
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 and the form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer 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)

VERY SUBSTANTIAL DISPOSAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 4 to 15 of this circular.

A notice convening the extraordinary general meeting (the “EGM”) of the Company to be held at Imagination Room, BOHUB, 5/F., Tower A, The Platinum Tower, No. 1 Tairan 7th Road, Futian District, Shenzhen, the PRC on Friday, 8 September 2023 at 11:00 a.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later, is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of 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 or any adjournment thereof should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

25 July 2023

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

“Commercial and Integrated Mixed-use Properties”	include commercial properties, integrated mixed-use properties, public facilities and industrial properties
“Company”	Colour Life Services Group Co., Limited, an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1778)
“Country Garden”	Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6098)
“Disposal”	the transfer of the Sale Share
“EGM”	the extraordinary general meeting to be convened and held at Imagination Room, BOHUB, 5/F., Tower A, The Platinum Tower, No. 1 Tairan 7th Road, Futian District, Shenzhen, the PRC on Friday, 8 September 2023 at 11:00 a.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later, (or any adjournment thereof) to approve and ratify the Disposal
“Fantasia”	Fantasia Holdings Group Co., Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1777)
“Fantasia Group”	Fantasia and its subsidiaries (including the Group)
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Third Party(ies)”	ultimate beneficial owner(s), who is independent of and not connected with Fantasia and the Company and their respective subsidiaries and their respective connected person(s) (as defined under the Listing Rules) and their respective ultimate beneficial owner(s) or their respective associates
“Latest Practicable Date”	21 July 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan in the amount of RMB700,000,000 provided by the Purchaser to the Company under the Loan Agreement
“Loan Agreement”	the agreement dated 30 September 2021 entered into among the Company, Shenzhen Colour Life and the Purchaser
“PRC”	the People’s Republic of China
“Purchaser”	Country Garden Property Services HK Holdings Company Limited (碧桂園物業香港控股有限公司), an indirect wholly-owned subsidiary of Country Garden
“Remaining Group”	the Group (excluding the Target Group)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	the entire issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Transfer Agreement”	the agreement dated 28 September 2021 entered into among the Company, the Purchaser, Shenzhen Colour Life and the Target Company in relation to the Disposal
“Shareholders”	shareholders of the Company

DEFINITIONS

“Shenzhen Colour Life”	深圳市彩生活服務集團有限公司 (Shenzhen Colour Life Services Group Company Limited*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the agreement dated 28 March 2022 entered into between the parties to the Share Transfer Agreement to supplement the terms of the Share Transfer Agreement
“Target Company”	Link Joy Holdings Group Co., Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the Target Company and its subsidiaries

* *for identification purpose only*

LETTER FROM THE BOARD



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. Pan Jun (*Chairman*)

Mr. Liu Hongcai

Ms. Yang Lan

Non-executive Directors:

Mr. Wu Qingbin (*Vice Chairman*)

Mr. Zheng Hongyan

Ms. Sun Dongni

Independent Non-executive Directors:

Mr. Xu Xinmin

Mr. Zhu Wuxiang

Mr. Lee Yan Fai

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Corporate Head Office in Hong Kong:

21/F., CMA Building

64 Connaught Road Central

Hong Kong

*Corporate Headquarters in People's
Republic of China:*

Block A, Funian Plaza

Shihua Road and Zijing Road

Interchange in Futian Duty-free Zone

Shenzhen 518048

Guangdong Province

the PRC

25 July 2023

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcements of the Company dated 26 October 2021 and 28 March 2022 respectively in relation to, among others, the Disposal.

The purpose of this circular is to provide you with (i) the details of the Disposal; (ii) a notice of the EGM; and (iii) further information required to be disclosed under the Listing Rules.

LETTER FROM THE BOARD

THE DISPOSAL

On 28 September 2021, the Company as vendor, Shenzhen Colour Life as guarantor, the Purchaser and the Target Company entered into the Share Transfer Agreement in relation to the sale of the Sale Share at a consideration of RMB3,300 million, payable in three instalments of RMB2,300 million, RMB700 million and RMB300 million.

On 30 September 2021, the Company as borrower, Shenzhen Colour Life as guarantor and the Purchaser as lender, entered into the Loan Agreement. Under the Loan Agreement, the Purchaser provided the Loan in the amount of RMB700 million to the Company.

The proceeds of the Loan was applied for the general working capital and repayment of debts of the Group. As security for repayment of the Loan, the Sale Share was charged in favour of the Purchaser.

The Loan was not repaid when it became due on 4 October 2021. The Purchaser enforced the charge on the Sale Share. At the relevant time, the first instalment of RMB2,300 million had been received by the Group while the second instalment of RMB700 million and the third instalment of RMB300 million remained outstanding. Upon enforcement of the share charge in October 2021, the legal and beneficial interest in the Sale Share were transferred to the Purchaser.

Given the consideration for the Sale Share was agreed to be RMB3,300 million under the Share Transfer Agreement, the Share Transfer Agreement was not terminated and the Purchaser remained obliged to fulfil its payment obligations under the Share Transfer Agreement, the parties to the Share Transfer Agreement commenced negotiation for an agreement to supplement the Share Transfer Agreement, which took into account the transfer of the Sale Share by enforcement.

On 28 March 2022, the Company, Shenzhen Colour Life, the Purchaser and the Target Company entered into the Supplemental Agreement to supplement the terms of the Share Transfer Agreement. The Share Transfer Agreement, as supplemented by the Supplemental Agreement, is legally valid and enforceable.

The principal terms of the Share Transfer Agreement, as supplemented by the Supplemental Agreement, are set out below.

Subject matter

The Company conditionally agreed to transfer to the Purchaser, and the Purchaser conditionally agreed to acquire, the Sale Share being the entire issued share capital of the Target Company.

LETTER FROM THE BOARD

Consideration

The consideration for the Disposal is RMB3,300 million. As at the Latest Practicable Date, of RMB2,300 million has been received by the Group.

The balance of the consideration under the Share Transfer Agreement will be payable as follows:

- (i) the amount of RMB700 million will be set off against the loan of RMB700 million that has been advanced by the Purchaser to the Group under the Loan Agreement. Upon the set-off, the Company will be deemed to have discharged its payment obligation under the Loan Agreement in full; and
- (ii) the balance of RMB300 million will be payable in two instalments.
 - (a) The first instalment in the amount of RMB280,000,000 will be payable within three business days upon fulfilment of the following conditions:
 - (i) the Purchaser having appointed a target work force (including but not limited to senior management in the finance, business operations, legal and human resources departments) to the principal members of the Target Group;
 - (ii) the relevant anti-monopoly authorities in the PRC having approved the transactions contemplated under the Share Transfer Agreement;
 - (iii) the registration procedures to register the Purchaser as the registered holder of the Sale Share having been completed;
 - (iv) the Company having transferred the relevant constitutional documents (including licenses and certificates) and company kit (including company seals and chops) of members of the Target Group to the Purchaser;
 - (v) completion of the relevant business registration procedures of certain members of the Target Group;
 - (vi) completion of registration of the transfer of the equity interest of the companies to be retained by the Group, namely 深圳市花漾樂商業服務有限公司 and 深圳市前海盛峰通達股權投資有限公司, from the Target Group to the Group;
 - (vii) the release of certain charged equity interests of members of the Target Group, which were charged to banks or financial institutions;
 - (viii) the perfection of the formalities of the mortgages subsisting on the immovable properties of the Target Group;

LETTER FROM THE BOARD

- (ix) the Target Company and its principal subsidiaries having settled any outstanding amounts owed by them to members of the Group;
 - (x) the Company having settled any amount payable to members of the Target Group;
 - (xi) the release of any guarantees provided by members of the Target Group;
 - (xii) the Purchaser having obtained the relevant information system and data platform of the principal members of the Target Group; and
 - (xiii) the Company having completed the relevant procedures for the change in personnel in members of the Target Group including the retention of working level personnel of the project companies of the Target Group.
- (b) The second instalment in the amount of RMB20,000,000 will be payable within six months upon the Company and Fantasia having obtained the relevant shareholders' approvals for the the transfer of Sale Share at their respective general meetings.

As at the Latest Practicable Date, conditions (ix) and (x) for the payment of the first instalment remained not satisfied. The Company expects that the conditions will be satisfied by the end of August 2023. The Company will publish an update announcement when condition (a) is fulfilled and the first instalment has been received. With respect to the second instalment, as at the Latest Practicable Date, the second instalment has not been received. The Company will publish a further update announcement after the EGM when condition (b) is fulfilled and the second instalment has been received.

The parties to the Supplemental Agreement have agreed that any unsettled amount owed by members of the Group to the Target Group may be set off via the consideration for the Sale Share payable by the Purchaser.

Basis of the consideration

The consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) the historical financial performance and the status of the existing projects of the Target Group; (ii) the unaudited combined net profit after taxation of the Target Group; (iii) the price-to-earnings multiple of comparable companies engaging in the property management business in the PRC; and (iv) the price-to-earnings ratios of comparable transactions engaging in the property management business in the PRC by Hong Kong-listed PRC property management companies over the past 12 months of the date of the Share Transfer Agreement.

LETTER FROM THE BOARD

Completion

The transfer of the Sale Share to the Purchaser has taken place in October 2021 as a result of the share charge enforcement as explained in the section headed "THE DISPOSAL" above.

INFORMATION ON THE TARGET GROUP

The Target Company was a company established in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of the Company. The Target Group was principally engaged in the provision of property management services for Commercial and Integrated Mixed-use Properties and residential communities

The following table sets out the GFA and the number of communities where the Target Group provided management and consultancy services in different regions as at 30 September 2021.

	As at 30 September 2021			
	Managed by the Target Group		Under the Target Group's consultancy service arrangements	
	GFA	Number of communities	GFA	Number of communities
	('000 sq.m.)		('000 sq.m.)	
Shenzhen	4,480	19	145	2
Southern China (excluding Shenzhen)	15,792	60	132	2
Eastern China	47,130	161	47	1
Southwestern China	15,016	56	109	1
Northeastern China	7,450	25	–	–
Northwestern China	3,376	15	–	–
Northern China	11,430	56	–	–
Central China	7,798	31	–	–
	112,472	423	433	6
Total	112,472	423	433	6

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the transfer of the Sale Share, the members of the Target Group ceased to be subsidiaries of the Company, and the financial results of the Target Group were no longer consolidated into the financial statements of the Group.

Effect on earnings

The Group recognised gain on the Disposal of approximately RMB299 million, after taking the professional fees and other expenses directly attributable to the Disposal of approximately RMB13 million and the withholding tax for the Disposal of approximately RMB33 million into consideration.

Effect on assets

The Disposal resulted in a decrease of approximately RMB1,158 million in the total assets of the Group, a decrease of approximately RMB1,457 million in total liabilities of the Group, and an increase of approximately RMB299 million in net assets of the Group, taking into account the net cash and consideration receivables generated from the Disposal of approximately RMB3,300 million less the net asset of the Target Group as at 30 September 2021 of approximately RMB2,955 million, the estimated professional fees and other expenses directly attributable to the Disposal of approximately RMB13 million, and the withholding tax for the Disposal of approximately RMB33 million.

REASON FOR THE DISPOSAL

At the relevant time of entering the Share Transfer Agreement and the Loan Agreement, the Group was faced with tightened liquidity, the Disposal assisted in immediately relieving the liquidity issue of the Group. The proceeds from the Disposal received so far had been utilised as to (i) approximately 76% towards repayment of the principal amount of the bank loans and accrued interests; (ii) approximately 24% as general working capital (including salary payments, prepayment and deposits, utilities and legal fees) of the Group. The remaining proceeds to be received will be applied as general working capital of the Group.

After the Disposal in October 2021, the property sector in China experienced further deterioration in 2022 in terms of contracted sales and liquidity. Many, if not most, market participants were not immuned from the trend. While the 16 supportive measures have been outlined in the Notice of the People's Bank of China and the China Banking and Insurance Regulatory Commission on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market (關於做好當前金融支持房地產市場平穩健康發展工作的通知) published in November 2022 with the objective of easing the liquidity issue faced by the sector, it is expected that it would take some time before their impact and benefits will be permeated the sector.

LETTER FROM THE BOARD

For the above reasons and the then prevailing market sentiment, the Company considered that the Disposal, which took place in October 2021, was in the interests of the Company and the Shareholders as a whole.

The portfolio of the properties under the management of the Target Group was a sub-set of the portfolio of the properties under the management of the Group.

Since completion of the transfer of the Sale Share and as at the Latest Practicable Date, the Group has not engaged in the provision of property management services to pure commercial properties. It remained focused on the provision of property management services to properties in which the majority of the portfolio consists of (i) properties which are purely residential; and (ii) integrated mixed-use properties (including office buildings, shopping malls, leisure facilities, SOHO and serviced apartments) which have residential components, but excluding pure commercial properties.

INFORMATION ON THE PARTIES

(i) The Fantasia Group

Fantasia is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1777). The Fantasia Group is one of the leading property developers in the PRC and is principally engaged in (i) property development, (ii) lease of investment properties, (iii) provision of property operation services, (iv) provision of hotel accommodation services, and (v) property management and other related services.

(ii) The Group

The Company is a subsidiary of Fantasia.

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1778).

The Group is a leading property management and community services provider in the PRC, focuses on setting up offline and online service platform via the internet technology and effectively linking the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

LETTER FROM THE BOARD

(iii) The Purchaser

The Purchaser is an indirect wholly-owned subsidiary of Country Garden. Based on the public information available, the Purchaser and its subsidiaries are principally engaged in the provision of property management services, community value-added services, value-added services to non-property owners, “Three Supplies and Property Management” businesses, city services and commercial operational services.

To the best of the knowledge, information and belief of the Company, after making all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

(1) Very substantial disposal

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

(2) Rule 14.49 of the Listing Rules

Given the Sale Share had already been transferred to the Purchaser prior to obtaining Shareholder’s approval at the EGM, the Disposal did not comply with Rule 14.49 of the Listing Rules. The Company would like to emphasize that the breach was un-intentional and a one-off incident. The transfer of the Sale Share took place via enforcement under unprecedented and exceptional circumstances. At the relevant time in 2021, access to financing suddenly dwindled, the sentiment of homebuyers became depressed, and the cash flow in financing and operations declined sharply, the Group, together with many market participants of the property sector, was faced with unprecedented tightened liquidity. Barring unforeseen and exceptional circumstances, the Company does not expect any similar breaches in the future.

Notwithstanding that the transfer of the Sale Share has taken place, to protect the information rights of the Shareholders, the Company has (i) disclosed the principal terms of the Disposal and information in relation to the Target Group in this circular; and (ii) will convene the EGM so as to provide the forum and opportunity for the Shareholders to ask questions and express their comments in connection with the Disposal.

LETTER FROM THE BOARD

(3) Rule 14.68(2) and Rule 14.68(3) of the Listing Rules

Set out in Appendix II of this circular is the financial information for the three years ended 31 December 2020 and nine months ended 30 September 2021 of the Target Group.

The period covered by the financial statements set out in Appendix II does not comply strictly with Rule 14.68(2) of the Listing Rules, which provides that the circular should include financial information of the Target Company for the relevant period as defined in the note to Rule 4.06(1)(a), being the three financial years immediately preceding the issue of this circular and a stub period, provided that the relevant period must have ended 6 months or less before the issue of this circular.

The Company considers that disclosure of the financial information for the period as disclosed in Appendix II provides the Shareholders with sufficient and more relevant information for them to consider the Disposal:

- a. Since the transfer, the Company no longer had control of the Target Company. As a matter of fact, the Company would not be able to obtain the financial information of the Target Group as the Sale Share has been transferred to the Purchaser since October 2021 and under the Purchaser's management.
- b. The principal terms of the Disposal (including the consideration) was originally agreed in September 2021. Appendix II contains the financial information of the Target Group up to and including the month in which the terms of the Disposal was agreed, which was considered by the parties to Share Transfer Agreement when negotiating the terms of the Disposal.

The Company is also not able to comply with Rule 14.68(3) of the Listing Rules which requires disclosure of the financial information required under paragraph 32 of Appendix 16 on the Remaining Group taking into account only the effect of the Disposal. Nevertheless, please refer to the announcements of the Company dated 5 July 2023 for the 2021 annual results, 2022 annual results and the 2022 interim results which reflect the Remaining Group's performance for the relevant period taking into account the Disposal.

LETTER FROM THE BOARD

(4) Rule 4.29(4) and (5) of the Listing Rules

Set out in Appendix III of this circular is the unaudited pro forma financial information of the Remaining Group.

The unadjusted information was not derived from the most recent audited published financial statements (being the 2022 annual results) and the published interim results (being the 2022 interim results), which is not compliant with Rule 4.29(5). The Company is not able to comply with Rule 4.29(4) of the Listing Rules which requires pro forma financial information to be published in respect of (a) the current financial period; (b) the most recently completed financial period; and/or (c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document.

Nevertheless, the Company considers that the purpose of disclosure of pro forma information is to illustrate the isolated effect of the Disposal had the Disposal occurred on an earlier date at the beginning of the financial period reported on. This is usually complied based on the latest published financial statements at the relevant time of transfer of the Sale Share. In the present case, the transfer of the Sale Share had occurred in October 2021. The relevant financial period for the purpose of illustrating the impact of the transaction would be the financial year ended 31 December 2020 and six months ended 30 June 2021, which were the financial periods immediately prior to the transfer of the Sale Share. The 2021 and 2022 annual results, which have been published on the Stock Exchange, have already included the financial effect of the Disposal. Strict compliance with Rule 4.29(4) would not be meaningful or could even be misleading to the Shareholders.

As such, the Company is of the view that, the pro forma information, when read together with the financial information of the Target Group immediately prior to the Disposal as set out in Appendix II, would provide Shareholders with relevant and sufficient information for the Shareholders to understand the Disposal.

LETTER FROM THE BOARD

GENERAL

While the Company originally expected to despatch this circular to the Shareholders before 31 May 2022 as stated in the announcement of the Company dated 28 March 2022, the preparation of the circular has been delayed due to unforeseen circumstances including for example the winding-up petition filed against Fantasia, to which the Company is a principal subsidiary, at the Grand Court of the Cayman Islands as disclosed in the announcement of Fantasia dated 27 May 2022; and (ii) substantial resources and effort of Fantasia Group (including the Company) had been prioritised to the proposed restructuring of the offshore debts of Fantasia, which will assist the Group in attaining a more stable capital structure that is crucial to the long term business and operations of the Group, and in turn is of paramount importance to the stakeholders of the Group. The progress made to the offshore debt restructuring has been disclosed in the announcement of Fantasia dated 5 May 2023.

The notice of the EGM is set out on page EGM-1 to EGM-2 of this circular. At the EGM, an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve and ratify, the Share Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of 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 or any adjournment thereof should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

Any Shareholders who have a material interest in the Share Transfer Agreement, the Supplemental Agreement and the transactions contemplated thereunder are required to abstain from voting on the relevant ordinary resolution approving the Disposal.

To the best of the Directors' knowledge and belief and having made all reasonable enquires, no Shareholder has a material interest in the Disposal, thus no Shareholder is required to abstain from voting on the relevant ordinary resolution approving and ratifying the Disposal.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the terms of the Disposal are fair and reasonable and in the best interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favor of the relevant resolution to be proposed at the EGM as set out in the notice of the EGM.

ADDITIONAL INFORMATION

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

By Order of the Board
Colour Life Services Group Co., Limited
彩生活服務集團有限公司
PAN Jun
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Company for the three years ended 31 December 2022 have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.colourlife.hk>):

- the annual report of the Company for the year ended 31 December 2020 (pages 66 to 192) published on 21 April 2021, available on:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042101127.pdf>;

- the annual result announcement for the year ended 31 December 2021 published on 5 July 2023, available at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0705/2023070501482.pdf>;
and

- the annual result announcement for the year ended 31 December 2022 published on 5 July 2023, available at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0705/2023070501490.pdf>

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

At the close of business on 31 May 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Circular, the Group had outstanding indebtedness as follows:

Lease liabilities

As at 31 May 2023, we, as a lessee, had outstanding lease payments which represented undiscounted unpaid lease payments for the remaining terms of relevant lease agreements (excluding our contingent rental arrangements) in an aggregate amount of RMB24.4 million, which were unsecured and unguaranteed.

Other than above, the Group had amounts due to joint ventures of RMB137 million and amounts due to associates of RMB19 million at 31 May 2023, which were unsecured and unguaranteed.

Save as disclosed above, the Group did not, as of the close of business on 31 May 2023, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits or hire purchase commitments, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT OF THE GROUP

The Directors are of opinion that, after due and careful enquiry and taking into account the Share Transfer Agreement and the transactions contemplated thereunder, and the financial resources available to the Group including the internally generated funds and the available banking facilities, the Group will have sufficient working capital for at least the next 12 months commencing from the date of this circular.

In this regard, the Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon the Disposal, the Group has focused on the development of the Group's distinctive business model of the provision of property management services for property developments comprising residential and ancillary non-residential areas such as retail space car parks as well as value-added services and engineering services.

The Group will continue to focus on evolving into a technology-oriented community service platform so as to further consolidate its core competitiveness and promote sustainable development. The Group will explore and pursue new business opportunities, and allocate its resources to expand its principal business lines.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited condensed consolidated statements of financial position of the Target Group as at 31 December 2018, 2019, 2020 and 30 September 2021, and the unaudited condensed consolidated profit and loss accounts, the unaudited condensed consolidated statements of comprehensive income, unaudited condensed consolidated statements of changes in equity and unaudited condensed consolidated cash flow statements of the Target Group for the years ended 31 December 2018, 2019 and 2020 and for the periods ended 30 September 2020 and 2021 (the “**Historical Financial Information**”).

The Historical Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Disposal.

The Unaudited Financial Information of the Target Group has been prepared in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules and prepared on the basis set out in note 2 to the Unaudited Financial Information and is prepared by the Directors solely for the purposes of inclusion in this circular in connection with the disposal of the equity interest in Link Joy Holdings Group Co., Limited.

Prism Hong Kong and Shanghai Limited, the auditor of Colour Life Services Group Co., Limited (the “**Company**”) was engaged to review the Unaudited Financial Information of the Target Group set out on pages II-1 to II-8 of this circular in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Target Group, nothing has come to the auditor’s attention that causes them to believe that the Unaudited Financial Information of the Target Group is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information of the Target Group.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE YEARS ENDED 31 DECEMBER 2020 AND THE PERIOD ENDED
30 SEPTEMBER 2021**

	Year ended 31 December			Period ended 30 September	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	2,282,921	2,489,520	2,489,499	1,787,538	1,943,980
Cost of services	<u>(1,660,683)</u>	<u>(1,776,849)</u>	<u>(1,786,170)</u>	<u>(1,276,172)</u>	<u>(1,416,657)</u>
Gross profit	622,238	712,671	703,329	511,366	527,323
Other income	10,188	25,716	40,006	33,225	13,846
Other gains and losses	7,624	(900)	(1,714)	(1,420)	1,852
Impairment losses under expected credit loss model, net of reversal	(12,891)	(13,316)	(9,011)	(9,669)	(12,739)
Administrative expenses	<u>(159,469)</u>	<u>(138,218)</u>	<u>(149,931)</u>	<u>(91,149)</u>	<u>(104,586)</u>
Profit before tax	467,690	585,953	582,679	442,353	425,696
Income tax expense	<u>(106,772)</u>	<u>(148,707)</u>	<u>(133,283)</u>	<u>(110,435)</u>	<u>(103,167)</u>
Profit and total comprehensive income for the year/period	<u><u>360,918</u></u>	<u><u>437,246</u></u>	<u><u>449,396</u></u>	<u><u>331,918</u></u>	<u><u>322,529</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2018, 2019 AND 2020 AND 30 SEPTEMBER 2021

	2018 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	30 September 2021 RMB'000 (Unaudited)
Non-current Assets				
Property, plant and equipment	113,284	91,252	76,444	91,450
Right-of-use Assets	–	–	5,616	6,138
Investment properties	77,593	117,156	118,316	122,370
Goodwill	1,430,545	1,430,545	1,430,545	1,430,545
Intangible assets	1,014,323	945,325	876,327	824,579
Deferred tax assets	29,391	38,608	49,517	52,233
	<u>2,665,136</u>	<u>2,622,886</u>	<u>2,556,765</u>	<u>2,527,315</u>
Current Assets				
Trade receivables	398,893	459,603	441,572	493,841
Other receivables and prepayments	250,718	255,050	266,078	266,827
Payments on behalf of residents	267,741	281,151	285,707	371,061
Amounts due from related parties	332,673	353,575	1,217,068	1,012,803
Financial assets at fair value through profit or loss	4,281	–	–	–
Pledged bank deposits	–	–	14,937	14,937
Bank balances and cash	1,920,482	1,088,275	302,088	67,731
	<u>3,174,788</u>	<u>2,437,654</u>	<u>2,527,450</u>	<u>2,227,200</u>
Current Liabilities				
Trade payables	365,794	291,266	310,883	418,857
Other payables and accruals	539,827	599,670	568,221	469,016
Contract liabilities	186,586	241,614	286,860	270,927
Receipts on behalf of residents	276,284	353,440	328,935	273,521
Amounts due to related parties	676,199	284,430	154,777	75,487
Tax liabilities	49,633	68,711	75,428	76,733
Borrowings due within one year	744,600	300,000	–	–
Lease liabilities due within one year	–	–	2,531	2,714
	<u>2,838,923</u>	<u>2,139,131</u>	<u>1,727,635</u>	<u>1,587,255</u>
Net Current Assets	<u>335,865</u>	<u>298,523</u>	<u>799,815</u>	<u>639,945</u>
Total Assets Less Current Liabilities	<u>3,001,001</u>	<u>2,921,409</u>	<u>3,356,580</u>	<u>3,167,260</u>
Non-current Liabilities				
Deferred tax liabilities	255,546	238,708	221,373	209,178
Borrowings due after one year	1,000,000	500,000	500,000	–
Lease liabilities due after one year	–	–	3,110	3,456
	<u>1,255,546</u>	<u>738,708</u>	<u>724,483</u>	<u>212,634</u>
Net Assets	<u>1,745,455</u>	<u>2,182,701</u>	<u>2,632,097</u>	<u>2,954,626</u>
Capital and Reserves				
Share capital	–	–	–	–
Reserves	1,745,455	2,182,701	2,632,097	2,954,626
	<u>1,745,455</u>	<u>2,182,701</u>	<u>2,632,097</u>	<u>2,954,626</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE YEARS ENDED 31 DECEMBER 2020 AND THE PERIOD ENDED 30 SEPTEMBER 2021

	Share capital <i>RMB'000</i> (Unaudited)	Statutory reserve <i>RMB'000</i> (Unaudited)	Other reserve <i>RMB'000</i> (Unaudited)	Retained profits <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
At 1 January 2018	–	39,643	276,164	1,105,307	1,421,114
Profit and total comprehensive income for the year	–	–	–	360,918	360,918
Dividends paid to shareholders of subsidiaries	–	–	–	(36,577)	(36,577)
Transfer	–	36,092	–	(36,092)	–
At 31 December 2018	–	75,735	276,164	1,393,556	1,745,455
Profit and total comprehensive income for the year	–	–	–	437,246	437,246
Transfer	–	43,724	–	(43,724)	–
At 31 December 2019	–	119,459	276,164	1,787,078	2,182,701
Profit and total comprehensive income for the year	–	–	–	449,396	449,396
Transfer	–	44,940	–	(44,940)	–
At 31 December 2020	–	164,399	276,164	2,191,534	2,632,097
Profit and total comprehensive income for the period	–	–	–	322,529	322,529
Transfer	–	32,253	–	(32,253)	–
As at 30 September 2021	–	196,652	276,164	2,481,810	2,954,626
At 1 January 2020	–	119,459	276,164	1,787,078	2,182,701
Profit and total comprehensive income for the period	–	–	–	331,918	331,918
Transfer	–	27,560	–	(27,560)	–
As at 30 September 2020	–	147,019	276,164	2,091,436	2,514,619

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE YEARS ENDED 31 DECEMBER 2020 AND THE PERIOD ENDED 30 SEPTEMBER 2021

	Year ended 31 December			Period ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES					
Profit before tax	467,690	585,953	582,679	442,353	425,696
Adjustments for:					
Impairment losses, net of reversal	12,891	13,316	9,011	9,669	12,739
Depreciation of property, plant and equipment	39,745	34,413	32,049	34,071	36,228
Depreciation of right-of-use assets	–	–	1,567	895	2,052
Amortisation of intangible assets	68,998	68,998	68,998	51,748	51,748
Interest income	(9,839)	(14,185)	(15,080)	(14,633)	(491)
Loss on disposal of property, plant and equipment	72	440	124	103	138
Changes in fair value of investment properties	(3,347)	(1,646)	344	258	(2,969)
	<u>467,690</u>	<u>585,953</u>	<u>582,679</u>	<u>442,353</u>	<u>425,696</u>
Operating cash flows before movements in working capital	576,210	687,289	679,692	524,464	525,141
(Increase) decrease in trade receivables	(36,234)	(103,822)	4,683	(32,655)	(63,163)
Decrease (increase) in other receivables and prepayments	219,746	(4,332)	30,516	8,976	(749)
Changes in payments/receipts on behalf of residents	(186,964)	55,369	(53,824)	(229,099)	(150,734)
(Decrease) increase in contract liabilities	(191,889)	55,028	45,246	25,555	(15,933)
Increase (decrease) in trade payables	160,029	(74,528)	19,617	82,700	107,974
Increase (decrease) in other payables and accruals	9,378	35,106	(72,680)	(129,811)	(180,006)
	<u>550,276</u>	<u>650,110</u>	<u>653,250</u>	<u>250,130</u>	<u>222,530</u>
Cash generated from operations	550,276	650,110	653,250	250,130	222,530
Income taxes paid	(85,168)	(130,947)	(128,851)	(113,655)	(101,299)
	<u>465,108</u>	<u>519,163</u>	<u>524,399</u>	<u>136,475</u>	<u>121,231</u>
NET CASH FROM OPERATING ACTIVITIES	<u>465,108</u>	<u>519,163</u>	<u>524,399</u>	<u>136,475</u>	<u>121,231</u>
INVESTING ACTIVITIES					
Interest received	9,839	14,185	15,080	14,633	491
Purchase of property, plant and equipment	(50,048)	(14,387)	(18,414)	(25,234)	(52,536)
Proceeds of disposal of property, plant and equipment	1,786	1,566	1,049	929	1,164
Proceeds on disposal of investment properties	–	256	1,324	4,740	476
Increase in pledged bank deposits	–	–	(14,937)	(14,937)	–
Proceeds on disposal of financial assets at FVTPL	(4,281)	4,281	–	–	–
Advances to related parties	(281,882)	(72,709)	(842,492)	(440,060)	(706,900)
Repayment from related parties	567,403	51,807	178,999	54,728	911,165
	<u>242,817</u>	<u>(15,001)</u>	<u>(679,391)</u>	<u>(405,201)</u>	<u>153,860</u>
NET CASH FROM (USED IN) INVESTING ACTIVITIES	<u>242,817</u>	<u>(15,001)</u>	<u>(679,391)</u>	<u>(405,201)</u>	<u>153,860</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	Year ended 31 December			Period ended 30 September	
	2018	2019	2020	2020	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
FINANCING ACTIVITIES					
Payment of lease liabilities	-	-	(1,754)	(1,002)	(2,329)
Dividend paid to shareholders of the Company	(36,577)	-	-	-	-
Advances from related parties	644,506	300,573	547	820	52,220
Repayment to related parties	<u>(628,613)</u>	<u>(1,636,942)</u>	<u>(629,988)</u>	<u>(686,387)</u>	<u>(559,339)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(20,684)</u>	<u>(1,336,369)</u>	<u>(631,195)</u>	<u>(686,569)</u>	<u>(509,448)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	687,241	(832,207)	(786,187)	(955,295)	(234,357)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	<u>1,233,241</u>	<u>1,920,482</u>	<u>1,088,275</u>	<u>1,088,275</u>	<u>302,088</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, REPRESENTED BY BANK BALANCES AND CASH	<u><u>1,920,482</u></u>	<u><u>1,088,275</u></u>	<u><u>302,088</u></u>	<u><u>132,980</u></u>	<u><u>67,731</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

NOTES TO UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Link Joy Holdings Group Co., Limited (the “**Target Company**”) was incorporated in the Cayman Island on 16 June 2015 with limited liability. The principal activity of the Target Company is investment holding. The subsidiaries of the Target Company are mainly engaged in the provision of property management services.

The immediate holding company of the Target Company is Colour Life Services Group Co., Limited, a company which was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The holding company of the Target Company is Fantasia Holdings Group Co., Limited, a company which was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

On 28 September 2021, Colour Life Services Group Co., Limited (the “**Vendor**”) and Country Garden Property Services HK Holdings Company Limited (the “**Purchaser**”) had entered into an equity transfer agreement, pursuant to which the Vendor has conditionally agreed to sell the entire equity interests (the “**Sale Share**”) in the Target Company and the Purchaser has conditionally agreed to acquire the Sale Share at the consideration of RMB3,300,000,000 (the “**Disposal**”).

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The financial information of the Target Group for the three years ended 31 December 2020 and the period ended 30 September 2021 (the “**Relevant Period**”) (“**Unaudited Financial Information**”) has been prepared in accordance with Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the very substantial disposal of the entire issued share capital of the Target Company on 25 July 2023.

The Target Group was formed specifically for the Disposal through a series of internal reorganisation. Since the Target Company and its subsidiaries are under common control by the Company, the reorganisation during the Relevant Period has been accounted for as business combination under common control in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). As a result, the Unaudited Financial Information has been prepared as if the present group structure had been in place throughout the Relevant Period.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

The Unaudited Financial Information has been prepared using the same accounting policies as those adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020 and the condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2021, which conform with Hong Kong Financial Reporting Standards issued by the HKICPA. The Unaudited Financial Information neither contains sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” nor a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA. It should be read in connection with the Company’s relevant published annual financial statements.

3. RELATED PARTY BALANCES

The amounts due from/to related parties are unsecured, interest-free, repayable on demand and non-trade in nature.

4. PLEDGE OF ASSETS

The following assets were pledged to secure the asset-backed securities issued by a fellow subsidiary of the Target Group at the end of the reporting period:

	At 31 December			At
	2018	2019	2020	30 September
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Trade receivables	<u>39,483</u>	<u>61,613</u>	<u>57,400</u>	<u>72,689</u>

**(A) THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
REMAINING GROUP**

In connection with the proposed disposal of the equity interest of Target Group, the unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the proposed Disposal on the Group's financial position as at 30 June 2021 and the Group's financial performance and cash flows for the year ended 31 December 2020 as if the Disposal had been completed at 30 June 2021 and 1 January 2020, respectively.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021, which has been extracted from the published interim report of the Company for the six months ended 30 June 2021.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2020, which have been extracted from the published annual report of the Company for the year ended 31 December 2020.

The unaudited pro forma financial information of the Remaining Group has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules and solely for the purpose to illustrate (a) the financial position of the Remaining Group as if the Disposal had been completed on 30 June 2021; and (b) the financial results and cash flows of the Remaining Group as if the Disposal had been completed on 1 January 2020.

The unaudited pro forma financial information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the Pro forma adjustments described in the accompanying notes. Narrative description of the Pro forma adjustments of the proposed Disposal that are (i) directly attributable to the transaction; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Remaining Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Remaining Group may not purport to predict what the financial position of the Remaining Group would have been if the Disposal had been completed at 30 June 2021 or at any future dates, or what the financial results and cash flows of the Remaining Group for the year ended 31 December 2020 or for any future periods would have been if the Disposal had been completed at 1 January 2020.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and the financial information of the Target Group as set out in Appendix II to this circular respectively, and other financial information included elsewhere in this circular.

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP****UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING GROUP AS AT 30 JUNE 2021**

	<u>Pro forma adjustments</u>				The Remaining Group
	The Group	The Target Group			
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	
NON-CURRENT ASSETS					
Property, plant and equipment	162,058	(91,450)			70,608
Right-of-use assets	95,306	(6,138)			89,168
Investment properties	147,167	(122,370)			24,797
Interests in associates	31,375	–			31,375
Interests in joint ventures	102,205	–			102,205
Equity instruments designated at FVTOCI	107,995	–			107,995
Goodwill	2,317,252	(1,430,545)			886,707
Intangible assets	884,574	(824,579)			59,995
Other receivables	3,557	–			3,557
Contract assets	6,733	–			6,733
Amounts due from related parties	65,591	–			65,591
Loan receivables	2,112	–			2,112
Deferred tax assets	77,884	(52,233)			25,651
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	10,653	–			10,653
	<u>4,014,462</u>	<u>(2,527,315)</u>			<u>1,487,147</u>
CURRENT ASSETS					
Contract assets	71,477	–			71,477
Trade and other receivables	1,328,223	(760,668)			567,555
Loan receivables	30,547	–			30,547
Payments on behalf of residents	1,002,743	(371,061)			631,682
Amounts due from related parties	752,157	(1,012,803)		309,731	49,085
Restricted/pledged bank deposits	113,820	(14,937)			98,883
Bank balances and cash	<u>2,712,539</u>	<u>(67,731)</u>	3,287,200		<u>5,932,008</u>
	<u>6,011,506</u>	<u>(2,227,200)</u>			<u>7,381,237</u>
	<u>10,025,968</u>	<u>(4,754,515)</u>			<u>8,868,384</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	<u>Pro forma adjustments</u>				The Remaining Group RMB'000
	The Group RMB'000 (Note 1)	The Target Group RMB'000 (Note 2)	RMB'000 (Note 3)	RMB'000 (Note 4)	
CURRENT LIABILITIES					
Trade and other payables	1,421,873	(887,873)			534,000
Contract liabilities	553,653	(270,927)			282,726
Receipts on behalf of residents	321,258	(273,521)			47,737
Lease liabilities due within one year	9,572	(2,714)			6,858
Amounts due to related parties	258,520	(75,487)		309,731	492,764
Tax liabilities	261,441	(76,733)	33,257		217,965
Borrowings due within one year	497,500	–			497,500
Senior notes and bonds due within one year	876,489	–			876,489
Asset-backed securities issued	7,271	–			7,271
	<u>4,207,577</u>	<u>(1,587,255)</u>			<u>2,963,310</u>
NET CURRENT ASSETS	<u>1,803,929</u>	<u>(639,945)</u>			<u>4,417,927</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,818,391</u>	<u>(3,167,260)</u>			<u>5,905,074</u>
NON-CURRENT LIABILITIES					
Deferred tax liabilities	222,093	(209,178)			12,915
Deferred consideration	32,242	–			32,242
Lease liabilities due after one year	18,788	(3,456)			15,332
Borrowings due after one year	955,560	–			955,560
	<u>1,228,683</u>	<u>(212,634)</u>			<u>1,016,049</u>
NET ASSETS	<u>4,589,708</u>	<u>(2,954,626)</u>			<u>4,889,025</u>
CAPITAL AND RESERVES					
Share capital	118,036				118,036
Reserves	4,274,259		299,317		4,573,576
Equity attributable to owners of the Company	4,392,295				4,691,612
Non-controlling interests	197,413				197,413
	<u>4,589,708</u>				<u>4,889,025</u>

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP FOR THE YEAR
ENDED 31 DECEMBER 2020**

	<u>Pro forma adjustments</u>			The Remaining Group RMB'000
	The Group RMB'000 (Note 1)	The Target Group RMB'000 (Note 5)	RMB'000 (Note 6)	
Revenue from services	3,596,450	(2,489,499)		1,106,951
Cost of sales and services	<u>(2,388,688)</u>	<u>1,786,170</u>		<u>(602,518)</u>
Gross profit	1,207,762	(703,329)		504,433
Other income	69,744	(40,006)		29,738
Other gains and losses	81,165	1,714		82,879
Impairment losses under expected credit loss model, net of reversal	(89,309)	9,011		(80,298)
Change in fair value of investment properties	(2,461)	–		(2,461)
Selling and distribution expenses	(16,944)	–		(16,944)
Expenses recharged to residential communities under commission basis	78,072	–		78,072
Administrative expenses	(421,843)	149,931		(271,912)
Finance costs	(210,387)	–		(210,387)
Share of results of associates	3,937	–		3,937
Share of results of joint ventures	996	–		996
Gain on disposal of subsidiaries	<u>–</u>	<u>–</u>	1,104,499	<u>1,104,499</u>
Profit before tax	700,732	(582,679)		1,222,552
Income tax expense	<u>(158,677)</u>	<u>133,283</u>	(110,450)	<u>(135,844)</u>
Profit for the year	<u>542,055</u>	<u>(449,396)</u>		<u>1,086,708</u>
Other comprehensive income (expense)				
Item that may be reclassified subsequently to profit or loss:				
Change in fair value of equity instruments designated at FVTOCI	1,793	–		1,793
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	<u>(448)</u>	<u>–</u>		<u>(448)</u>
Other comprehensive income for the year, net of income tax	<u>1,345</u>	<u>–</u>		<u>1,345</u>
Total comprehensive income for the year	<u>543,400</u>	<u>(449,396)</u>	994,049	<u>1,088,053</u>
Profit for the year attributable to:				
Owners of the Company	501,721	(449,396)	994,049	1,046,374
Other non-controlling interests	<u>40,334</u>	<u>–</u>		<u>40,334</u>
	<u>542,055</u>	<u>(449,396)</u>		<u>1,086,708</u>
Total comprehensive income for the year attributable to:				
Owners of the Company	503,066	(449,396)	994,049	1,047,719
Other non-controlling interests	<u>40,334</u>	<u>–</u>		<u>40,334</u>
	<u>543,400</u>	<u>(449,396)</u>		<u>1,088,053</u>

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP****UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
REMAINING GROUP FOR THE YEAR ENDED 31 DECEMBER 2020**

	Pro forma adjustments				The Remaining Group RMB'000
	The Group RMB'000 (Note 1)	The Target Group RMB'000 (Note 5)	RMB'000 (Note 6)	RMB'000 (Note 7)	
OPERATING ACTIVITIES					
Profit before tax	700,732	(582,679)			118,053
Adjustments for:					
Change in fair value of investment properties	2,461	(344)			2,117
Amortisation of intangible assets	137,774	(68,998)			68,776
Depreciation of property, plant and equipment	48,206	(32,049)			16,157
Depreciation of right-of-use assets	8,657	(1,567)			7,090
Share-based payment expenses	6,698	-			6,698
Loss on disposal of property, plant and equipment	37	(124)			(87)
Impairment losses under expected credit loss model, net of reversal	89,309	(9,011)			80,298
Interest income	(24,619)	15,080			(9,539)
Finance costs	210,387	-			210,387
Net foreign exchange (gain) loss	(84,407)	-			(84,407)
Share of results of associates	(3,937)	-			(3,937)
Share of results of joint ventures	(996)	-			(996)
Operating cash flows before movements in working capital	1,090,302	(679,692)			410,610
Decrease in inventories	3,700	-			3,700
Decrease in trade and other receivables	(171,801)	18,625			(153,176)
Increase in contract assets	2,988	-			2,988
Increase in trade and other payables	(55,154)	53,063			(2,091)
Decrease in contract liabilities	166,285	(45,246)			121,039
Cash generated from operations	1,036,320	(653,250)			383,070
Income tax paid	(210,503)	128,851			(81,652)
NET CASH FROM OPERATING ACTIVITIES	825,817	(524,399)			301,418

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	<u>Pro forma adjustments</u>				The Remaining Group RMB'000
	The Group RMB'000 (Note 1)	The Target Group RMB'000 (Note 5)	RMB'000 (Note 6)	RMB'000 (Note 7)	
INVESTING ACTIVITIES					
Placement of restricted/pledged bank deposits	(54,555)	14,937			(39,618)
Withdrawal of restricted/pledged bank deposits	115,083	-			115,083
Settlement of consideration payables on acquisition of subsidiaries	(17,511)	-			(17,511)
Settlement of consideration receivables of disposal of subsidiaries	22,314	-			22,314
Purchases of property, plant and equipment	(30,266)	18,414			(11,852)
Proceeds from disposal of property, plant and equipment	2,853	(1,049)			1,804
Proceeds from disposal of investment properties	12,056	(1,324)			10,732
Redemption of financial assets at FVTPL	3,000	-			3,000
Redemption of equity instruments designated at FVTOCI	8,360	-			8,360
Acquisition of associates and joint ventures	(3,852)	-			(3,852)
Capital injection to associates and joint ventures	(2,730)	-			(2,730)
Deposit paid for acquisition of subsidiaries	(1,380)	-			(1,380)
Deposit refunded for acquisition of subsidiaries	595	-			595
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	-	-	3,287,200		3,287,200
Dividend received from joint ventures and associates	540	-			540
Interest received	24,619	(15,080)			9,539
Advance of loan receivables	(198,588)	-			(198,588)
Repayment of loan receivables	165,513	-			165,513
Advances to related parties	(421,070)	842,492		(835,949)	(414,527)
Repayment from related parties	81,882	(178,999)		596,594	499,477
NET CASH USED IN INVESTING ACTIVITIES	<u>(293,137)</u>	<u>679,391</u>			<u>3,434,099</u>
FINANCING ACTIVITIES					
Interest paid	(137,538)	-			(137,538)
Net proceeds from the issuance of senior notes and bonds	1,592,069	-			1,592,069
Repayment of principal of asset-backed securities	(85,740)	-			(85,740)
Repayment of senior notes and bonds	(150,000)	-			(150,000)
New borrowings raised	423,993	-			423,993
Repayment of borrowings	(1,509,708)	-			(1,509,708)
Repayment of lease liabilities	(7,241)	1,754			(5,487)
Dividend paid to shareholders of the Company	(24,928)	-			(24,928)
Dividend paid to non-controlling shareholders of the subsidiaries	(13,488)	-			(13,488)
Contributions from non-controlling shareholders of the subsidiaries	653	-			653
Acquisition of additional interest in subsidiaries	(9,909)	-			(9,909)
Advances from related parties	348,813	(547)		835,949	1,184,215
Repayments to related parties	(199,983)	629,988		(596,594)	(166,589)
NET CASH FROM FINANCING ACTIVITIES	<u>226,993</u>	<u>631,195</u>			<u>1,097,543</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	759,673	786,187	3,287,200		4,833,060
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR					
	1,721,228	(1,088,275)			632,953
Effect of foreign exchange rate changes	(22,322)	-			(22,322)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	<u>2,458,579</u>	<u>(302,088)</u>	3,287,200		<u>5,443,691</u>

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

Notes:

- (1) The unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 is extracted from the interim report of the Company for the six months ended 30 June 2021 and its audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows for the year ended 31 December 2020 are extracted from the annual report of the Company for the year ended 31 December 2020.
- (2) The adjustment represents the exclusion of the assets and liabilities of the Target Group as at 30 June 2021, assuming the Disposal had taken place on 30 June 2021. The assets and liabilities of the Target Group are extracted from the unaudited condensed consolidated statement of financial position of the Target Group set out in Appendix II to this circular.
- (3) The adjustments reflect the cash consideration received upon completion of the Disposal of RMB3,300,000,000 and pro forma gain on Disposal of RMB299,317,000. The calculation of the pro forma gain on Disposal is stated as follows, assuming the Disposal had taken place on 30 September 2021:

	<i>RMB'000</i>
Calculation of pro forma gain on Disposal	
Cash consideration	<u>3,300,000</u>
Less: Estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>)	(12,800)
Less: Net assets of the Target Group as at 30 September 2021 (<i>note a</i>)	<u>(2,954,626)</u>
Gain on Disposal before income tax	332,574
Less: Estimated income tax expense regarding the Disposal (<i>note c</i>)	<u>(33,257)</u>
Gain on Disposal	<u><u>299,317</u></u>
Gain on Disposal attributable to:	
Owners of the Company	299,317
Other non-controlling interests	<u>—</u>
	<u><u>299,317</u></u>
Cash received upon the Disposal	3,300,000
Less: Estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>)	<u>(12,800)</u>
Net proceeds arising on Disposal upon completion as at 30 June 2021	<u><u>3,287,200</u></u>

Notes:

- (a) The amount represents the net assets of the Target Group as at 30 June 2021 as extracted from the unaudited consolidated statement of financial position of the Target Group as at 30 September 2021 set out in Appendix II to this circular.
- (b) The adjustment represents the recognition of the estimated transactions costs of approximately RMB12,800,000, including but not limited to legal and professional fees, directly attributable to the Disposal as estimated by the Directors.
- (c) The amount represents the estimated income tax payable to the PRC tax authority in relation to the gain on the Disposal, which is calculated based on a tax rate of 10%.
- (4) The adjustment represents the elimination of intercompany balances between the Target Group and the Remaining Group.
- (5) The adjustment represents the exclusion of the results of the operation and cash flows of the Target Group for the year ended 31 December 2020, assuming the Disposal had taken place on 1 January 2020. The results of the operation and cash flows of the Target Group are extracted from the unaudited consolidated statement of profit or loss and other comprehensive income and the unaudited consolidated statement of cash flows of the Target Group for the year ended 31 December 2020 set out in Appendix II to this circular.
- (6) The adjustments reflect the gain on disposal of the Target Group by the Group, assuming the Disposal had taken place on 1 January 2020:

	<i>RMB'000</i>
Calculation of pro forma gain on Disposal	
Cash consideration	3,300,000
Less: Estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>)	(12,800)
Less: Net assets of the Target Group as at 1 January 2020 (<i>note a</i>)	<u>(2,182,701)</u>
Gain on Disposal before income tax	1,104,499
Less: Estimated income tax expense regarding the Disposal (<i>note c</i>)	<u>(110,450)</u>
Gain on Disposal	<u><u>994,049</u></u>
Gain on Disposal attributable to:	
Owners of the Company	994,049
Other non-controlling interests	<u>—</u>
	<u><u>994,049</u></u>
Cash received upon the Disposal	3,300,000
Less: Estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>)	<u>(12,800)</u>
Net proceeds arising on Disposal upon completion as at 1 January 2020	<u><u>3,287,200</u></u>

Notes:

- (a) The amount represents the net assets of the Target Group as at 1 January 2020 as extracted from the unaudited consolidated statement of financial position of the Target Group as at 31 December 2019 set out in Appendix II to this circular.
 - (b) The adjustment represents the recognition of the estimated transactions costs of approximately RMB12,800,000, including but not limited to legal and professional fees, directly attributable to the Disposal as estimated by the Directors.
 - (c) The amount represents the estimated income tax payable to the PRC tax authority in relation to the gain on the Disposal, which is calculated based on a tax rate of 10%.
- (7) The adjustment represents the adjustments of cash flows between the Target Group and the Remaining Group.
- (8) Other than set out above, no other adjustment has been made to reflect any trading results, cash flows or other transactions of the Group entered into subsequent to 30 June 2021 or 1 January 2020, respectively, for the preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2021 or the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2020. These Pro forma adjustments will not have any continuing effect on the Remaining Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants of the Company, Prism Hong Kong and Shanghai Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Remaining Group.

The Directors

Colour Life Services Group Co., Limited

Cricket Square, Hutchins Drive

PO Box 2681, Grand Cayman

KY1-1111, Cayman Islands

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Colour Life Services Group Co., Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2020, and related notes as set out on pages III-1 to III-13 of the investment circular in connection with disposal of equity interests in Link Joy Holdings Group Co., Limited. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Note 1 to 8.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the disposal of equity interest in Link Joy Holdings Group Co., Limited (the “**Disposal**”) on the Group’s financial position as at 30 June 2021 and the Group’s financial performance and cash flows for the year ended 31 December 2020 as if the Disposal had taken place at 30 June 2021 and 1 January 2020 respectively. As part of this process, information about the Group’s financial position as at 30 June 2021 and, financial performance and cash flows for the year ended 31 December 2020 has been extracted by the directors of the Company from the Group’s financial statement, on which interim and annual report has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity professional competence and due care, confidentiality and professional behavior. The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Prism Hong Kong and Shanghai Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

25 July 2023

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 in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the Directors and chief executives of the Company and their associates had the following interests in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules (the “**Model Code**”).

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

Name of director	Capacity/Nature of interest	Number of shares held	Number of underlying shares held ⁽¹⁾	Total	Approximate percentage of issued share capital
Mr. Pan Jun	Beneficial owner	–	1,755,440	1,755,440	0.12%
Mr. Xu Xinmin	Beneficial owner	–	710,000	710,000	0.05%
Ms. Yang Lan	Beneficial owner	10,000	–	10,000	0.00%

Notes:

- (1) The relevant interests are unlisted physically settled options granted pursuant to the share option scheme of the Company.
- (2) As at the Latest Practicable Date, the total number of issued shares of the Company is 1,487,525,754.

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	Number of shares/ underlying shares/equity interest held	Approximate percentage of interest
Mr. Pan Jun	Fantasia	Beneficial owner	9,980,000 ⁽¹⁾	0.17%
	Shenzhen Caizhiyun Network Technology Co., Ltd.	Beneficial owner	RMB7,000,000 ⁽²⁾	70%
	Fantasy Pearl International Limited	Interest of controlled corporation	20 ⁽³⁾	20%

Notes:

- (1) These underlying shares are unlisted physically settled options granted pursuant to the share option scheme of Fantasia.
- (2) Shenzhen Cai Yun Network Technology Co., Ltd is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin, and the financial results of which 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.
- (3) Fantasy Pearl International Limited is owned as to 80% by Ice Apex Limited and 20% by Graceful Star Overseas Limited, which is wholly owned by Mr. Pan Jun.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 deemed or taken to have under such provisions of the SFO), or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions

Name of substantial shareholders	Capacity	Number of Shares held	Approximate percentage of holding
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽¹⁾⁽²⁾⁽³⁾	1,013,643,318 (L)	68.14%
Ice Apex Limited	Interest of controlled corporation	782,407,472 (L)	52.60%
Fantasy Pearl International Limited	Interest of controlled corporation	780,104,676 (L)	52.44%
	Beneficial owner	2,302,796 (L)	0.15%
Fantasia	Beneficial owner	780,104,676 (L)	52.44%
Jovial New Limited	Interest of controlled corporation	231,235,846 (L)	15.54%
Delight Vision Holdings Limited	Interest of controlled corporation	231,235,846 (L)	15.54%
Splendid Fortune Enterprise Limited	Beneficial owner	231,235,846 (L)	15.54%

(L) denotes long position

Notes:

- (1) These shares comprises (i) 780,104,676 shares held by Fantasia; (ii) 2,302,796 shares beneficially owned by Fantasy Pearl and (iii) 231,235,846 shares beneficial owned by Splendid Fortune Enterprise Limited.
- (2) The Company is owned as to 52.44% by Fantasia. Fantasia is owned as to 57.41% 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 is deemed to be interested in the shares of the Company held by Fantasia for the purpose of Part XV of the SFO.
- (3) Splendid Fortune is 67.36% owned by Delight Vision Holdings Limited and 32.64% owned by Colour Success Limited. Delight Vision Holdings Limited is wholly-owned by Jovial New Limited which is owned as to 100% by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Splendid Fortune for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no other persons or companies (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which were recorded in the register kept by the Company pursuant to section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is 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.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered, or proposed to enter, into any service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group.

5. MATERIAL CONTRACTS

Except as disclosed below, no other contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years preceding the date of this circular and is or may be material.

- (i) the Share Transfer Agreement;
- (ii) the Loan Agreement; and
- (iii) the Supplemental Agreement.

6. LITIGATION

As at the Latest Practicable Date, except as disclosed below, so far as the Directors are aware, the Group was not engaged in any material litigation or arbitration proceedings nor is any material litigation or claim pending or threatened against it.

7. EXPERT AND CONSENT**(a) Qualification of Expert**

Set out below is the qualification of the expert who has given an opinion contained in this circular:

Name	Qualification
Prism Hong Kong and Shanghai Limited	Certified Public Accountants, Hong Kong

(b) Interests of Expert

As at the Latest Practicable Date, the abovementioned expert was not interested in any securities of any member of the Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, and the abovementioned expert did not have any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited accounts of the Company have been made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

(c) Consent

The abovementioned expert has given and has not withdrawn its written consent to the issue of this circular and the inclusion of its reports and/or references to its name in the form and context in which they respectively appear in this circular.

8. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, except as disclosed below, so far as the Directors are aware of, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, or is in conflict or is likely to be in conflict, either directly or indirectly, with the business of the Group.

9. GENERAL

- (a) The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 21/F., CMA Building, 64 Connaught Road Central, Hong Kong.
- (c) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Ms. Yeung Lee. Ms. Yeung is a Chartered Secretary, a Chartered Governance Professional, and an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as "Institute of Chartered Secretaries and Administrators") in the United Kingdom. She obtained a Bachelor of Science degree from the Hong Kong University of Science and Technology and has extensive experience in company secretarial, corporate governance and compliance matters.
- (e) In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

10. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.colourlife.hk) for a period of 14 days from the date of this circular:

- (a) the financial information of the Target Group, the text of which is set out in Appendix II of this circular;
- (b) the report on the Unaudited Pro-Forma Financial Information of the Remaining Group, the text of which is set out in Appendix III of this circular;
- (c) the material contracts referred to in the section headed "Material Contracts" of this Appendix; and
- (d) the written consent referred to in the section headed "Expert and Consent" of this Appendix.

NOTICE OF THE EGM



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 the extraordinary general meeting of Colour Life Services Group Co., Limited (the “**Company**”) will be held at Imagination Room, BOHUB, 5/F., Tower A, The Platinum Tower, No. 1 Tairan 7th Road, Futian District, Shenzhen, the PRC on Friday, 8 September 2023 at 11:00 a.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, whichever is later, for the purposes of considering and, if thought fit, passing the following resolution (with or without modifications):

ORDINARY RESOLUTION

“THAT

- (a) the agreement (the “**Agreement**”) dated 28 September 2021 and the supplemental agreement (the “**Supplemental Agreement**”) dated 28 March 2022 entered into among the Company, Country Garden Property Services HK Holdings Company Limited, 深圳市彩生活服務集團有限公司 (Shenzhen Colour Life Services Group Co., Ltd.*) and Link Joy Holdings Group Co., Limited in relation to the transfer of the entire issued share capital of Link Joy Holdings Group Co., Limited (as supplemented and amended from time to time), copies of each of which are tabled at the meeting and marked “A” and signed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purpose of or in connection with or to give effect to the Agreement and the Supplemental Agreement and the transactions contemplated thereunder.”

By Order of the Board
Colour Life Services Group Co., Limited
彩生活服務集團有限公司
PAN Jun
Chairman

Hong Kong, 25 July 2023

NOTICE OF THE EGM

Notes:

1. Any member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies (if holding two or more shares) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
3. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjourned meeting thereof should he so wishes and in such event, the form of proxy shall be deemed to be revoked.
4. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
5. The register of members of the Company will be closed from Monday, 4 September 2023 to Friday, 8 September 2023, both days inclusive, during which period no transfer of shares will be registered.
6. In order to qualify as shareholders to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 1 September 2023.
7. A form of proxy for use at the EGM is enclosed.