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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Colour Life Services Group Co., Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)**

**CONNECTED TRANSACTION**  
**SUBSCRIPTION OF SHARES BY A CONNECTED PERSON**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee**  
**and the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 3 to 10 of this circular. A letter from the Independent Board Committee is set out on pages 11 to 12 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 24 of this circular. A notice convening the EGM to be held on Friday, 23 August 2019 at 9:00 a.m. at Ball Room, 6/F, Ramada Plaza Shenzhen North, 88-1 Meilong Road and Minzhi Road, Longhua District, Shenzhen, People's Republic of China is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

8 August 2019

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Company”	Colour Life Services Group Co., Limited, a company incorporated in the Cayman Islands, the securities of which are listed on the main board of the Stock Exchange;
“connected person”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company from time to time;
“EGM”	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the board of Directors, comprising the independent non-executive Directors, which has been formed to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder;

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## DEFINITIONS

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“Independent Shareholders”	shareholders of the Company other than Mr. Zhou Hongyi and his associates;
“Latest Practicable Date”	7 August 2019;
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Qifei International Development Co., Limited, a company incorporated in the Hong Kong;
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 19 July 2019 entered into between the Company and the Subscriber in relation to the subscription of 22,956,000 new Shares;
“Subscription Price”	HK\$5.22 per Share;
“Subscription Shares”	22,956,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement;
“Volga Subscription”	the subscription of 71,149,000 new Shares by Volga Innovation Limited under the general mandate pursuant to an agreement entered into on the same date as the Subscription Agreement; and
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Tang Xuebin

Mr. Dong Dong

Mr. Huang Wei

*Non-Executive Directors:*

Mr. Pan Jun

Mr. Zhou Hongyi

*Independent Non-Executive Directors:*

Mr. Tam Chun Hung, Anthony

Dr. Liao Jianwen

Mr. Xu Xinmin

*Registered Office:*

Cricket Square, Hutchins Drive

Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head office and principal place of  
Business in Hong Kong:*

Room 1202-03, New World Tower I

16-18 Queen's Road Central

Hong Kong

8 August 2019

*To the Shareholders*

Dear Sir/Madams,

### CONNECTED TRANSACTION

### SUBSCRIPTION OF SHARES BY A CONNECTED PERSON

Reference is made to the announcement of the Company dated 19 July 2019 in respect of the subscription of 22,956,000 new Shares by the Subscriber (the “**Subscription**”) and the subscription of 71,149,000 new Shares in the Company by Volga Innovation Limited under the Volga Subscription. The Subscription constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders.

The purpose of this circular is to provide you with, among other things, (i) further details about the Subscription Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to both the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM.

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## LETTER FROM THE BOARD

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### THE SUBSCRIPTION AGREEMENT

Date: 19 July 2019

#### Parties

- (a) the Company
- (b) the Subscriber

#### Subscription Shares

22,956,000 new Shares, representing approximately 1.64% of the existing issued share capital of the Company, and approximately 1.61% of the issued share capital of the Company as enlarged by the Subscription.

#### Subscription Price

The Subscription Price of HK\$5.22 per Subscription Share was arrived at after arm's length negotiations between the Subscriber and the Company with reference to the recent market price of the Shares.

The Subscription Price represents:

- (i) a premium of approximately 6.31% over the closing price of HK\$4.91 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 4.22% to the closing price of HK\$5.45 per Share as quoted on the Stock Exchange on the day of the Subscription Agreement;
- (iii) a discount of approximately 3.51% to the closing price of HK\$5.41 per Share as quoted on the Stock Exchange on 18 July 2019, the last trading day immediately preceding the date of the Subscription Agreement;
- (iv) a discount of approximately 6.95% to the average closing price of HK\$5.61 per Share as quoted on the Stock Exchange for the last five trading days up to and including 18 July 2019; and
- (v) a discount of approximately 5.67% to the average closing price of HK\$5.534 per Share as quoted on the Stock Exchange for the last five trading days up to and including 18 July 2019.

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## LETTER FROM THE BOARD

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The Subscription Shares have a nominal value of HK\$2,295,600 and a market value of HK\$125,110,200, based on the closing price of HK\$5.45 per Share on the date of the Subscription Agreement. After deducting expenses relating to the Subscription, the net price per Subscription Share is approximately HK\$5.20.

### **Conditions of the Subscription Agreement**

Completion of the Subscription is conditional upon:

- (i) the Independent Shareholders having approved the Subscription and the allotment and issue of the Subscription Shares at the EGM; and
- (ii) the approval for the listing of, and permission to deal in, the Subscription Shares having been granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of the definitive share certificate(s) representing the Subscription Shares).

If the conditions to the Subscription are not fulfilled on or before 30 September 2019 (or such later date as may be agreed between the parties), the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

### **Application for Listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Ranking of the Subscription Shares and Lock-up**

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distribution declared, paid or made on or after the date of completion of the Subscription.

Pursuant to the terms of the Subscription Agreement, the Subscriber has undertaken not to dispose of the Subscription Shares for a period of 6 months from Completion.

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## LETTER FROM THE BOARD

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### Completion

Subject to fulfillment of the conditions of the Subscription Agreement, completion of the Subscription will take place on the third Business Day (or such later date as the parties may agree in writing) after the date when the conditions of the Subscription Agreement are satisfied.

### Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

### EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there is no change to the issued share capital of the Company and the interests of the substantial shareholders of the Company between the date of the Subscription Agreement and Completion, the effect on the shareholding structure of the Company will be as follows:

Shareholder	Shareholding as at the date of the Subscription Agreement		Shareholding after completion of the Volga Subscription (Note)		Shareholding after completion of the Subscription and the Volga Subscription	
	Shares	% of shareholding	Shares	% of shareholding	Shares	% of shareholding
	Fantasia Holdings Group Co., Limited	735,456,782	55.35	735,456,782	52.54	735,456,782
Splendid Fortune Enterprises Limited	217,031,477	16.33	217,031,477	15.50	217,031,477	15.25
Volga Innovation Limited	–	–	71,149,000	5.08	71,149,000	5.00
The Subscriber and associates	20,502,000	1.54	20,502,000	1.46	43,538,000	3.05
Other public shareholders	<u>355,649,863</u>	<u>26.77</u>	<u>355,649,863</u>	<u>25.41</u>	<u>355,649,863</u>	<u>25.00</u>
<b>Total</b>	<b><u>1,328,640,122</u></b>	<b><u>100%</u></b>	<b><u>1,399,789,122</u></b>	<b><u>100%</u></b>	<b><u>1,422,745,122</u></b>	<b><u>100%</u></b>

*Note:* The Volga Subscription was carried out under the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 22 May 2019. The Volga Subscription and the Subscription are not inter-conditional and the Volga Subscription was completed on 29 July 2019.



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## LETTER FROM THE BOARD

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### CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save for the Volga Subscription which was entered on the same date as the Subscription Agreement, the Company has not carried out any other equity capital raising activities in the 12 months immediately preceding the Latest Practicable Date.

Under the Volga Subscription, Volga Innovation Limited subscribed for 71,149,000 new Shares at HK\$5.22 per Share. Such Shares are to be issued pursuant to the general mandate granted by the Shareholders to the Directors at the annual general meeting held on 22 May 2019. The proceeds from the Volga Subscription is approximately HK\$370 million and will be applied by the Company for development and general working capital purposes.

### INFORMATION ON THE PARTIES

The Subscriber is principally engaged in the investment management business. The Subscriber is an indirect wholly owned subsidiary of 三六零安全科技股份有限公司 (“**360.com**”), a company established in the People’s Republic of China, the shares of which are listed on the Shanghai Stock Exchange, 360.com is the largest internet and mobile technology provider in the PRC. 360.com is controlled as to approximately 63.7% by Mr. Zhou Hongyi (“**Mr. Zhou**”), a non-executive Director. The Subscriber is therefore an associate of Mr. Zhou and is a connected person of the Company.

The Company is principally engaged in the business of property management and the provision of related on-line added value services.

### REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Subscription will enable the Company to raise fund and foster cooperation with 360.com in widely applying the technologies such as core security capacity, big data, IoT and artificial intelligence to the community security segment, so as to effectively enhance the brand recognition and influence of the Second Subscriber in urban and community security, laying a solid foundation for establishing urban security nexus and creating “macro-security” industrial ecosphere.

The Group has in recent years evolved from being a traditional property management company into a community platform-based enterprise. Through the use of communication technology, the Group has introduced value-added services and transformed itself from “property management” to “internet + community” and from “managing property” to “serving people”, thereby effectively linking residents of the communities under the Group’s management with different commodities and service providers, so as to provide the best service for the millions of residents in the communities under the Group’s management.

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## LETTER FROM THE BOARD

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As at 31 December 2018, the service area of the Company's "Caizhiyun" platform reached 1,122.3 million sq.m. and covering more than 5,000 communities. The number of registered users in the Company's ecosystem exceeded 26.4 million, with active users reached 14.0 million. By using property management service as a base, the Group developed a link with homeowners, where the Group has been expanding the property based ecosystem to that of a B2F (Business to Family) ecosystem that meets the diversified demand of homeowners' families. In 2018, the transaction amount of the "Caizhiyun" platform reached RMB9,448 million, representing a year-on-year increase of approximately 24.1%.

Owing to the scale of the platform services of the Group and its fast development, the Company needs to seek cooperation with a leading enterprise in the field of security and data protection to enhance the security of the Group's platform operation and for future business development. 360.com is the largest internet and mobile technology provider in the PRC. It integrates more than 20 kinds of security protection methods such as resource isolation, data encryption and security hardening, to provide security solutions to its partners. The Company considers that the cooperation with 360.com could help the Group to enhance the operational security of its online platforms as well as improving the quality and efficiency of its offline services.

Moreover, as a leading internet security company, 360.com enjoys very high market recognition and serves a wide range of customers including banks, large-scale enterprises and government agencies. The strategic increase in its shareholding in the Company is expected to greatly enhance the market visibility of the Company and create good brand endorsement of the Company's operations.

The net proceeds from the Subscription in the amount of approximately HK\$119.4 million is expected to be applied by the Company for development and general working capital purposes, with details as follows:

- (i) approximately 25% (approximately HK\$29.9 million) will be used for the development of the Group's online platform, namely Caizhiyun (including application development, cloud service procurement, big data building, security system and artificial intelligent technology development);
- (ii) approximately 70% (approximately HK\$84.0 million) will be used for the purchase of IoT equipment/system, such as face recognition access control, elevators monitoring system, video surveillance system, facility equipment sensor and IoT gateway/extranet; and
- (iii) approximately 5% (approximately HK\$5.5 million) will be used for general working capital purposes.

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## LETTER FROM THE BOARD

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As at 31 December 2018, the Company had cash balance of approximately RMB2.67 billion, which were used by the Company as to approximately RMB1.14 billion for the repayment of certain indebtedness of the Group, as to approximately RMB210 million for the payment of dividend to the Shareholders, and the balance will be applied as general working capital to support the daily operation of the Group which covers over 260 cities in the PRC, and as reserve.

### LISTING RULES IMPLICATION

As the Subscriber is a company controlled by Mr. Zhou, a non-executive Director, the Subscription constitutes a connected transaction for the Company and is subject to the approval by the Independent Shareholders at the EGM to be convened to approve the Subscription.

Mr. Zhou is interested in the Subscription and has abstained from voting at the Board meeting held to approve the Subscription.

### GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Shareholders on the terms of the Subscription. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### THE EGM

The EGM will be held at Ball Room, 6/F, Ramada Plaza Shenzhen North, 88-1 Meilong Road and Minzhi Road, Longhua District, Shenzhen, People's Republic of China on Friday, 23 August 2019 at 9:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Mr. Zhou and his associates held in aggregate 20,502,000 Shares, representing approximately 1.46% of the issued share capital of the Company. Mr. Zhou and his associates will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the Agreement and the transactions contemplated thereunder. Save for Mr. Zhou and his associates, no other Shareholder has any material interest in the Subscription and would be required to abstain from voting for the resolution to be proposed at the EGM in respect of the Subscription Agreement and the transactions contemplated thereunder.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

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## LETTER FROM THE BOARD

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You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

### RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 11 to 12 of this circular and the letter from Gram Capital set out on pages 13 to 24 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Subscription Agreement and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Gram Capital, is of the opinion that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Subscription is in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Subscription is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Colour Life Services Group Co., Limited**  
**TANG Xuebin**  
*Executive Director and Chief Executive Officer*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

8 August 2019

*To the Independent Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION**  
**SUBSCRIPTION OF SHARES BY A CONNECTED PERSON**

We refer to the circular of the Company dated 8 August 2019 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Subscription Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and whether the entering into of the Subscription is in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed as the Independent Financial Adviser to advise us and you in this respect.

We have considered the various details of the Subscription, in particular, the reasons for the Subscription and the effect thereof. We have also reviewed the advice given by Gram Capital on the terms of the Subscription Agreement and the transactions contemplated thereunder as set out in their letter reproduced on pages 13 to 24 of the Circular.

Having considered the information set out in the letter from the Board and taking into account the advice from Gram Capital, we consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the Subscription is in the interests of the Company and the Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,

**Mr. Tam Chun Hung, Anthony**

**Dr. Liao Jianwen**

**Mr. Xu Xinmin**

*Independent Board Committee*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

8 August 2019

*To: The independent board committee and the independent shareholders of  
Colour Life Services Group Co., Limited*

Dear Sir/Madam,

### **CONNECTED TRANSACTION SUBSCRIPTION OF SHARES BY A CONNECTED PERSON**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 8 August 2019 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 19 July 2019, the Company entered into a subscription agreement with Volga Innovation Limited (an independent third party to the Company), pursuant to which Volga Innovation Limited agreed to subscribe 71,149,000 new Shares at the Subscription Price of HK\$5.22 per Share. On the even date, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber agreed to subscribe 22,956,000 new Shares at the Subscription Price of HK\$5.22 per Share. The Subscription Shares represent approximately 1.64% of the existing share capital of the Company and approximately 1.61% of the Company’s issued share capital as enlarged by the issue of the Subscription Shares.

With reference to the Board Letter, the Subscription constitutes a connected transaction for the Company and is subject to the approval by the Independent Shareholders at the EGM.

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## LETTER FROM GRAM CAPITAL

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The Independent Board Committee comprising Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Subscription is conducted in the ordinary and usual course of the business of the Company and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Subscription at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Subscription. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.



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## LETTER FROM GRAM CAPITAL

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Subscriber or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Subscription. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Subscription, we have taken into consideration the following principal factors and reasons:

#### **1. Background of and reasons for the Subscription**

##### ***Information on the Group***

With reference to the Board Letter, the Company is principally engaged in the business of property management and the provision of related on-line added value services.

With reference to the Company's annual report for the year ended 31 December 2018 (the "**2018 Annual Report**"), the Group has three main businesses:

- I. Property management services, which primarily include: (i) provision of services to communities under commission basis; (ii) provision of services to communities under lump sum basis; (iii) provision of pre-sale services to property developers; and (iv) provision of consultancy services to property management companies.

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## LETTER FROM GRAM CAPITAL

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- II. Community leasing, sales and other value-added services, which primarily include: (i) provision of online promotion services; (ii) provision of sales and rental assistance services; and (iii) provision of other value-added services.
- III. Engineering services, which primarily include: (i) provision of equipment installation services; (ii) provision of repair and maintenance services; (iii) automation and other equipment upgrade services through the Group's equipment leasing program; and (iv) provision of energy-saving services.

Set out below is a summary of the audited consolidated financial information on the Group for each of the two years ended 31 December 2018 as extracted from the 2018 Annual Report:

	For the year ended 31 December 2018 RMB'000	For the year ended 31 December 2017 RMB'000	Year on year change %
Revenue	3,613,658	1,628,698	121.87
– Property management services	3,064,059	1,231,285	148.85
– Value-added services	408,419	276,804	47.55
– Engineering services	141,180	120,609	17.06
Gross profit	1,282,480	730,678	75.52
Profit for the year	518,027	350,649	47.73

As depicted from the above table, the Group recorded substantial increase in revenue, gross profit and profit for the year ended 31 December 2018 (“**FY2018**”) as compared to those for the year ended 31 December 2017 (“**FY2017**”).

With reference to the 2018 Annual Report and as advised by the Directors, the aforesaid increase in the Group's revenue was primarily driven by (i) increase in the total revenue-bearing gross floor area managed by the Group; and (ii) development of the Group's value-added services business. The aforesaid increase in gross profit and profit were in line with the growth of revenue in all businesses.

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## LETTER FROM GRAM CAPITAL

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With reference to the 2018 Annual Report and as advised by the Directors, the Group focuses on setting up offline and online service platform via the internet and effectively linking residents of the community with different commodities and service providers, so as to provide the best service for the residents of the community. Following the in-depth implementation of smart community construction, the Group is undergoing transformation into a technology service-oriented modern service enterprise. Such transformation was primarily embodied in the fact that the Group actively acquires new technology brought on by the development of the internet and focuses on the investment in intelligent equipment.

### ***Information on the Subscriber***

With reference to the Board Letter, the Subscriber is principally engaged in the investment management business. The Subscriber is an indirect wholly owned subsidiary of 360.com, a company established in the People's Republic of China, the shares of which are listed on the Shanghai Stock Exchange. 360.com is a sizeable and reputable internet and mobile technology provider in the PRC. 360.com is controlled as to approximately 63.7% by Mr. Zhou, a non-executive Director. The Subscriber is therefore an associate of Mr. Zhou and is a connected person of the Company.

### ***Reasons for and benefits of the Subscription and use of proceeds***

With reference to the Board Letter, the Subscription will enable the Company to raise fund and foster cooperation with 360.com in widely applying the technologies such as core security capacity, big data, Internet-of-Things (IoT) and artificial intelligence to the community security segment, so as to effectively enhance the brand recognition and influence of the Subscriber in urban and community security, laying a solid foundation for establishing urban security nexus and creating "macro-security" industrial ecosphere.

As aforementioned, following the in-depth implementation of smart community construction, the Group is undergoing transformation into a technology service-oriented modern service enterprise. Such transformation was primarily embodied in the fact that the Group actively acquires new technology brought on by the development of the internet and focuses on the investment in intelligent equipment. Therefore, the cooperation with 360.com is in-line with the Group's development strategy.

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## LETTER FROM GRAM CAPITAL

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With reference to the Board Letter, owing to the scale of the platform services of the Group and its fast development, the Company needs to seek cooperation with a leading enterprise in the field of security and data protection to enhance the security of the Group's platform operation and for future business development. 360.com is a sizeable and reputable internet and mobile technology provider in the PRC. It integrates more than 20 kinds of security protection methods, such as resource isolation, data encryption and security hardening, to provide security solutions to its partners. The Company considers that the cooperation with 360.com can help the Group to enhance the operational security of its online platforms as well as improving the quality and efficiency of its offline services.

Moreover, as a leading internet security company, 360.com enjoys very high market recognition and serves a wide range of customers including banks, large-scale enterprises and government agencies. The strategic increase in its shareholding in the Company through the Subscription is expected to greatly enhance the market visibility of the Company and create good brand endorsement of the Company's operations.

With reference to the Board Letter, the net proceeds from the Subscription is expected to be approximately HK\$119.4 million (the "**Net Proceeds**") and the Company intends to apply the Net Proceeds for development and general working capital purposes.

Upon our enquiry, the Directors advised us that the Company intends to apply:

- (i) approximately 25% of the Net Proceeds (approximately HK\$29.9 million) for the development of the Group's online platform, namely, Caizhiyun (including application development, cloud service procurement, big data building, security system and artificial intelligence development);
- (ii) approximately 70% of the Net Proceeds (approximately HK\$84.0 million) for the purchase of IoT equipment/system such as face recognition access control, elevators monitoring system, video surveillance system, facility equipment sensor and IoT gateway/extranet; and
- (iii) approximately 5% of the Net Proceeds (approximately HK\$5.5 million) for general working capital purposes.

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## LETTER FROM GRAM CAPITAL

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With reference to the 2018 Annual Report, the Group is actively building up its online platform, namely, Caizhiyun, for its community services, and migrating functions such as paying property management fees, ordering repair and maintenance services, issuing notices and submitting complaints from a traditional offline approach to the online platform. In FY2018, the Group also continued to carry out the internet-based transformation to the projects under its management. It strengthens the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, QR code/face recognition access control, vehicle license recognition system in car park etc., so as to realise centralized management control, replacing labour with equipment, saving energy and duty, enhancing efficiency and service quality. Secondly, a community service platform is established through connecting communities to the Group's headquarter cloud system.

With reference to the Board Letter, as at 31 December 2018, the Company had cash balance of approximately RMB2.67 billion, which were used by the Company as to approximately RMB1.14 billion for the repayment of certain indebtedness of the Group, as to approximately RMB210 million for the payment of dividend to the Shareholders, and the remaining balance will be applied as general working capital to support the daily operation of the Group which covers over 260 cities in the PRC, and as reserve.

Given the above, the Net Proceeds can serve as additional fund to facilitate the Group's business development according to its business strategy.

Having considered:

- (i) the cooperation with 360.com is in-line with the Group's development strategy; and
- (ii) the Net Proceeds from the Subscription can serve as additional fund to facilitate the Group's business development according to its business strategy,

we are of the view that, although the Subscription is not conducted in the ordinary and usual course of business of the Company, the Subscription is in the interests of the Company and the Shareholders as a whole.

### **2. Principal terms of the Subscription Agreement**

On 19 July 2019, the Company and the Subscriber entered into the Subscription Agreement in respect of the subscription of the Subscription Shares.

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## LETTER FROM GRAM CAPITAL

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### *Subscription Price*

With reference to the Board Letter, the Subscription Price of HK\$5.22 per Subscription Share was arrived at after arm's length negotiations between the Subscriber and the Company with reference to the recent market price of the Shares.

The Subscription Price represents:

- (i) a premium of approximately 6.31% over the closing price of HK\$4.91 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 4.22% to the closing price of HK\$5.45 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (iii) a discount of approximately 3.51% to the closing price of HK\$5.41 per Share as quoted on the Stock Exchange on 18 July 2019, the last trading day immediately preceding the date of the Subscription Agreement;
- (iv) a discount of approximately 6.95% to the average closing price of HK\$5.61 per Share as quoted on the Stock Exchange for the last five trading days up to and including 18 July 2019; and
- (v) a discount of approximately 5.67% to the average closing price of HK\$5.534 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 18 July 2019.

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## LETTER FROM GRAM CAPITAL

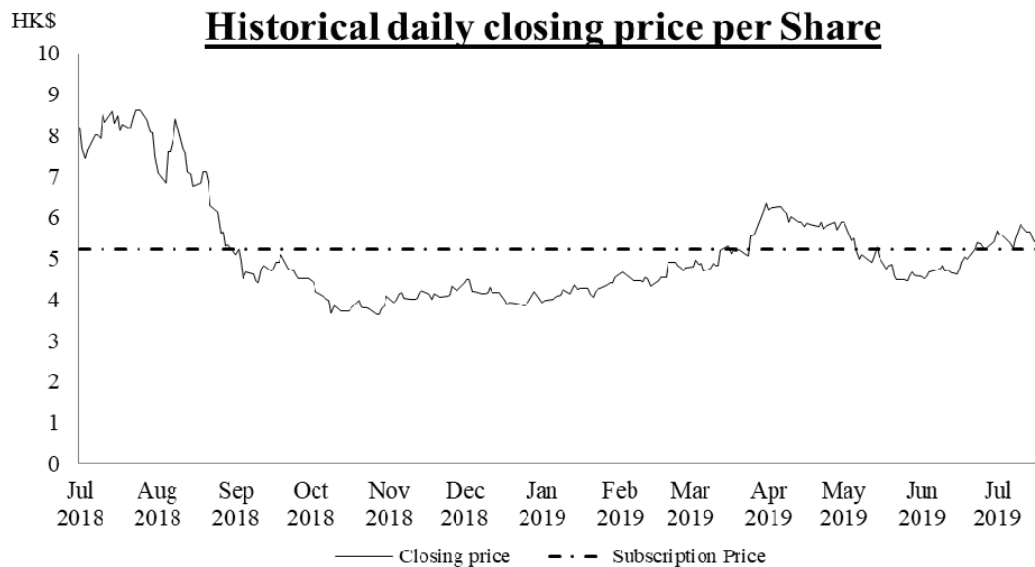
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### *Analysis on the Subscription Price*

In order to assess the fairness and reasonableness of the Subscription Price, we conducted the following analysis:

a) Share price performance

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 3 July 2018 to 19 July 2019, being approximate one year up to and including the date of Subscription Agreement (the “**Review Period**”) which is commonly used for analysis purpose, to illustrate the general trend and level of movement of the closing prices of the Shares:



Source: the Stock Exchange's website

During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$8.63 per Share recorded on 26 July 2018 and HK\$3.65 recorded on 29 October 2018 and 30 October 2018 respectively. The Subscription Price is within the closing price range of the Shares during the Review Period.

As depicted from the above chart, the closing prices of the Shares formed a sliding trend from July 2018 to October 2018. Subsequently, the closing price of the Shares gradually recovered to HK\$6.33 as at 2 April 2019. Thereafter, the closing price of the Shares fluctuated up to the end of the Review Period.

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## LETTER FROM GRAM CAPITAL

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### b) Comparables

As part of our analysis, we also identified subscription of new shares under specific mandate for cash (the “**Subscription Comparables**”) which were announced by listed companies in Hong Kong from 1 January 2019 up to 19 July 2019, being an approximate half-year period up to and including the date of Subscription Agreement. The approximate half-year timeframe was adopted to demonstrate the recent market trends with sufficient and representative number of Subscription Comparables. To the best of our knowledge and as far as we are aware of, we found 20 transactions which met the said criteria. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Subscription Comparables.

Company name (stock code)	Date of announcement	Premium/(discount) of the issue price over/(to) closing price per share on/prior to the date of agreement in relation to the respective subscription of shares %
Shunfeng International Clean Energy Limited (1165)	9 January 2019	(58.85) <i>(Note)</i>
TUS International Limited (872)	11 January 2019	(14.31)
Beijing Enterprises Water Group Limited (371)	18 January 2019	Nil
Panda Green Energy Group Limited (686)	20 January 2019	(23.08)
Sun International Group Limited (8029)	14 February 2019	8.77
IBO Technology Company Limited (2708)	17 February 2019	(6.25)
Yuexiu Property Company Limited (123)	27 February 2019	21.95
NagaCorp Ltd. (3918)	14 April 2019	28.89
Chong Kin Group Holdings Limited (1609)	15 April 2019	(7.89)
Pearl Oriental Oil Limited (632)	16 April 2019	(83.61) <i>(Note)</i>
ZH International Holdings Limited (185)	2 May 2019	11.76
CSmall Group Limited (1815)	6 May 2019	76.47
Alibaba Health Information Technology Limited (241)	23 May 2019	(2.34)
Common Splendor International Health Industry Group Limited (286)	28 May 2019	(20.00)
China Singyes Solar Technologies Holdings Limited (750)	5 June 2019	(7.07)
Royale Furniture Holdings Limited (1198)	5 June 2019	6.25
FDG Electric Vehicles Limited (729)	30 June 2019	(10.00)
Value Convergence Holdings Limited (821)	1 July 2019	(18.18)
Glory Sun Financial Group Limited (1282)	10 July 2019	(16.67)
DTXS Silk Road Investment Holdings Company Limited (620)	16 July 2019	(17.88)
<b>Maximum</b>		76.47
<b>Minimum</b>		(83.61)
<b>Average</b>		(6.60)
<b>Maximum (excluding outliers)</b>		28.89
<b>Minimum (excluding outliers)</b>		(23.08)
<b>Average (excluding outliers)</b>		(3.89)
<b>The Subscription</b>		<b>(4.22)</b>



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## LETTER FROM GRAM CAPITAL

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*Note:* Based on the closing price per share of the company on the last trading day prior to the date of agreement(s) in relation to the transaction.

We noted from the above table that the subscription prices of the Subscription Comparables (excluding Shunfeng International Clean Energy Limited (stock code: 1165), Pearl Oriental Oil Limited (stock code: 632) and CS Mall Group Limited (stock code: 1815) which are considered to be outliers) ranged from a discount of approximately 23.08% to a premium of approximately 28.89% to/over the respective closing prices of their shares on/prior to the date of agreement in relation to the respective subscription of new shares under specific mandate (the “**Discount/Premium Market Range**”), with an average discount of approximately 3.89%. Accordingly, the discount of the Subscription Price to the closing price of the Shares on the date of Subscription Agreement falls within the Discount/Premium Market Range and is close to its average.

Having considered the above and that the Subscription Price is within the closing price range of the Shares during the Review Period, we consider the Subscription Price to be fair and reasonable.

### ***Mandate to issue the Subscription Shares***

With reference to the Board Letter, the Subscription Shares will be allotted and issued pursuant to the specific mandate proposed to be sought from the Independent Shareholders at the EGM.

Detailed terms and conditions of the Subscription Agreement are set out under the section headed “THE SUBSCRIPTION AGREEMENT” of the Board Letter.

Taking into account the principal terms of the Subscription (including the Subscription Price) as highlighted above, we are of the view that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

### **3. Possible dilution effect on the shareholding interests of the public Shareholders**

With reference to the shareholding table in the section headed “EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION” of the Board Letter, the shareholding interests of the other public Shareholders after completion of the Volga Subscription would be diluted by approximately 0.41 percentage point as a result of the Subscription. In this regard, taking into account (i) the reasons for and benefits of the Subscription; and (ii) the terms of the Subscription Agreement being fair and reasonable, we are of the view that the said level of dilution to the shareholding interests of the public Shareholders as a result of the Subscription is justifiable.

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## LETTER FROM GRAM CAPITAL

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### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription is not conducted in the ordinary and usual course of business of the Company, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Subscription and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### a. Long position in the Shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Tang Xuebin	Interest in controlled corporation <sup>(1) and (2)</sup>	952,488,259	68.05%
	Beneficial owner <sup>(3)</sup>	1,598,940	0.11%
	Family interest <sup>(4)</sup>	450,000	0.03%
		954,537,199	68.19%
Mr. Dong Dong	Beneficial owner <sup>(3)</sup>	1,526,300	0.11%
Mr. Huang Wei	Beneficial owner <sup>(3)</sup>	500,000	0.04%
Mr. Pan Jun	Beneficial owner <sup>(3)</sup>	1,755,440	0.13%
Mr. Zhou Hongyi	Beneficial owner <sup>(3)</sup>	560,000	0.04%
	Interest in controlled corporation	20,502,000	1.46%
Mr. Tam Chun Hung, Anthony	Beneficial owner <sup>(3)</sup>	710,000	0.05%
Dr. Lian Jianwen	Beneficial owner <sup>(3)</sup>	710,000	0.05%
Mr. Xu Xinmin	Beneficial owner <sup>(3)</sup>	710,000	0.05%

*Notes:*

- (1) Mr. Tang Xuebin (“Mr. Tang”) is interested in 43.34% shares in Colour Success Limited (“Colour Success”) which wholly owns Splendid Fortune Enterprise Limited (“Splendid Fortune”). Mr. Tang is therefore deemed to be interested in the 217,031,477 shares of the Company held by Splendid Fortune for the purpose of Part XV of the SFO as at 31 December 2018.
- (2) Under a concert party agreement dated 29 June 2015 entered into between Fantasia Holdings Group Co., Limited (“Fantasia Holdings”) and Splendid Fortune (“Concert Party Agreement”), each of Fantasia Holdings and Splendid Fortune is taken to be interested in the shares of the Company in which each other is interested for the purpose of Part XV of the SFO. As such, Mr. Tang is also deemed to be interested in the 503,956,782 shares of the Company in which Fantasia Holdings is interested for the purpose of Part XV of the SFO.
- (3) These are share options granted to the Directors of the Company under the Share Option Scheme (details of which are stated under the subsection headed “Share Option Scheme” below).
- (4) The 450,000 shares are beneficially owned by Ms. Dai Minglei, who is the spouse of Mr. Tang.

**b. Long position in the shares and underlying shares of the associated corporations of the Company**

Name of director	Name of associated corporation	Capacity/nature of interest	Equity interest/ number of underlying shares	Approximate percentage of shareholding
Mr. Pan Jun	Shenzhen Caizhiyun Network Technology Co., Ltd. (“Shenzhen Caizhiyun Network”) <sup>(1)</sup>	Beneficial owner	RMB7,000,000	70%
	Fantasy Pearl International Limited (“Fantasy Pearl”) <sup>(2)</sup>	Interest of controlled corporation	20	20%
	Fantasia Holdings <sup>(3)</sup>	Beneficial owner	9,980,000	0.71%
Mr. Tang Xuebin	Shenzhen Caizhiyun Network	Beneficial owner	RMB3,000,000	30%
	Fantasia Holdings <sup>(3)</sup>	Beneficial owner	1,640,000	0.12%
Mr. Dong Dong	Fantasia Holdings <sup>(3)</sup>	Beneficial owner	560,000	0.04%

*Notes:*

- (1) Shenzhen Caizhiyun Network is owned as to 70% by Mr. Pan Jun (“Mr. Pan”) and 30% by Mr. Tang. The financial results of Caizhiyun Network have been consolidated and accounted for as a subsidiary of the Company by virtue of various structured contracts, details of which are disclosed in the section headed “History, Reorganisation and the Group Structure” in the Company’s prospectus dated 17 June 2014.

- (2) Fantasy Pearl is owned as to 80% by Ice Apex Limited (“Ice Apex”) and 20% by Graceful Star Overseas Limited (“Graceful Star”), which is wholly owned by Mr. Pan.
- (3) These represent share options granted by Fantasia Holdings subject to vesting schedules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

**c. Interests in assets**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

**d. Interests in contracts**

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

**e. Interests in competing business**

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors and their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**f. Directors’ service contracts**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity	Number of Shares held	Approximate percentage of shareholding
Ms. Zeng Jie, Baby	Interest of controlled corporation	954,659,259	68.20%
Ice Apex	Interest of controlled corporation	954,659,259	68.20%
Fantasy Pearl	Beneficial owner <sup>(1) and (2)</sup>	2,171,000	0.16%
	Interest of controlled corporation	952,488,259	68.05%
Fantasia Holdings	Beneficial owner <sup>(1)</sup>	735,456,782	52.54%
Splendid Fortune	Beneficial owner <sup>(3)</sup>	217,031,477	15.50%
Colour Success	Interest of controlled corporation <sup>(3) and (4)</sup>	720,988,259	51.51%

*Notes:*

- (1) Fantasia Holdings is owned as to 57.47% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng Jie, Baby, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings for the purpose of Part XV of the SFO.
- (2) Under the Concert Party Agreement, each of Fantasia Holdings and Splendid Fortune is taken to be interested in the shares of the Company in which each other is interested for the purpose of Part XV of the SFO. As such, Fantasia Holdings, Fantasy Pearl, Ice Apex and Ms. Zeng Jie, Baby are also deemed to be interested in the shares of the Company in which Splendid Fortune is interested for the purpose of Part XV of the SFO.
- (3) Splendid Fortune is wholly owned by Colour Success, which is in turn owned as to 43.34% by Mr. Tang, 13.33% by Mr. Dong Dong, 13.33% by Mr. Ye Hui, 13.33% by Mr. Guan Jiandong, 13.33% by Mr. Chang Rong and 3.34% by Mr. Wang Xuliang, respectively.
- (4) Under the Concert Party Agreement, each of Fantasia Holdings and Splendid Fortune is taken to be interested in the shares of the Company in which each other is interested for the purpose of Part XV of the SFO. As such, Splendid Fortune and Colour Success are also deemed to be interested in the shares of the Company in which Fantasia Holdings is interested for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executives of the Company were not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

Mr. Pan is a director of Fantasia Holdings. Mr. Tang and Mr. Dong Dong are directors of Splendid Fortune. Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. MATERIAL LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

#### **5. EXPERT'S QUALIFICATIONS AND CONSENT**

- a. The following is the qualification of the expert who has given opinions, letters or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- b. The above expert has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.
- c. As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- d. As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any asset which has been, since 31 December 2018, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

## **6. MATERIAL ADVERSE CHANGE**

The Directors confirm that there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group was made up, to and including the Latest Practicable Date.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours at Room 1202-03, New World Tower I, 16-18 Queen's Road Central, Hong Kong, from the date of this circular, up to and including the date of the EGM:

- a. the memorandum and articles of association of the Company;
- b. the letter from the Independent Board Committee to the Independent Shareholders dated 8 August 2019;
- c. the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders;
- d. the consent letter issued by the expert referred to in the paragraph headed "Expert's Qualifications and Consent" in this appendix;
- e. the Subscription Agreement; and
- f. this circular.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of Colour Life Services Group Co., Limited (the “**Company**”) will be held at 9:00 a.m. on Friday, 23 August 2019 at Ball Room, 6/F, Ramada Plaza Shenzhen North, 88-1 Meilong Road and Minzhi Road, Longhua District, Shenzhen, People’s Republic of China for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

**“THAT:**

- (a) the subscription agreement (the “**Subscription Agreement**”) dated 19 July 2019 entered into between Qifei International Development Co., Limited (the “**Subscriber**”), pursuant to which the Subscriber agreed to subscribe 22,956,000 new ordinary shares of HK\$0.10 each (the “**Subscription Shares**”) in the share capital of the Company at HK\$5.22 per Share, and a copy of which having been produced to this meeting and marked “**A**” and initialed by the chairman of this meeting for the purpose of identification, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue of the Subscription Shares to the Subscriber be and is hereby approved and confirmed; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) any one or more directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents, and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Subscription Agreement and completing the transactions contemplated thereby.”

Yours faithfully,

For and on behalf of the Board

**Colour Life Services Group Co., Limited**

彩生活服務集團有限公司

**TANG Xuebin**

*Executive Director and Chief Executive Director*

Hong Kong, 8 August 2019

*Registered office:*

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Principal Place of Business in Hong Kong:*

Room 1202-03, New World Tower I

16-18 Queen's Road Central

Hong Kong

*Notes:*

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and of the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. On a show of hands every shareholder who is present in person or by proxy shall have one vote. In the case of a poll, every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
  
4. For determining the qualification as shareholders of the Company to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, 19 August to Friday, 23 August 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify as shareholders to attend and vote at the EGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 August 2019.