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COLOUR LIFE SERVICES GROUP CO., LIMITED
彩生活服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1778)

CONTINUING CONNECTED TRANSACTION

On 22 June 2021, Shenzhen Colour Life Network entered into the Agreement with Kangnian Technology in respect of the e-Platform Services for a term of three years ending 21 June 2024.

As Kangnian Technology is owned as to 40% by Fantasia China, a subsidiary of Fantasia, the controlling shareholder of the Company, Kangnian Technology is hence an associate of a connected person of the Company and the transactions contemplated under the Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount in respect of the e-Platform Services under the Agreement is expected to exceed 0.1% but less than 5% of the applicable percentage ratios, the Agreement will be subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

On 22 June 2021, Shenzhen Colour Life Network entered into the Agreement with Kangnian Technology in respect of the e-Platform Services.

Subject

Shenzhen Colour Life Network will provide the e-Platform Services to Kangnian Technology.

Under the arrangement, Shenzhen Colour Life Network will through its e-platforms of Caizhiyun (彩之雲) and Colourlife.com allow the Users to trade in the financing products offered by Kangnian Technology listed on the Shanghai Gold Exchange and commercial coupon products listed on the auction platform.

Term

The Agreement has a term of three years commencing on 22 June 2021 and ending on 21 June 2024.

Service fees

Service fees will be charged by multiplying the Order Amount by the service fee rate. The service fee rate is calculated by deducting the historical annualized rate of return of the particular financing product from the annualized package fee, among which the parties have agreed 0.5% of the service fee will be settled by Kangnian Technology by way of physical JD Card for promotion and sales of the products of Kangnian Technology. Depending on the investment period, the annualized package fee and the historical annualized rate of return ranges from 9% to 12 % and 6% to 8% respectively. Accordingly, the service fee rate ranges from 3% to 4%.

The service fees were determined after arm's length negotiations between the parties with reference to the prevailing market rates of similar or comparable services offered by Kangnian Technology to independent third parties.

Payment

The services fee will be paid on a monthly basis, with the cash portion of the services fee payable before the 10th day of the following month. For the 0.5% of the service fee that will be settled by the physical JD Card, the settlement will be made by Kangnian Technology with the designated settlement agent of Shenzhen Colour Life Network before the 20th of each month.

Annual cap

It is proposed that the annual cap under the term of the Agreement shall not exceed RMB105 million.

There were no prior transactions with Kangnian Technology. The annual caps were determined with reference to (a) the number of Users; and (b) the expected demand for the investment products of Kangnian Technology by the Users.

INTERNAL CONTROL

As a general rule, the price and terms of the individual service agreements of the continuing connected transactions of the Group will be conducted in the ordinary course of business of the Group, on normal commercial terms and on terms which are similar or comparable to contracts of the Group with independent third parties.

The pricing policy of all the continuing connected transactions of the Group will be supervised and monitored by the relevant internal audit personnel and management of the Group to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policy of the Group and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

The relevant internal audit personnel and the management of the Group will conduct regular checks and assess whether individual transactions contemplated under the e-Platform Services are conducted in accordance with the terms of the Agreement and will also regularly review whether the prices charged under the e-Platform Services are fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will review the transactions under the Agreement and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control system of the Group is effective to ensure that the transactions contemplated under the Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Shenzhen Colour Life Network is principally engaged in the provision of community leasing, sales and other services.

The Agreement will enable the Group to provide more extended services to the users thereby enhancing the online marketing services of the Group.

The Directors (including the independent non-executive Directors but excluding the interested Directors) considered that the terms of the Agreement are on normal commercial terms, and the Agreement was entered into in the ordinary and usual course of business of the Group, the terms of the Agreement and the annual caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON KANGNIAN TECHNOLOGY

Kangnian Technology is a limited liability company established in the PRC in February 2007 and is principally engaged in the promotion of technology services. It is owned as to 60% by 深圳市正亦商貿有限公司 (Shenzhen Zhengyi Trading Co., Ltd.) and as to 40% by Fantasia China.

Shenzhen Zhengyi Trading Co., Ltd. is a limited liability company established in the PRC and is principally engaged in the business of trading and retail. It is owned by 孫建 (Sun Jian) and 魏源紅 (Wei Yuanhong) as to 50% each. To the best knowledge of the Directors, after reasonable enquiry, each of Shenzhen Zhengyi Trading Co., Ltd. and its ultimate beneficial owners is independent of and not connected with the Company or its connected persons.

Fantasia China is a limited liability company established in the PRC and is principally engaged in the business of property development. It is an indirect wholly-owned subsidiary of Fantasia, a limited liability company incorporated in the Cayman Islands, and is principally engaged in the business of property development and property management. The shares of Fantasia are listed on the Main Board of the Stock Exchange (stock code: 1777). It is the controlling shareholder of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Kangnian Technology is owned as to 40% by Fantasia China, a subsidiary of Fantasia, the controlling shareholder of the Company, Kangnian Technology is hence an associate of a connected person of the Company and the transactions contemplated under the Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the annual transaction amount in respect of the e-Platform Services under the Agreement is expected to exceed 0.1% but less than 5% of the applicable percentage ratios, the Agreement will be subject to the reporting, annual review and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Pan Jun and Mr. Chen Xinyu are common directors of the Company and Fantasia and are considered to be interested in the transactions contemplated under the Agreement and have abstained from voting on the Board resolutions proposed to approve the Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

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| “Agreement” | the agreement dated 22 June 2021 between Shenzhen Colour Life Network and Kangnian Technology in relation to the e-Platform Services; |
| “Board” | the board of Directors; |

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| “Company” | Colour Life Services Group Co., Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “e-Platform Services” | the provision of e-platform services by Shenzhen Colour Life Network to Kangnian Technology; |
| “Fantasia” | Fantasia Holdings Group Co., Limited, a limited liability company incorporated in the Cayman Islands, the controlling shareholder of the Company; |
| “Fantasia China” | 花樣年集團(中國)有限公司 (Fantasia Group (China) Co., Limited), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of Fantasia; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “JD Card” | the physical gift card issued by JD.com which is a multi-purpose commercial prepaid card that can be used to purchase the products on JD.com; |
| “Kangnian Technology” | 深圳市康年科技有限公司 (Shenzhen Kangnian Technology Co., Ltd.), a limited liability company established in the PRC; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |

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| “Order Amount” | means the total amount of the User’s order to purchase the products of Kangnian Technology through the e-Platform of Shenzhen Colour Life Network every calendar month; |
| “PRC” | the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Shareholders” | shareholders of the Company; |
| “Shenzhen Colour Life Network” | 深圳市彩生活網絡服務有限公司 (Shenzhen Colour Life Network Service Co., Ltd.), a limited liability company established in the PRC and is an indirect wholly-owned subsidiary of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Users” | registered users of the e-platforms of the Group; and |
| “%” | per cent. |

By order of the Board
Colour Life Services Group Co., Limited
PAN JUN
Chairman

Hong Kong, 22 June 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. PAN Jun, Mr. CHEN Xinyu and Mr. ZHU Guogang as executive directors; Mr. WU Qingbin, Mr. ZHENG Hongyan and Ms. SUN Dongni as non-executive directors; and Mr. TAM Chun Hung, Anthony, Mr. XU Xinmin and Mr. ZHU Wuxiang as independent non-executive directors.