OVERVIEW

We have entered into certain transactions with parties who are our connected persons and these transactions will continue following the Listing Date, thereby constituting continuing connected transactions of our Group under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Provision of Engineering Services by Shenzhen Kaiyuan Tongji to the Retained Group

(a) Description of the transaction

On June 11, 2014, Shenzhen Kaiyuan Tongji entered into an engineering services framework agreement (the "**Engineering Services Agreement**") with Fantasia Group (China) and Shenzhen Fantasia Real-estate Group Ltd. (深圳市花樣年地產集團有限公司) ("**Shenzhen Fantasia**"), each an indirect wholly owned subsidiary of the Retained Group, pursuant to which Shenzhen Kaiyuan Tongji agreed to provide engineering services, including but not limited to installation and fitting of power systems, energy-saving lights and other related services to the Retained Group in respect of certain properties developed by each of them (the "**Engineering Services**"), for a term commencing from the Listing Date and ending on December 31, 2016.

(b) Historical transaction amounts

In 2011, 2012 and 2013, the total transaction amount for the Engineering Services provided by our Group to the Retained Group amounted to approximately RMB19,358,000, RMB24,601,000 and RMB14,983,000, respectively. The total amount charged for the Engineering Services provided by our Group to the Retained Group during the Track Record Period was based on the total number of contracts for which such Engineering Services was required, with reference to the scope of services under each of such contracts and the fees charged under each of such contracts and taking into consideration the prevailing market price for similar services provided by Shenzhen Kaiyuan Tongji to Independent Third Parties. The Engineering Services Agreement was entered into on normal commercial terms.

(c) Annual caps on future transaction amounts

Our Directors estimate that the maximum annual fee of the Engineering Services to be provided by our Group to the Retained Group under the Engineering Services Agreement for each of the three years ending December 31, 2016 will not exceed RMB15,500,000, RMB16,000,000 and RMB16,500,000, respectively.

The annual cap for the year ending December 31, 2014 for the provision of Engineering Services has been determined based on (i) a reasonable increment of the engineering service fees to be charged by our Group taking into account the expected inflation rate for the year ending December 31, 2014; and (ii) the estimated completion schedule of our engineering service contracts entered into with the Retained Group for the year ending December 31, 2014 compared to 2013.

The annual caps for the two years ending December 31, 2016 for the provision of the Engineering Services have been determined based on (i) the estimated revenue amount recognized for the year ending December 31, 2014 under the Engineering Services Agreement; (ii) the estimated total GFA of the properties expected to be constructed by the Retained Group in 2015 and 2016 compared to 2014 based on the Retained Group's development plan; and (iii) a reasonable increment of the engineering service fees to be charged by our Group taking into account the expected inflation rate for the two years ending December 31, 2016. The Retained Group's development plan and its major operating decisions, such as the purchase of land and the approval of projects for development, are subject to the decision of the business development department of the Retained Group comprising senior management members of the Retained Group for corporate business expansion and development strategy. The Retained Group's development plans are first proposed by its business development department then sent to each project company for review and comment. The revised development plan is first passed to a team of senior management of the Retained Group comprising its chief executive officer and several vice presidents, and then submitted to its board of directors for final approval. The Retained Group's development plans are derived on an annually basis for the coming three years and are made based on analyzing various factors such as the general economic condition and growth rate, anticipated demand for residential and commercial properties, disposable income and purchasing power of consumers and land reserve.

(d) Listing Rules implication and waiver

Each of Fantasia Group (China) and Shenzhen Fantasia is an indirect wholly owned subsidiary of Fantasia Holdings, a substantial shareholder of our Company, and is a connected person of our Company for the purpose of the Listing Rules. The transactions under the Engineering Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing. Since each of the percentage ratios (other than the profits ratio) for the transactions under the Engineering Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Engineering Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have applied for, and the Stock Exchange has granted us, waiver from strict compliance with the announcement and independent shareholders' approval requirements of the Listing Rules in respect of the transaction as contemplated under the Engineering Services Agreement subject to the aggregate value of such non-exempt continuing connected transactions for each financial year not exceeding the relevant annual caps set forth above.

(e) The view of our Directors

Our Directors, including the Independent Non-executive Directors, consider that the above continuing connected transaction is conducted on normal commercial terms and is fair and reasonable and in the interests of our Company and our Shareholders as a whole and is in the ordinary and usual course of our business. Our Directors, including the Independent Non-executive Directors, are also of the view that the annual caps of such non-exempted continuing connected transaction above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

2. Provision of Pre-delivery Property Management Services by Shenzhen Colour Life Property Management to the Retained Group

(a) Description of the transaction

On June 11, 2014, Shenzhen Colour Life Property Management entered into a pre-delivery property management services framework agreement (the "**Pre-delivery Property Management Services Agreement**") with Fantasia Group (China) and Shenzhen Fantasia, each an indirect wholly owned subsidiary of the Retained Group, pursuant to which Shenzhen Colour Life Property Management agreed to provide pre-delivery property management services which can be categorized into services to be provided at the pre-sale and pre-delivery stages, including but not limited to (i) the provision of on-site security, cleaning and other related services as well as customer services to be provided to the property sales centre of the Retained Group such as concierge services, customer car parking guidance at the pre-sale stage and (ii) the provision of operations and management services at the pre-delivery stage for the unsold portion of the property developments, to the Retained Group in respect of certain properties developed by it (the "**Pre-delivery Property Management Services**"), for a term commencing from the Listing Date and ending on December 31, 2016.

(b) Historical transaction amounts

In 2011, 2012 and 2013, the total transaction amount for the Pre-delivery Property Management Services provided by our Group to the Retained Group amounted to approximately RMB6,538,000, RMB16,015,000 and RMB12,615,000, respectively. The fees charged for the Pre-delivery Property Management Services provided by our Group to the Retained Group was determined based on the total GFA of the property projects of which such management services is required and the fees of such services determined with reference to the prevailing market price. The Pre-delivery Property Management Services Agreement was entered into on normal commercial terms.

(c) Annual caps on future transaction amounts

Our Directors estimate that the maximum annual fee of the Pre-delivery Property Management Services to be provided to our Group by the Retained Group under the Pre-delivery Property Management Services Agreement for each of the three years ending December 31, 2016 will not exceed RMB18,980,000, RMB19,600,000 and RMB21,000,000, respectively.

The annual cap for the year ending December 31, 2014 for the provision of Pre-delivery Property Management Services has been determined based on (i) the estimated pre-sale schedule of the properties developed by the Retained Group and managed by our Group; (ii) the estimated pre-sale services fee determined based on market prices; (iii) the estimated delivery schedule of those projects developed by the Retained Group and managed by us and the amount of unsold units at the pre-delivery stage; and (iv) the estimated pre-delivery service fees determined based on market price.

The annual caps for the two years ending December 31, 2016 for the provision of Pre-delivery Property Management Services have been determined based on (i) the estimated revenue recognized in relation to pre-sale service and pre-delivery service for those projects developed by the Retained Group and managed by our Group for the year ending December 31, 2014; (ii) the estimated pre-sale GFA of the properties developed by the Retained Group based on the Retained Group's development plan and managed by us for 2015 and 2016 compared to 2014; (iii) the estimated delivery GFA of the properties developed by the Retained Group based on the Retained Group's development plan and managed by us and potential unsold portion for 2015 and 2016 compared to 2014; and (iv) a reasonable increment of the management fees to be charged by our Group taking into account the expected inflation for the three years ending December 31, 2016.

(d) Listing Rules implication and waiver

Each of Fantasia Group (China) and Shenzhen Fantasia is an indirect wholly owned subsidiary of Fantasia Holdings, a substantial shareholder of our Company, and is a connected person of our Company for the purpose of the Listing Rules. The transactions under the Pre-delivery Property Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing. Since each of the percentage ratios (other than the profits ratio) for the Pre-delivery Property Management Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Pre-delivery Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have applied for, and the Stock Exchange has granted us, waiver from strict compliance with the announcement and independent shareholders' approval requirements of the Listing Rules in respect of the transaction as contemplated under the Pre-delivery Property Management Services Agreement subject to the aggregate value of such non-exempt continuing connected transactions for each financial year not exceeding the relevant annual caps set forth above.

(e) The view of our Directors

Our Directors, including the Independent Non-executive Directors, consider that the above continuing connected transaction is conducted on normal commercial terms and is fair and reasonable and in the interests of our Company and our Shareholders as a whole and is in the ordinary and usual course of our business. Our Directors, including the Independent Non-executive Directors, are also of the view that the annual caps of such non-exempted continuing connected transaction above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

3. Structured Contracts

(a) Description of the transaction

As disclosed in the section entitled "History, Reorganization and the Group Structure," we are currently not permitted to acquire an equity interest in Shenzhen Caizhiyun Network, which holds a license for the general provision of value-added telecommunication services, as pursuant to the administrative Rules for Foreign Investment in Telecommunication Enterprises promulgated by the State Council on December 11, 2001 and amended on September 10, 2008, the provision of value-added telecommunication services is classified as an industry in which foreign investors are restricted to invest in. For further details of the related policies, please refer to the section entitled "History, Reorganization and the Group Structure — The Structured Contracts." To incorporate the business of Shenzhen Caizhiyun Network into our Group, the Structured Contracts were entered into with an objective to establish a situation pursuant to which Shenzhen Colour Life Network Service has obtained effective management, operational and economic control over Shenzhen Caizhiyun Network and has an exclusive option to purchase all or part of the entire equity interest of Shenzhen Caizhiyun Network when and to the extent permitted by PRC law.

The Structured Contracts comprise five agreements, namely (i) the Exclusive Management and Operation Agreement; (ii) the Call Option Agreement; (iii) the Shareholders' Rights Entrustment Agreement; (iv) the Equity Pledge Agreement; and (v) the Power of Attorney, which were all entered into among Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌). Each of Mr. Pan Jun (潘軍) and Mr. Tang Xuebin (唐學斌) is our Director and therefore a connected person of our Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under the Structured Contracts constitute continuing connected transactions under Chapter 14A of the Listing Rules upon Listing. Save for the Equity Pledge Agreement, each of the other Structured Contracts is for a term of 10 years and renewable for successive 10-years terms upon the request from Shenzhen Colour Life Network Service before expiration of the first 10-year term.

(b) Reasons for the transaction

As stated above, the Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated by our Group as if it were 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 and financial policies of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts.

Based on the terms of the Structured Contracts, the arrangements under the Structured Contracts also enable us to acquire the equity interest of Shenzhen Caizhiyun Network at the lowest possible amount permissible under the applicable PRC laws. Further, the Directors consider that, notwithstanding the lack of equity ownership between us and Shenzhen Caizhiyun Network, pursuant to the Structured Contracts, we are entitled to control the business of Shenzhen Caizhiyun Network in substance.

(c) The view of our Directors

For the reasons stated above, our Directors (including the Independent Non-executive Directors) are of the view that the Structured Contracts and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, have been and shall be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Our Directors also believe that our structure, which allows Shenzhen Caizhiyun Network's financial results to be consolidated into our financial statements as if it were our wholly owned subsidiary and the flow of economic benefits from its business to us, places our Group in a special position in relation to the connected transaction rules. Accordingly, notwithstanding that the transactions contemplated under the Structured Contracts technically constitute continuing connected transactions for the purposes of Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable and would impose unnecessary administrative costs on us to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules in respect of these continuing connected transactions.

Our Directors further confirm that it is a normal business practice and in the best interest of our Company and our Shareholders for the Structured Contracts to be of duration longer than three years.

(d) Listing Rules implication and waiver application

The transactions under the Structured Contracts constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Accordingly, pursuant to Rule 14A.42(3) of the Listing Rules, we have applied for and the Stock Exchange has agreed to grant a waiver from strict compliance with the reporting, announcement, independent shareholders' approval, annual cap and agreements with fixed term of no more than three years requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions under the Structured Contracts for so long as our Shares are listed on the Stock Exchange and subject to the following conditions:

(a) No changes without Independent Non-executive Directors' approval: Except as described below, no changes to the Structured Contracts will be made without the approval of the Independent Non-executive Directors;

(b) No changes without independent shareholders' approval: No changes to the Structured Contracts will be made without the approval of our independent Shareholders;

(c) Economic benefits flexibility: The Structured Contracts continue to enable our Group to receive the relevant economic benefits derived by Shenzhen Caizhiyun Network through: (i) our option at any time (if and when permitted under PRC laws) to acquire, all or part of the entire equity interest of Shenzhen Caizhiyun Network at the lowest price permissible under PRC laws; (ii) the business structure under which the revenue generated by the cooperation between our Group and Shenzhen Caizhiyun Network is mainly retained by our Group; and (iii) our right to govern the financial and operating policies as well as, in substance, all of the voting rights of Shenzhen Caizhiyun Network;

(d) Renewal and cloning: The framework of the Structured Contracts may be renewed and/or cloned upon the expiry of the existing arrangements or, in relation to any existing or new wholly foreign-owned enterprise or operating company that our Group might wish to establish, without obtaining the approval of Shareholders, on substantially the same terms and conditions as the Structured Contracts. The directors, chief executive or substantial shareholders (as defined in the Listing Rules) of any existing or new wholly foreign-owned enterprise or operating company that our Group may establish upon renewal and/or cloning of the Structured Contracts will be treated as our connected persons and transactions between these connected persons and us other than those under the same Structured Contracts shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals; and

(e) Ongoing reporting and approvals: We will disclose details relating to the Structured Contracts on an ongoing basis as follows:

- details of the Structured Contracts will be disclosed in our annual reports and accounts in accordance with the relevant provisions of the Listing Rules;

- the Independent Non-executive Directors will review the Structured Contracts annually, and confirm in our annual reports and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Structured Contracts so that the revenue generated by Shenzhen Caizhiyun Network and our subsidiaries have been mainly retained by our Group; (ii) no dividends or other distributions have been made by Shenzhen Caizhiyun Network to its shareholders; and (iii) any new Structured Contracts entered into, renewed or reproduced between Shenzhen Caizhiyun Network and us during the relevant financial period are fair and reasonable, or advantageous, so far as our Company are concerned and in the interests of our Shareholders as a whole;

- our auditor will carry out review procedures annually on the transactions under the Structured Contracts and will provide a letter to our Directors with a copy to the Stock Exchange, at least 10 Business Days before the bulk-printing of our Company's annual report, confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Structured Contracts and that no dividends or other distributions have been made by Shenzhen Caizhiyun Network to its shareholders;
- for the purposes of Chapter 14A of the Listing Rules, Shenzhen Caizhiyun Network will be treated as our Company's wholly owned subsidiary, and its respective directors, chief executives or substantial shareholders of Shenzhen Caizhiyun Network and its respective associates will be connected persons, and transactions between these Connected Persons and us, other than those under the Structured Contracts, will be subject to requirements under Chapter 14A of the Listing Rules; and
- Shenzhen Caizhiyun Network will undertake to provide our management and auditor full access to its relevant records for the purpose of our auditor's review of the connected transactions.

Joint Sponsors' Confirmations

The Joint Sponsors have confirmed to our Company that the Joint Sponsors are of the opinion that the non-exempt continuing connected transactions have been entered into in the ordinary and usual course of business of our Company, on normal commercial terms, and are fair and reasonable to our Company and in the interests of the Company and the shareholders of our Company as a whole. The Joint Sponsors have further confirmed that the proposed annual caps in respect of the Engineering Services Agreement and the Pre-delivery Property Management Services Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole. With respect to the term of the relevant agreements constituting the Structured Contracts which term is of a duration longer than three years, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of Shenzhen Caizhiyun Network can be effectively controlled by Shenzhen Colour Life Network Service; (ii) Shenzhen Colour Life Network Service can obtain the economic benefits from the operation of Shenzhen Caizhiyun Network; and (iii) any possible dissipation of assets and values of Shenzhen Caizhiyun Network can be prevented.