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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)**

### **REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION**

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

Reference is made to the announcement of the Company dated 29 December 2016 in relation to the continuing connected transactions under the Pre-delivery Property Management Services Agreement.

On 27 December 2019, Shenzhen Colour Life Property Management, a wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Shenzhen Fantasia to revise the annual cap of the continuing connected transactions for the year ending 31 December 2019 under the Pre-delivery Property Management Services Agreement.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the revised annual cap under the Pre-delivery Property Management Services Agreement on an annual basis is more than 0.1% but less than 5%, the revision to the annual cap is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 29 December 2016 in relation to, among others, the continuing connected transactions under the Pre-delivery Property Management Services Agreement.

## **THE PRE-DELIVERY PROPERTY MANAGEMENT SERVICES AGREEMENT**

On 29 December 2016, Shenzhen Colour Life Property Management, a wholly-owned subsidiary of the Company, entered into a pre-delivery property management services framework agreement with Shenzhen Fantasia pursuant to which Shenzhen Colour Life Property Management agreed to provide pre-delivery property management services including (a) the provision of on-site security, cleaning and other related services to the newly developed projects of Shenzhen Fantasia, as well as the provision of customer services to the property sales centre of the Fantasia Group, including concierge services, customer car parking management services at the pre-sale stage of the projects; and (b) the provision of operation and management services during the pre-delivery stage for the unsold portion of the developments of the Fantasia Group. The Pre-delivery Property Management Services Agreement has a term ending on 31 December 2019.

The fees charged by Shenzhen Colour Life Property Management are based on the scope of services to be provided and the prevailing market price for similar or comparable services provided by Shenzhen Colour Life Property Management to independent third parties.

As Shenzhen Fantasia is an indirect wholly-owned subsidiary of Fantasia Holdings, a substantial shareholder of the Company, the transactions under the Pre-delivery Property Management Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## **THE SUPPLEMENTAL AGREEMENT**

As the Company expects that the annual transaction amount between Shenzhen Colour Life Property Management and Shenzhen Fantasia under the Pre-delivery Property Management Services Agreement will exceed the stated annual cap for the year ending 31 December 2019 based on the expected contracts to be entered into for the remaining of the year, Shenzhen Colour Life Property Management has entered into the Supplement Agreement with Shenzhen Fantasia on 27 December 2019 to revise the annual cap under the Pre-delivery Property Management Services Agreement for the year ending 31 December 2019 from RMB28,000,000 to RMB 45,000,000.

The historical transaction amounts under the Pre-delivery Property Management Services Agreement for the two years ended 31 December 2018 and the ten months ended 31 October 2019 are as follows:

	<b>For the year ended 31 December 2017 RMB'000</b>	<b>For the year ended 31 December 2018 RMB'000</b>	<b>For the ten months ended 31 October 2019 RMB'000</b>
Annual cap	23,000	25,000	28,000 <i>(Note)</i>
Actual transaction amount	880	6,210	15,540

*Note: The annual cap was for the whole year of 2019.*

As at the date of this announcement, the annual cap under the Pre-delivery Property Management Service Agreement for 2019 has not been exceeded. The revised annual cap for the year ending 31 December 2019 was determined with reference to the contract amount of the expected contracts to be entered into between the parties for the remaining of the year.

Save for the revision to the annual cap for the year ending 31 December 2019, the other terms of the Pre-delivery Property Management Services Agreement remain unchanged.

## **PRICING POLICY**

As a general principle, the price and terms of the individual service agreements in respect of the Pre-delivery Property Management Services will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis, on similar basis as the Group transacts business with other independent third parties and shall not be on terms which are more favourable to the Fantasia Group than those offered to independent third parties.

The management fee will be determined in accordance with the following general principles in ascending order:

- (1) the reference price prescribed by the State (if any);
- (2) the price based on the guidance issued by the competent local authorities of property management in the PRC (if any);
- (3) where there is no such reference price, the price shall be determined after arm's length negotiation between the Group and the Fantasia Group with reference to (a) the comparable rates offered by the Group to Independent Third Parties; and (b) cost in connection with the provision of the Pre-delivery Property Management Services. In determining such rates, the relevant personnel of the business department of the Group shall obtain at least two comparable transactions with its customers, which are Independent Third Parties so as to ensure that the fee that the Group will be charging the Fantasia Group would be comparable to those being offered to Independent Third Parties.

## **INTERNAL CONTROL**

The pricing policy of all the continuing connected transactions of the Group are supervised and monitored by the relevant internal audit personnel and management of the Group with the aim to ensure that all the continuing connected transactions are being conducted on normal commercial terms and in accordance with the pricing policy of the Group and would 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 would conduct regular checks and assess whether individual transactions contemplated under the continuing connected transactions are conducted in accordance with the terms of the relevant agreement and they would also regularly review whether the prices charged under the relevant continuing connected transactions are fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors would review the continuing connected transactions and the auditors of the Company would 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 continuing connected transactions of the Group 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.

## **LISTING RULES IMPLICATIONS**

The Group is principally engaged in the provision of property management services, engineering services and community leasing, sales and other services.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the revised annual cap under the Pre-delivery Property Management Services Agreement on an annual basis is more than 0.1% but less than 5%, the revision to the annual cap is subject to the reporting 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 executive directors of Fantasia Holdings and are considered to be interested in the Pre-delivery Property Management Services Agreement. Accordingly, they have abstained from voting on the board resolution of the Company for approving the Supplemental Agreement.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Board”	the board of Directors;
“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 same meaning as given to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Fantasia Group”	Fantasia Holdings and its subsidiaries (for the purpose of this announcement, excluding the Group);
“Fantasia Holdings”	Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands with limited liability, a substantial shareholder of the Company;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Pre-delivery Property Management Services Agreement”	the pre-delivery property management services agreement dated 29 December 2016 between Shenzhen Colour Life Property Management and Shenzhen Fantasia;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shenzhen Colour Life Property Management”	Shenzhen Colour Life Property Management Co., Ltd. ( 深圳市彩生活物業管理有限公司 ), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Shenzhen Fantasia”	深圳市花樣年地產集團有限公司 (Shenzhen Fantasia Property Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of Fantasia Holdings;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules; and
“Supplemental Agreement”	the supplemental agreement to the Pre-delivery Property Management Services Agreement dated 27 December 2019 between Shenzhen Colour Life Property Management and Shenzhen Fantasia.

By Order of the Board  
**Colour Life Services Group Co., Limited**  
彩生活服務集團有限公司  
**HUANG Wei**  
*Executive Director and Chief Executive Officer*

Hong Kong, 27 December 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Pan Jun, Mr. Chen Xinyu and Mr. Huang Wei; the non-executive directors of the Company are Mr. Tang Xuebin and Mr. Zhou Hongyi; and the independent non-executive directors of the Company are Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin.*

\* For identification purpose only.