

(FOR IMMEDIATE RELEASE)



Colour Life Services Group Co., Limited

(Stock code: 1778)

Colour Life announces its annual results for 2014 Achieved significant growth and economies of scale Community O2O ecosystem taking shape

Financial and business highlights

- **Successfully listed on The Stock Exchange of Hong Kong and established an international funding platform**
 - ✓ Successfully listed on the Main Board of The Stock Exchange of Hong Kong, received strong support from the internet net giant Qihoo360 and other investors, with market capitalization surpassed many mainland property companies listed in Hong Kong
 - ✓ Started an era of dual funding platforms and significantly enhanced capital utilization efficiently and branding premium
- **Accomplished outstanding results for 2014 with significant growth in net profit attributable to equity owners**
 - ✓ Achieve revenue of RMB389.3 million for the year ended 31 December 2014, up 67.0% year on year
 - ✓ Gross profit was RMB309.9 million, up 115.8%, gross profit margin was 79.6%, up 18 percentage points from last year
 - ✓ Net profit attributable to owners of the Company was RMB145.7million, up 228.3% year on year
 - ✓ Cash and bank balance stood at RMB687.0 million as at 31 December 2014, up substantially by 370.2% from end-2013
 - ✓ As a token of appreciation for the support from shareholders, the Board has recommended payment of a final dividend of 9.00 HK cents per share
- **Accomplished operation targets by a wide margin and further strengthen its leading position in community service industry**
 - ✓ Revenue from property management services was RMB236.3 million, up 72.7% year on year; revenue from community leasing, sales and other services was RMB65.3 million, up 46.3% year on year; revenue from engineering services was RMB87.7 million, up 69.8% year on year.
 - ✓ The Group had grown its coverage to 109 cities in China and one city outside China where the Group was contracted to manage 796 residential communities and entered into consultancy services contracts with 469 residential communities with an aggregate contracted GFA in excess of 200 million sq.m..
- **Proactively pursued M&A after listing to create a flagship community service provider in China**
 - ✓ Announced in February 2015 a RMB330 million acquisition of 100% interest in the high-end property management giant Kaiyuan International, the largest M&A transaction in the property management industry in China to date
 - ✓ Successfully acquired Steadlink Asset of Singapore as a first move into international property management business to gain overseas property management experience
- **Established Colour Life as the community service platform to construct a community O2O ecosystem**
 - ✓ Developed and promoted a mobile application Caizhiyun that satisfies needs such as paying property charges and handling complains, increasing reliance of residents to the application. At the end of 2014, Caizhiyun had 1 million registered users, of which 400,000 were active users.
 - ✓ With its unique community service landscape and Caizhiyun as an application platform, the Group introduced Currently, vertical applications including living services (E-maintenance), financial services (E-wealth management) and housing services (E-leasing) initially established the basic form of a smart community O2O ecosystem of "Mutual Growth and Boom".

(Hong Kong, 3 March 2015) **Colour Life Services Group Co., Limited** (“Colour Life” or the “Company”, together with subsidiaries, the “Group”, HKEx stock code: 1778), the largest community services provider in China, announced its audited results for the year ended 31 December 2014, the first set of full-year results since its listing on the Main Board of The Stock Exchange of Hong Kong.

Colour Life met all the targets for the year by a wide margin, thereby secured its leadership position in the community services industry. It achieved revenue of RMB389.3 million for 2014, up 67.0% year on year. Net profit attributable to equity owners of the Company was RMB145.7 million, up 228.3% from last year. Basic earnings per shares were RMB0.1666, up 175.8% from year on year. The Board of Directors of the Company has recommended payment of a final dividend of 9.00 HK cents, translating into a payout ratio of 50%.

Mr. Pan Jun, Chairman of the Board and non-Executive Director of Colour Life, said: “In 2014, Colour Life made great strides in development, not only successfully listed on the Main Board of The Stock Exchange of Hong Kong, but also achieved remarkable results in operations. Leveraging our strong brand recognition and high quality management system, we continued to expand the number of management projects and gross floor area (“GFA”) under management through acquisitions and on a fully commissioned basis.”

The Group’s revenue mainly arises from (i) property management services, (ii) engineering services, (iii) community leasing, sales and other services. The increase in revenue for the year was primarily driven by (i) an increase in the total revenue-bearing GFA and (ii) an increase in the amount of community leasing, sales and other services the Group delivered. The overall gross profit margin increased by 18.0 percentage points to 79.6% in 2014 from 61.6% in 2013. The increase was primarily attributable to the gross profit margin of all business segments which remained at high levels and the growth in weight of revenue with a higher margin rate.

The Group’s revenue bearing GFA aggregated 165.1 million sq.m. as of end-2014, up 172.4% from the 60.6 million sq.m. as of end-2013.

As at 31 December 2014, the Group had grown its coverage to 109 cities in China and one city outside China where it was contracted to manage 796 residential communities with an aggregate contracted GFA of approximately 137.2 million sq.m. and entered into consultancy services contracts with 469 residential communities with an aggregate contracted GFA of approximately 68.1 million sq.m.. The Group employed over 21,000 on-site personnel to provide property management services. In order to tackle the challenges from escalating labour costs and further enhance the efficiency of the property management services, the Group had implemented the information-technology-based automation and equipment upgrade in some of the projects under its management. At the same time, the Group also launched its Caizhiyun website and the same mobile application with the aim to provide convenience in remittance of fees, requesting repair and maintenance services and submitting complaints on services. This move strengthened the interactions and communications between the Group and property owners of residential communities.

Acquired Shenzhen Kaiyuan International to establish a community service flagship

In early 2015 Colour Life announced its acquisition into 100% interest in Shenzhen Kaiyuan International Property Management Co., Ltd. (“Kaiyuan International”) for a total consideration of RMB330 million. Kaiyuan International is a certified first-class national property management corporation with its market coverage in more than 10 cities, including Shenzhen, Beijing and Shanghai. It provides services for more than 130 property development projects. Kaiyuan International also undertakes comprehensive outsourced property service projects in Ho Chi Ming City in Vietnam.

This is the biggest merger and acquisition transaction in the property management sector in China to date, aiming at realizing more values in a community through the integration of resources and combination of complementary advantages. Colour Life’s leading position will thus be reinforced in the community services sector in China.

Upgrading Colour Life 2.1 to 2.2 to enhance our development management system

Colour Life endeavors to establish standardised, centralised and automated service standards and quality control systems. The Group has applied modern techniques to improve quality of community services and increase customer satisfaction, as well as to reduce reliance of community service business on traditional labour force. In 2014, the Group reconfigured and upgraded its community services from Colour Life 2.1 to Colour Life 2.2, through extending utilisation of techniques of intelligent system, “The Internet of Things” and the internet to enhance efficiency of community service enterprise business and living efficiency including resident passage and, at the same time, built a smart, convenient and digitalised community service platform offering home living services. In 2014, the Group completed the Colour Life 2.2 reconfiguration for 410 communities in an effort to deliver more convenient community life and services by upgrading hardware devices and registration for mobile applications. The Group will speed up reconfiguration of projects in the coming future, expecting to complete the work for 800 projects in 2015.

On the other hand, in February 2015 Colour Life entered into a strategic cooperation framework agreement with Shenzhen Qihoo Kin Smart Technology Co., Ltd., a unit under Qihoo360 to build a smart home security services system, seeking to leverage its promotional efforts for smart and safe community living and wide applications at home as an entry point to proactively introduce insurance resources and establish a smart security services system, and jointly establish 360 community security accreditation as a top-end brand of home security services.

Colour Life as community service platform to build an smart community O2O ecosystem

Based on the community families it serves, the Group developed and promoted a mobile application Caizhiyun. The application satisfied needs such as paying property charges and handling complains, increasing reliance of residents to the application. At the end of 2014, Caizhiyun had 1 million registered users, of which 400,000 were active users. With its unique community service landscape and Caizhiyun as an application platform, the Group introduced other vertical application services to the communities and achieved gradual mutual growth with its cooperating partners. Currently, vertical applications including living services (E-maintenance), financial services (E-wealth management) and housing services (E-leasing) initially established the basic form of a smart community O2O ecosystem of “Mutual Growth and Boom”.

Obtained strategic support to our development from financial institutions with significant increase in credibility

The Group maintained a healthy financial structure under rapid expansion. Its business model received general recognitions from financial institutions. Cooperation arrangements were established with institutions including Pingan Bank, Bank of China, China Merchants Bank, ICBC, Bank of Communications, Everbright Bank, ICBC (Asia), BOC International and Wing Lung Bank. In the future, the Group will further strengthen cooperation with financial institutions to obtain necessary funding support for subsequent project expansion and reconstruction. The Group will also increase depth of cooperation with different financial institutions to explore potentials of community development in the future. In addition, Colour Life reached an agreement with Qihoo360 for an extension of disposal lock-up of Colour Life shares by another 12 months, indicating Qihoo360’s endorsement and support of the Colour Life model.

Mr. Pun concluded: “Currently, the community service industry is still highly diversified. Innovative earning model is left for a clearer stage. Consolidation of the industry and exploration of new earning models will be the two key subjects and core strategies of Colour Life in the coming days. Colour Life will accelerate consolidation of the industry on a fully commissioned basis and acquisition and mergers. Through the community service platform of Colour Life, we will also grasp opportunities from mobile internet to jointly construct a “community ecosystem” bringing better living experience to families, with different O2O enterprises providing vertical community services.”

“In 2015, we will continue to focus on improving quality property management, further upgrading the property management model in the communities under our management, launching more contents which facilitate interaction between residents on its online platform and thereby strengthening the branding effect of Colour Life community service platform. We will further enhance our strategic plan of nationwide deployment, enabling better economy of scale of the online and offline community service platforms. We will also continue to build up and enhance our capability in integrating resources in the commercial ecosystems surrounding our communities, attracting more vendors to provide more goods and services via the Caizhiyun platform to the residents in the communities under its management, thereby strengthening customer cohesion in our service platform and grooming Colour Life into a leading operator of community service platforms” Mr Pun added.

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About Colour Life

Colour Life is headquartered in Shenzhen, and it is a technology-based and integrated property services operating group covering property services, building intelligence, asset management and community services, thus becoming China's largest community service provider. Through implementing business strategies of standardization, centralization and automation, Colour Life has been able to provide consistent and cost-efficient residential property management services, and has maintained its strong position in the residential property management industry in China. Colour Life also focuses on developing an offline and online service platform connecting residents with local vendors, and has ample growth opportunities.

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