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Colour Life Services Group Co., Limited

(Stock code: 1778)

Colour Life announces its annual results for 2015 Achieved significant growth in revenue and profit, “Community +” model progresses on prosperous trends

Financial and business highlights

- **Accomplished outstanding results for 2015 with significant growth in net profit attributable to equity owners and net cash from operating activities**
 - ✓ Achieve revenue of RMB827.6 million for the year ended 31 December 2015, up 112.6% year on year
 - ✓ Gross profit was approximately RMB454.5 million, up 46.7% year on year, gross profit margin was 54.9%
 - ✓ Profit for the year increased 21.4% year on year to approximately RMB182.7 million; profit attributable to equity owners was approximately RMB168.4 million, up 15.6% year on year; adjusted profit ⁽¹⁾ grew 50.7% year on year to approximately RMB 327.7million
 - ✓ Cash and bank balance stood at RMB419.5 million as at 31 December 2015, recorded positive net cash inflow of RMB238.7 million from operating activities, up 317.5% from end-2014
- **The newly acquired Kaiyuan International dedicated to nurture Oriental Concierge high-end high-quality service capability**
 - ✓ Kaiyuan International is a leading enterprise in the property management industry, featuring good Oriental Concierge recognition, with outstanding service capability in high-end projects
 - ✓ Colour Life has completed the 100% equity acquisition in Kaiyuan International, with service contents and strengths that are comparable to industry peers in terms of service quality, facilitating creation of better community value
- **Embracing vertical co-operations**
 - ✓ Caizhiyun APP has 2,003,000 registered users, of which 858,000 are active, up 100.3% and 112.5% , respectively
 - ✓ Through deepening co-operation with premium suppliers including JD.com, Hehenian and E-Repair to enrich services contents on the platform to allow community residents to enjoy more high quality convenient services
 - ✓ Launched Colour Life-branded residential projects in partnership with developers and Colour Wealth Life Value-added Plan, an upgraded version of its financial services (E-wealth management), which will evolve into two indispensable drivers for the Group to accomplish “Community +” in the future
- **Accomplishing win-win compound growth**
 - ✓ “Deconstruct + construct” value chain to tackle difficulties in communities, enhancing efficiency of basic property services while accomplishing compound growth for the whole community ecosystem
- **Gathering high-caliber talents**
 - ✓ Hired industry talents in relevant disciplines including IT system architecture, online product operations, offline customer services to propel Colour Life’s development
 - ✓ The integration of the new and the old management brings innovative idea that will activate high efficiency operations of the whole system in the long run

(1) Note: Defined as profit for the year + listing expenses + option expenses + allowance for doubtful debt + depreciation & amortization

(Hong Kong, 3 March 2016) **Colour Life Services Group Co., Limited** (“Colour Life” or the “Company”, together with subsidiaries, the “Group”, HKEx stock code: 1778), the world’s largest residential community services operator was pleased to announce its audited results for the year ended 31 December 2015.

As at 31 December 2015, GFA covered by Colour Life’s community management services aggregated 322.1 million sq. m. in 2,001 residential communities, making the Group the world’s largest residential property service operator by GFA of service coverage. Colour Life achieved revenue of RMB827.6 million and adjusted profit ⁽¹⁾ of RMB327.7 million for 2015, up 112.6% and 50.7% year on year, respectively. Net profit attributable to equity owners of the Company was approximately RMB168.4 million, up 15.6% from last year. Basic earnings per share were RMB0.1684, up 1.08% from year on year. The Board of Directors of the Company has recommended payment of a final dividend of 10 HK cents per share, translating into a payout ratio of 50%.

Mr. Pan Jun, Chairman of the Board and non-Executive Director of Colour Life, said: “In 2015, each of Colour Life’s businesses perpetuated the high-speed development momentum and achieved milestone progresses in its promotion of community ecosystems, thereby laid a firm foundation for the Group’s long term development. The Group has adopted a “deconstruct and reconstruct” mentality in realizing and implementing innovative development models for its community ecosystems, leading the industry to a new future from the old traditions. These represent a prosperous market of community services we strive to capitalize on to establish an enterprise that delivers sustainable long term value for shareholders.”

- ✓ The Group’s revenue mainly arises from (i) property management services, (ii) engineering services, (iii) community leasing, sales and other services. For the year ended 31 December 2015 the Group’s revenue grew 112.6% to RMB827.6 million from RMB389.3 million in 2014. The increase in revenue for the year was primarily due to an increase of the revenue bearing GFA and the GFA on the lump sum basis through acquisition of Kaiyuan and other newly acquired units; and an increase in the amount of community leasing, sales and other services the Group delivered.
- ✓ The overall net cash inflow from operating activities rose 317.5% to RMB238.7 million, primarily due to better customer satisfaction and better collection rates of property management fees, which mainly caused by the transformation and upgrade of the newly-acquired community during the past year.

As at 31 December 2015, the Group was contracted to manage 2,001 residential communities with an aggregate contracted GFA of approximately 322.1 million sq. m., thereby accomplished rapid expansion in GFA serviced, of which revenue-bearing GFA aggregated 232.4 million sq. m., up more than 40.8% from 165.1 million sq. m. in 2014

As at 31 December 2015, the Group had grown its coverage to 165 cities in China, and Singapore, having won satisfaction of the homeowners with the high-quality services delivered and favorable endorsement in the neighborhood. This allowed the Group to secure more effectively GFA under management under new engagements, maintaining the rapid growth momentum. Newly secured GFA under management under new engagements aggregated 51.8 million sq. m. for the year, contributed to 47.2% of the total newly secured GFA under management for 2015, after stripping out the GFA under management of Kaiyuan, the largest acquisition in the industry.

To expedite market expansion, the Group launched Colour Life Residential Model on 30 June 2015, cooperating with property developers and financial institutions to give away coupons that can be redeemed for service and product from Caiziyun APP platform, thereby alleviated living cost pressure of the homebuyers and strengthened client stickiness on the platform further. At the moment, the Group has introduced Colour Life Residential models in cities of Changsha, Chengdu, Huizhou, Wuhun, etc. Colour Life Residential model will become the third growth driver for the Group in addition to acquisition and organic growth.

The newly acquired Kaiyuan International establishes “Oriental Concierge” high-end high-quality service capability

During the year Colour Life completed an acquisition of high strategic importance, the acquisition of 100% stakes in Kaiyuan International. With 15 years of experience in this industry, Kaiyuan International focuses on nurturing its “Oriental Concierge” high-end high quality service capability. This will empower Colour Life to compete with any property management company in the areas of service contents and strengths.

Embracing vertical co-operations

The Group, based on its basic property services package, launched a high-frequency function of “Scan to Open the Door with mobile phone”. It has been deepening the collaborations with high-quality community service suppliers to enrich the contents on the platform that opens the community residents’ doors to more high quality better convenience services. At the end of 2015, Caizhiyun had 2,003,000 registered users, of which 858,000 were active users, up 100.3% and 112.5% year on year, respectively.

With the “online + offline” platform of Caizhiyun, the third-party core vertical applications on different levels also delivered good performance numbers. As at 31 December 2015, the daily order count received by E-Repair surpassed the 6,000 mark, up more than 200% from that of 30 June 2015; while E-Wealth Management accomplished investment amount aggregating RMB533.0 million for the year, bringing to Colour Life RMB8.4 million in revenue. E-Leasing completed transformation from offline to online in 2015, bringing to Colour Life RMB23.6 million in revenue.

In collaboration with the property development unit, the Group launched in the second half of the year residential developments under the Colour Life brand and upgraded version of E-wealth management, Colour Wealth Life Value-added Plan. Colour Life residences target to benefit livelihood, help digest inventory, and drive consumption, resonating the country’s reform and development direction. As far as business models are concerned Colour Life residences benefit homebuyers, developers, financial institutions and Colour Life itself. Colour Wealth Life Value-added Plan brings benefits to homeowners, financial institutions and property industry staff. These will become two indispensable drivers for the Group to accomplish the “Community +” model for the future.

Accomplishing win-win compound growth

The Group believes using mobile internet as the connectivity and a “deconstruct + construct” value chain based on community to tackle difficulties in property management service and to achieve better living experience. For example, E-Repair helps provide solutions for difficulties about maintenance masters’ skills, available timeslots, materials through the internet platform, further improving timeliness of repair services and pricing transparency. At the same time, the access to households via public areas and the five-point full-mark left by 85% of the customers has validated its feasibility. The E-Repair model has not only brought about efficiency bonus to basic property services, but also helps the Group create needs for homeowner household services driven by basic property services, nurturing subsequent revenue growth momentum.

On the other hand, Colour Wealth Life Value-added Plan deconstructs and reconstructs the traditional model of property management fee collection and financial product investments, seeking improvements in the monthly, quarterly and annually yet repetitive payment reminders and unrelentingly establishes the Group’s twin pillars of “efficiency bonus” and “pricing bonus” to achieve “compound growth” for the whole community ecosystem.

Attracting high-caliber talents

The Group hired industry talents from relevant disciplines during the year to help propel Colour Life’s development. They include Mr. Zhang Qiling, the former chief architect of Cisco in the financial industry in Greater China; Zheng Jiabin, the former Alibaba product operation director who also took charge in multiple lines of business with a rich entrepreneurial track record and years of experiences serving in operation units of

top-notch internet companies; Fu Guojun, a senior management executive of the Haidilao hotpot restaurant chain, which is known as the Huangpu Military Academy of the catering industry, to join Colour Life as senior executives. These new executives share the same view with the management of Colour Life and will jointly form an innovative, highly experienced and motivated team with the original Colour Life team.

Amalgamation of talents from different industries at Colour Life brings in not only strengths, experiences and technology resources, but also spark between the new and old teams to create innovative ideas that will activate high efficiency operations of the whole system, thereby continuing to lead the industry with Colour Life's adaptations to new changes in the internet era.

Embracing the future with “dedication + evolution”

The Group believes that there will be room for further improvements in quality of its community services. While “Community +” involves the Internet, its foundation is to seek recognition and endorsement from the homeowners. In addition, there is still room for improvement in terms of richness of the Group's online vertical service offerings and user experiences. The Group has determined that it needs to think untiringly and accomplish “compound growth” in communities. The only thing that remains intact is “dedication + evolution” based on communities, only until then can the Group proactively accommodate and innovates, and deliver outstanding performances in this rapidly changing era.

Mr. Pun concluded: “At the moment, the external economic and industry environments present to us a very sought-after window of opportunity. The professional division of labour in the Chinese society is far from perfect, demanding very high requirements for resources integration and integrated management capabilities. Colour Life leverages its “information + technology + management system” to bring to community services enhancements in quality and efficiency, thereby accomplishing rapid expansion in GFA covered by our community services, and improvements day by day in economies of scale. “

“Colour Life ascribes rich offline resources which are growth shortcuts for enterprises aspiring to enter communities and provide community services. We believe our future success hinges on dedication and evolution. The accomplishments of Colour Life are originated from our 13 years of unrelenting dedication to communities, and community services. From our urge to changing the industry's positioning from managing things to serving people, to changing the staff's cognition: Property management is more than after-sale services for property development. It is where community living origins. We continue to think as we implement. We are embracing arrival of spring for the community services industry. ” Mr. Pun added.

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About Colour Life

Colour Life is headquartered in Shenzhen, and it is the leading a technology-based and integrated property services operating group in China. Colour Life has been maintaining rapid growth in gross floor area covered by its services. It has been named the world's largest in terms of residential property community floor area serviced by China Index Institute in 2015.

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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