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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)

(1) SUBSCRIPTION OF SHARES IN THE COMPANY AND (2) CONNECTED TRANSACTION – SUBSCRIPTION OF SHARES BY A CONNECTED PERSON

THE FIRST SUBSCRIPTION

On 19 July 2019, the Company entered into the First Subscription Agreement with the First Subscriber pursuant to which the First Subscriber has agreed to subscribe 71,149,000 new Shares at the Subscription Price of HK\$5.22 per Share. The First Subscription Shares represent approximately 5.36% of the existing issued share capital of the Company and approximately 5.08% of the Company's issued share capital as enlarged by the issue of the First Subscription Shares.

The First Subscription Shares will be issued under the General Mandate and the First Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the First Subscription Shares.

THE SECOND SUBSCRIPTION

On 19 July 2019, the Company entered into the Second Subscription Agreement with the Second Subscriber pursuant to which the Second Subscriber has agreed to subscribe 22,956,000 new Shares at the Subscription Price of HK\$5.22 per Share. The Second Subscription Shares represent approximately 1.73% of the existing issued share capital of the Company and approximately 1.70% of the Company's issued share capital as enlarged by the issue of the Second Subscription Shares or approximately 1.61% of the Company's issued share capital as enlarged by the issue of the First Subscription Shares and the Second Subscription Shares.

As the Second Subscriber is a company controlled by Mr. Zhou Hongyi, a non-executive Director, the Second 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 Second Subscription.

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

The circular containing, among other things, further details about the Second Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Second Subscription Agreement is expected to be despatched by the Company to the Shareholders on or before 9 August 2019.

THE FIRST SUBSCRIPTION

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

Details of the First Subscription Agreement are set out below:

First Subscription Shares

71,149,000 new Shares, representing approximately 5.36% of the existing issued share capital of the Company, and approximately 5.08% of the issued share capital of the Company as enlarged by issue of the First Subscription Shares or approximately 5.00% of the issued share capital of the Company as enlarged by the issue of the First Subscription Shares and the Second Subscription Shares.

Subscription Price

The Subscription Price of HK\$5.22 per Share was arrived at after arm's length negotiation between the First Subscriber and the Company and after having considered the recent market price of the Shares.

The Subscription Price represents:

- (i) 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;
- (ii) 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;
- (iii) 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
- (iv) 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.

Given that the Subscription Price was set with reference to the recent market price of the Shares, the Directors consider that the Subscription Price is fair and reasonable under the current market conditions. The Directors are also of the view that the First Subscription is in the interest of the Company and the Shareholders as a whole.

The First Subscription Shares have a nominal value of HK\$7,114,900 and a market value of HK\$387,762,050, based on the closing price of HK\$5.45 per Share on the date of the First Subscription Agreement. After deducting expenses relating to the First Subscription, the net price per First Subscription Share is approximately HK\$5.20.

Conditions of the First Subscription Agreement

Completion of the First Subscription is conditional upon:

- (a) the listing of and permission to deal in the First Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the First Subscription Shares to the First Subscriber or its nominee);
- (b) the warranties under the First Subscription Agreement remaining and continuing to be true and correct and not misleading as of the completion date;
- (c) the Shares remaining listed on the Main Board of the Stock Exchange at all times from the date of the First Subscription Agreement, save for (i) any suspension in trading not exceeding five consecutive trading days, and (ii) any suspension for the purpose of clearing any announcement regarding the First Subscription and the First Subscription Agreement, or such longer period as the First Subscriber may accept in writing; and
- (d) no material adverse effect on the Group companies having occurred since the date of the First Subscription Agreement.

In the event that the conditions to the First Subscription are not fulfilled on or prior to one month after the date of the First Subscription Agreement (or such later date as may be agreed between the parties), the First Subscription Agreement and all rights and obligations thereunder will cease and terminate.

Application for Listing

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

General Mandate to Issue Shares

No shareholders' approval is required for the First Subscription and the First Subscription Shares will be issued and allotted by the Company pursuant to the general mandate granted to the Directors to issue Shares (the "**General Mandate**") at the annual general meeting held on 22 May 2019. At that annual general meeting, the Shareholders have granted to the Directors, among others, the General Mandate to issue up to 265,726,242 Shares, representing 20% of the issued share capital of the Company of 1,328,631,210 Shares as at the date of the passing of the resolution. As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. Upon completion of the First Subscription, the Company will have unused General Mandate to issue up to 194,577,242 Shares.

Ranking of the First Subscription Shares and Lock-up

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

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

Completion of the First Subscription

Subject to fulfillment of the conditions of the First Subscription Agreement, completion of the First 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 to the First Subscription Agreement are satisfied.

THE SECOND SUBSCRIPTION

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

Details of the Second Subscription Agreement are set out below:

Second Subscription Shares

22,956,000 new Shares, representing approximately 1.73% of the existing issued share capital of the Company, and approximately 1.70% of the issued share capital of the Company as enlarged by the issue of the Second Subscription Shares or approximately 1.61% of the issued share capital of the Company as enlarged by the issue of the First Subscription Shares and the Second Subscription Shares.

Subscription Price

The Subscription Price for the Second Subscription Shares is HK\$5.22 per Share, which is the same as that of the First Subscription Shares under the First Subscription Agreement. The Subscription Price represents:

- (i) 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 Second Subscription Agreement;
- (ii) 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 Second Subscription Agreement;
- (iii) 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
- (iv) 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.

Given that the Subscription Price was set with reference to the recent market price of the Shares, the Directors consider that the Subscription Price is fair and reasonable under the current market conditions. The Directors are also of the view that the Second Subscription is in the interest of the Company and the Shareholders as a whole.

The Second 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 Second Subscription Agreement. After deducting expenses relating to the Second Subscription, the net price per Second Subscription Share is approximately HK\$5.20.

Conditions of the Second Subscription Agreement

Completion of the Second Subscription is conditional upon:

- (a) the Independent Shareholders having approved the Second Subscription and the allotment and issue of the Second Subscription Shares at an extraordinary general meeting of the Company held in accordance with the Listing Rules; and
- (b) the approval for the listing of and permission to deal in the Second 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 definitive share certificate(s) representing the Second Subscription Shares).

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

Application for Listing

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

Mandate to issue the Second Subscription Shares

The Second Subscription Shares will be allotted and issued pursuant to the specific mandate proposed to be sought from the Independent Shareholders at the EGM.

Ranking of the Second Subscription Shares and Lock-up

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

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

Completion of the Second Subscription

Subject to fulfillment of the conditions of the Second Subscription Agreement, completion of the Second 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 Second Subscription Agreement are satisfied.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTIONS

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 Agreements and completion of the First Subscription and the Second Subscription, the effect on the shareholding structure of the Company will be as follows:

| Shareholder | Shareholding as at the date of this announcement | | Shareholding after completion of the First Subscription | | Shareholding after completion of the First Subscription and the Second Subscription | |
|--------------------------------------|--|--------------|---|--------------|--|--------------|
| | Shares | % of | Shares | % of | Shares | % of |
| | | shareholding | | shareholding | | shareholding |
| Fantasia Holdings Group Co., Limited | 735,456,782 | 55.35 | 735,456,782 | 52.54 | 735,456,782 | 51.69 |
| Splendid Fortune Enterprises Limited | 217,031,477 | 16.33 | 217,031,477 | 15.50 | 217,031,477 | 15.25 |
| First Subscriber | – | – | 71,149,000 | 5.08 | 71,149,000 | 5.00 |
| Second Subscriber and associates | 20,502,000 | 1.54 | 20,502,000 | 1.46 | 43,458,000 | 3.05 |
| Other public shareholders | 355,649,863 | 26.77 | 355,649,863 | 25.41 | 355,649,863 | 25.00 |
| Total | <u>1,328,640,122</u> | <u>100%</u> | <u>1,399,789,122</u> | <u>100%</u> | <u>1,422,745,122</u> | <u>100%</u> |

CAPITAL RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not carried out any capital raising activities in the 12 months immediately preceding the date of this announcement.

INFORMATION ON THE PARTIES

The First Subscriber is an indirect wholly owned subsidiary of JD.com, the leading technology-driven e-commerce company and retail infrastructure service provider in the PRC. The First Subscriber is principally engaged in investment holding. To the best knowledge of the Directors, the First Subscriber and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

The Second Subscriber is principally engaged in the investment management business. The Second 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 Second 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 SUBSCRIPTIONS AND USE OF PROCEEDS

The First Subscription will enable the Company to raise fund and broaden its capital base as well as foster greater cooperation with the First Subscriber in the Company’s commerce, logistics, finance and technology businesses.

The Second 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 brain and creating “macro-security” industrial ecosphere.

The Directors consider that the Subscriptions are in the interests of the Company and the Shareholders as a whole.

The Company intends to apply the proceeds from the Subscriptions for development and general working capital purposes.

LISTING RULES IMPLICATIONS

As the Second Subscriber is a company controlled by Mr. Zhou, a non-executive Director, the Second 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 Second Subscription.

GENERAL

The First Subscription and the Second Subscription are not inter-conditional.

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

The circular containing, among other things, further details about the Second Subscription Agreement, a letter of advice from the Independent Board Committee to the Independent Shareholders, a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Second Subscription Agreement is expected to be despatched by the Company to the Shareholders on or before 9 August 2019.

The Subscriptions are subject to the satisfaction of the conditions precedent to the respective subscription agreement and may or may not proceed to completion. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

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| “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 persons” | has the meaning ascribed thereto under the Listing Rules; |
| “Director(s)” | director(s) of the Company from time to time; |
| “EGM” | the extraordinary general meeting of the Company to be convened to approve the Second Subscription Agreement and the transactions contemplated thereunder; |
| “First Subscriber” | Volga Innovation Limited, a company incorporated in the British Virgin Islands with limited liability; |
| “First Subscription” | the subscription of the First Subscription Shares by the First Subscriber pursuant to the terms and conditions of the First Subscription Agreement; |

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| “First Subscription Agreement” | the subscription agreement dated 19 July 2019 entered into between the Company and the First Subscriber in relation to the subscription of the First Subscription Shares; |
| “First Subscription Shares” | 71,149,000 new Shares to be subscribed by the First Subscriber under the First Subscription Agreement; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong; |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Independent Shareholders” | shareholders of the Company other than Mr. Zhou Hongyi and his associates; |
| “Independent Board Committee” | the independent committee of the Board to be established to advise the Independent Shareholders on the Second Subscription Agreement; |
| “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 Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Second Subscription; |
| “Listing Committee” | has the meaning ascribed to such term in the Listing Rules; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Main Board; |
| “Second Subscriber” | Qifei International Development Co. Limited (奇飛國際發展有限公司), a company incorporated in Hong Kong with limited liability; |

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|---------------------------------|---|
| “Second Subscription” | the subscription of the Second Subscription Shares by the Second Subscriber pursuant to the terms and conditions of the Second Subscription Agreement; |
| “Second Subscription Agreement” | the subscription agreement dated 19 July 2019 entered into between the Company and the Second Subscriber in relation to the subscription of the Second Subscription Shares; |
| “Second Subscription Shares” | 22,956,000 new Shares to be subscribed by the Second Subscriber under the Second Subscription Agreement; |
| “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; |
| “Subscription Agreements” | the First Subscription Agreement and the Second Subscription Agreement |
| “Subscriptions” | the First Subscription and the Second Subscription; |
| “Subscribers” | the First Subscriber and the Second Subscriber; |
| “Subscription Price” | HK\$5.22 per Share; and |
| “%” | per cent. |

By order 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 Officer

Hong Kong, 19 July 2019

As at the date of this announcement, the executive directors of the Company are Mr. Tang Xuebin, Mr. Dong Dong and Mr. Huang Wei; the non-executive directors of the Company are Mr. Pan Jun 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.