shenzhen Caizhiyun Network, injunctive relief or winding-up of Shenzhen Caizhiyun Network as interim remedies, before there is any final outcome of arbitration.

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Our PRC legal advisor also has reservation that even though the terms of the Structured Contracts provide that overseas courts are given jurisdictions to grant and/or enforce interim remedies or in support of arbitration, such interim remedies may not be recognized or enforced by the PRC court. In the event we are unable to enforce the Structured Contracts, we may not be able to exert effective control over Shenzhen Caizhiyun Network, and our ability to conduct our business may be negatively affected.

Internal Control Measures

To ensure proper implementation of the Structured Contracts, we plan to take the following measures:

- (a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts will be reviewed by our Board on a regular basis which will be no less frequent than on a quarterly basis. Our Board will determine, as part of its periodic review process, whether legal advisors and/or other professionals will need to be retained to assist our Group to deal with specific issues arising from the Structured Contracts;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) will be discussed at such regular meetings which will be no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of our Group will report regularly, which will be no less frequent than on a monthly basis, to the senior management of our Company on the compliance and performance conditions under the Structured Contracts and other related matters;
- (d) keep our Shareholders informed of our business operations through Structured Contracts in our annual reports where these operations are in aggregate material to our Group as required under paragraph 9 of Appendix 16 of the Listing Rules;
- (e) our compliance department, headed by Mr. Zhou Qinwei (周勤偉), our Executive Director and chief financial officer, will monitor the proper implementation and Mr. Pan Jun's (潘軍) and Mr. Tang Xuebin's (唐學斌) compliance with the Structured Contracts; and
- (f) also, pursuant to the Exclusive Management and Operation Agreement, the bank accounts of Shenzhen Caizhiyun Network are operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by Mr. Zhou Qinwei (周勤偉), an Executive Director.

REGISTRATION WITH THE PRC GOVERNMENT AUTHORITIES

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular No. 75, issued on October 21, 2005, (i) a PRC citizen residing in the PRC, or a PRC resident, shall register with the local branch of the SAFE before he or she establishes or controls an overseas special purpose vehicle, or an overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into an overseas SPV, or engages in overseas financing after contributing assets or equity interests into an overseas SPV, such PRC resident shall register his or her interest in the overseas SPV

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and the change thereof with the local branch of the SAFE; and (iii) when the overseas SPV undergoes a material event outside of China, such as a change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of the SAFE. Under the SAFE Circular No. 75, failure to comply with the registration procedures set forth above may result in penalties, including the imposition of fines or restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the overseas SPV.

Our PRC legal advisor, is of the opinion that Ms. Zeng Jie, Baby (曾寶寶), Mr. Pan Jun (潘軍), Mr. Tang Xuebin (唐學斌), Mr. Ye Hui (葉暉), Mr. Wang Xuliang (王旭良), Mr. Guan Jiandong (關建東), Mr. Dong Dong (董東) and Mr. Chang Rong (昌榮) have completed the necessary registration with the relevant local branch of the SAFE on August 15, 2013 with respect to their interests in our Group and have complied with SAFE Circular No. 75.

REASONS FOR THE PROPOSED SPIN-OFF

Pursuant to the Listing Rules and in accordance with the corporate structure and ownership of our Company, the listing of our Company will constitute a spin-off of Fantasia Holdings (the **"Proposed Spin-off"**).

The board of directors of Fantasia Holdings considers that the Proposed Spin-off is in the interests of Fantasia Holdings and the shareholders of Fantasia Holdings taken as a whole based on the following reasons:

- (a) the Proposed Spin-off will allow Fantasia Holdings and its shareholders an opportunity to realize their fair value of investment in our Group;
- (b) the Proposed Spin-off will enable our Group to build our identity as a separately listed group, and will provide separate fund-raising platforms for the Retained Group and our Group. Such platform would allow our 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 Fantasia Holdings, 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 our Group;
- (c) the Proposed Spin-off will allow the Retained Group to focus on expanding into the commercial property management market segment with a clearly delineated business objective, pursuant to which the Retained Group will concentrate on serving targeted customers that are small and medium enterprises, property owners and lessees of pure commercial properties by providing comprehensive facilities to develop their businesses in a convenient commercial environment. In contrast, our Group is restricted from providing property management services to pure commercial properties and will further develop our expertise and improve on our quality of residential property management service to provide a better and more convenient living environment for targeted customers that are property owners' associations, tenants and owners of the residential communities, and the majority of which are individuals and families in the capacity of residents. Such business focuses will enhance the expansion and operating performance of both the Retained Group and our Group;
- (d) as a separately listed group, our Group will be able to further build on our reputation and be in a better position to negotiate and solicit more businesses, and Fantasia Holdings will in turn be able to benefit from the growth of our Group through its shareholding in our Group;

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- (e) the Proposed Spin-off will increase the operational and financial transparency and improve the corporate governance of our Group and provide investors, the financial institutions and rating agencies with greater clarity on the businesses and financial status of the Retained Group and our 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 our Group;
- (f) the Proposed Spin-off will enable our Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors, who can produce synergy for our Group, for investment in and forming strategic partnerships directly with our Group. The Retained Group will benefit from such investments without further capital commitment;
- (g) the stock performance of our Group can serve as a separate benchmark for shareholders and the investing public to evaluate the performance of our Group which could in turn serve as an incentive for the management of our Group to seek improvement and raise management and operating efficiency of our Group on an ongoing basis; and
- (h) the Proposed Spin-off would enable a more focused development, strategy planning and better allocation of resources for the Retained Group and our Group with respect to their respective businesses, and both the Retained Group and our Group would benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities.

The Proposed Spin-off by Fantasia Holdings complies with the requirements of Practice Note 15 of the Listing Rules.