

CONNECTED TRANSACTIONS

Summary of Our Continuing Connected Transactions and Connected Transaction

We have entered into the following agreements which will continue after the Listing Date and thus will constitute continuing connected transactions or a connected transaction for us under the Listing Rules. The table below gives a summary of these transactions.

<u>Transaction</u>	<u>Connected relationship</u>	<u>Nature of connected transaction</u>	<u>Goods/services provided</u>	<u>Annual Caps for year ending December 31,</u>	<u>Duration of agreement</u>
Loan provided by Fantasia Group (China) to Dongguan Zuoting Youyuan	Financial assistance to an associate of Tianjin Songjiang Group, a Connected Person	Connected Transaction	Loan to an associate of a connected person	For the amount of RMB55,000,000 plus interest	Agreement dated October 31, 2006 and until after designated sales target has been achieved
Tenancy agreement between Shenzhen Fantasia Investment and Xi Fu Hui in relation to a community club (Unit 101) at Self Life (趣園), Shenzhen	Ms. Zeng, a Director and one of our Controlling Shareholders as one of the ultimate owners of the connected party	Continuing Connected Transaction	Lease of a community club (Unit 101) at Self Life (趣園), Shenzhen	2009: RMB300,552 2010: RMB300,552 2011: RMB300,552 2012: RMB300,552	From January 1, 2008 until December 31, 2012
Management services agreement in relation to San Jiao Zhou Island made between San Jiao Zhou and Shenzhen Colour Life Network	Ms. Zeng, a Director and one of our Controlling Shareholders as one of the ultimate owners of the connected party	Continuing Connected Transaction	Advertising, consultancy and management services in respect of the operation of San Jiao Zhou	2009: HK\$880,000 2010: HK\$980,000	From January 1, 2008 until December 31, 2010
Design agreement in relation to Shenzhen Love Forever (深圳花郡) between Shenzhen Fantasia Investment and Cube Architecture	Ms. Zeng, a Director and one of our Controlling Shareholders as the ultimate owner of 31% of the connected party	Connected Transaction	Architectural design services in respect of Shenzhen Love Forever (深圳花郡)	N.A.	Agreement dated May 15 2009 and until the end of project
Guarantees for mortgage loans granted to employees	Financial assistance to certain Directors and directors of our subsidiaries	Continuing connected transaction	Guarantees for mortgages	Less than 0.1% of the relevant percentage ratios prescribed under Chapter 14A of the Listing Rules	N.A.

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Details of the abovementioned continuing connected transactions and connected transaction are set out below. None of them are subject to further announcement or waiver requirements under the Listing Rules.

DZY Loan

According to the DZY Loan Agreement, it is noted that Dongguan Zuoting Youyuan was set up as a project company for the construction of the project, Zuoting Youyuan (左庭右院). The amount of the registered capital of Dongguan Zuoting Youyuan is RMB18,000,000 and of this, approximately 37.5% equity interest is owned by one of the Group's wholly owned subsidiary, Fantasia Group (China), and the remaining approximately 62.5% equity interest is owned by Shenzhen Meijiangan.

Dongguan Zuoting Youyuan is an associate of Tianjin Songjiang Group, a substantial shareholder of one of our subsidiaries, Tianjin Songjiang-Fantasia.

Pursuant to the DZY Loan Agreement and the DZY Loan Assignments, until August 20, 2006, Shenzhen Tiankuo and Shenzhen Meijiangan had provided the DZY Fantasia Loan of RMB55,000,000 and the DZY Meijiangan Loan of RMB93,750,000 respectively to Dongguan Zuoting Youyuan in relation to the working capital for the property construction and development project, Zuoting Youyuan (左庭右院). In other words, the respective investors in Dongguan Zuoting Youyuan had procured the advance of loans to Dongguan Zuoting Youyuan roughly pro rata to their capital contribution and in the case of our loan, it was slightly less than our pro rata equity share. The principal amount of both loans are re-payable within 7 days from the day where 90% of the GFA of the project Zuoting Youyuan (左庭右院) has been sold, which is expected to be around the end of 2012. Based on a confirmation by Shenzhen Huaqianli, the amount of interest on the DZY Fantasia Loan was subsequently fixed at RMB14,338,800 for the term of the loan and this amount is payable within 15 days after the day of completion of the above project, which is expected to be around 2011. Our Directors are of the view that the DZY Loan Agreement is on normal and commercial terms.

As the DZY Fantasia Loan is for the benefit of an associate of one of the substantial shareholder's of one our subsidiaries and the consideration ratio is less than 2.5%, the provision of such loan constitutes a connected transaction of the Company which, having taken into account the disclosure in this prospectus, is not subject to further announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

Xi Fu Hui Tenancy Agreement

Shenzhen Fantasia Investment is our subsidiary. Xi Fu Hui (a company ultimately controlled by Ms. Zeng and therefore her associate) is a connected person of the Company as Ms. Zeng is our executive Director and one of our Controlling Shareholders.

Xi Fu Hui entered into the Xi Fu Hui Tenancy Agreement with Shenzhen Fantasia Investment on August 31, 2008, pursuant to which Shenzhen Fantasia Investment as landlord has agreed to lease to Xi Fu Hui as tenant a community club (Unit 101) with a total gross floor area of approximately 1,252.3 square meters in a 24-storey residential building known as Self Life (趣園) for a term of five years from January 1, 2008 to December 31, 2012. Self Life (趣園) is located at the junction of Fuhua Road and Binhe Road, Futian District, Shenzhen City, Guangdong Province, PRC. The monthly rent, exclusive of management fees, water and electricity charges, payable by Xi Fu Hui to Shenzhen Fantasia Investment is RMB25,046. The Xi Fu Hui Tenancy Agreement was entered in the arm's length basis and referenced to market value and the location of rental premises at the time of the signing of the Xi Fu Hui Tenancy Agreement.

The Xi Fu Hui Tenancy Agreement will terminate on December 31, 2012. Thereafter, we shall comply with the applicable requirements under Chapter 14A of the Listing Rules.

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For the year ended December 31, 2008, the annual rental paid by Xi Fu Hui to Shenzhen Fantasia Investment amounted to RMB300,552 which represented 0.026% of all the Group's revenues.

Since the amounts payable annually are less than HK\$1 million, it constitutes a continuing connected transaction for the Company which is not subject to further announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

San Jiao Zhou Island Management Services Agreement

Shenzhen Colour Life Network is our subsidiary. San Jiao Zhou (a company ultimately controlled by Ms. Zeng and therefore her associate) is a connected person of the Company as Ms. Zeng is our executive Director and one of our Controlling Shareholders.

San Jiao Zhou entered into the San Jiao Zhou Island Management Services Agreement with Shenzhen Colour Life Network on January 1, 2008 pursuant to which Shenzhen Colour Life Network has agreed to provide certain advertising, consultancy and management services to San Jiao Zhou in respect of the operation of San Jiao Zhou Island (三角洲海島). The amount of the management fees Shenzhen Colour Life Network has agreed to pay San Jiao Zhou is based on 10% of the targeted net cash flow (after deducting all costs, fees and taxes) of San Jiao Zhou. Once the target net cash flow of San Jiao Zhou reaches RMB1 million, RMB1.2 million and RMB1.4 million for each of the year ended December 31, 2008, 2009 and 2010, respectively, the management fees of 10% of the target cash flow becomes payable to Shenzhen Colour Life Network and in any event the annual amount of management fees shall not exceed an amount equivalent to HK\$780,000, HK\$880,000 and HK\$980,000, respectively. If the abovementioned annual target net cash flow is not met for a particular year, then San Jiao Zhou shall pay Shenzhen Colour Life management fees equivalent to HK\$300,000 for the respective year. For the period ended December 31, 2008, San Jiao Zhou was not expected to be profit making and therefore the management fees were negotiated on a cash flow basis, which the Company believes is to its benefit.

The San Jiao Zhou Island Management Services Agreement will terminate on December 31, 2010. Thereafter, we shall comply with the applicable requirements under Chapter 14A of the Listing Rules.

For the year ended December 31, 2008, provision of such management services by Shenzhen Colour Life Network to San Jiao Zhou amounted to approximately RMB400,000 which represented 0.034% of all the Group's revenues.

Our Directors estimate that the maximum amount of fees for management services provided by Shenzhen Colour Life Network to San Jiao Zhou pursuant to the San Jiao Zhou Island Management Services Agreement will not exceed HK\$880,000 and HK\$980,000 for each of the years ending December 31, 2009 and 2010.

Since each of the percentage ratios (other than the profits ratio) for the annual amount of management services under the San Jiao Zhou Island Management Services Agreement will be less than 0.1%, the provision of management services by Shenzhen Colour Life Network constitutes continuing connected transactions for the Company which are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

Cube Architecture Design Agreement

Shenzhen Fantasia Investment is our subsidiary. Cube Architecture (a company ultimately controlled by Ms. Zeng and therefore her associate) is a connected person of the Company as Ms. Zeng is an executive Director and one of the Controlling Shareholders.

Cube Architecture entered into the Cube Architecture Design Agreement with Shenzhen Fantasia Investment on May 15, 2009, pursuant to which Cube Architecture has agreed to provide architectural

design services to Shenzhen Fantasia Investment in respect of the development of Shenzhen Love Forever (深圳花郡) a residential community project. The total amount of the design service fees Shenzhen Fantasia Investment agreed to pay Cube Architecture is RMB180,000 payable by installments. The Cube Architecture Design Agreement was entered in the arm's length basis and referenced to market value.

The Cube Architecture Design Agreement will terminate once the design has been confirmed by the engineers of Shenzhen Fantasia Investment.

As services provided by Cube Architecture is on a project by project basis, we shall comply with the applicable requirements under Chapter 14A of the Listing Rules for future transactions between the Group and Cube Architecture.

Guarantees for mortgage loans granted to employees

As of the Latest Practicable Date, we had sold our properties to employees of the Group, including our Directors and certain directors of our subsidiaries. Such sales were on normal commercial terms save that a discount of not more than 4% was applied in line with policies applicable to all employees of the Group. In line with industry practice, our Company provides guarantees in favour of the banks that grant mortgage financing to the purchasers of our properties. In some cases where our related parties have purchased properties from us and we have guaranteed their mortgages, as at the Latest Practicable Date, the amount guaranteed did not exceed 0.1% of the ratios prescribed under Chapter 14A of the Listing Rules in respect of each related party. After the Listing Date, any such new transactions will be subject to the disclosure and other requirements of the Listing Rules relating to connected transactions.

Previous transactions with related parties

During the Track Record Period, we entered into various related party transactions that are set forth in the section entitled "Related Party Transactions" in Appendix I to this prospectus. The Directors are of the opinion that these transactions were conducted in the ordinary and usual course of our business and, save for the sale of property referred to below, were on normal commercial terms. In March 2008, we disposed of a residential property in Hong Kong to Ms. Zeng at a consideration of HK\$9.6 million (or RMB8.4 million), being the cost of acquisition. This Hong Kong property that is for the sole use of our Directors was transferred to Ms. Zeng because it is not our principal business to invest in private residential property in Hong Kong. Other subsidiaries transferred to related parties during the Track Record Period were not considered as core to our principal businesses. The majority of such companies were marginally loss making for the financial year prior to their disposal.

On or about October 12, 2009, Fantasia Group (China) entered into an advertising agreement with our associate, Beijing Tonglu Tiandi, in relation to television advertisements on the Chinese Channel (中文台) and InfoNews Channel (資訊台) of Phoenix TV, operated by the subsidiaries of Phoenix Satellite Television Holdings Limited. Beijing Tonglu Tiandi is 51% indirectly owned by Shenzhen Tiankuo, and the remaining 49% equity interest is owned by Lv Lin (呂麟), Ms. Zeng's mother. The service provided by Beijing Tonglu Tiandi is on a one-off basis and will end prior to Listing. The Directors are of the view such services were on normal commercial terms. After the Listing Date, any new transactions between the Group and Beijing Tonglu Tiandi will be subject to the disclosure and other requirements of the Listing Rules relating to connected transactions.