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Colour Life Services Group Co., Limited

(Stock code : 1778)

Record-high Revenue and Profit at 21.4% and 70.8% Growth Respectively

Final Dividend 15.0HK cents per share

Dividend Payout Ratio 50%

Abundant Cash Balance and Sound Financial Position

The world's largest community services platform operator with big breakthrough in value-added services contributing 42.9% of total segment profit

Financial and business highlights for 2017:

- **Record-high revenue and profit since its listing on the main board of HKEx**
 - Achieved revenue of RMB1,628.7 million, up 21.4% year-on-year.
 - Gross profit approximately RMB730.7 million, up 24.7%. Gross profit margin maintained at a high level of 44.9%, surpassing industry average and in line with management expectations.
 - Profit attributable to owners of the Company reported at RMB320.7 million, up 70.8% from RMB187.8 million for 2016.

- **Successful transformation and upgrading of businesses structure with a big breakthrough in value-added services**
 - As at 31 December 2017, the number of registered users of the Group's online platform reached 10,340,000, up 241.7% year-on-year with active ratio maintained at 33.8%. The cumulated GMV of its online platform has reached RMB7,614.0 million for the year, up 227.9% year-on-year.
 - Revenue from value-added services increased 76.5% to RMB276.8 million, contributing 42.9% of overall segment profit of Colour Life, an increase of 12.7 percentage points year-on-year and highest in history, having becoming the second largest income and profit contributor of Colour Life, the business transformation has yielded noticeable results.

- **Abundant cash balance with sound financial position**
 - Achieved RMB139.9 million in positive cash flow from operating activities during the year. Cash and bank balance remained abundant at RMB856.7 million as at 31 December 2017, up 13.5% year-on-year.
 - Proposed a final dividend of 15.0 HK cents per share, representing a dividend payout ratio of 50.0%.

- **Enhanced competitive edges in both management scale and branding, leadership position within the industry further solidified**
 - As at 31 December 2017, GFA under management contracts and consultancy service arrangements of the Group reached 436.0 million sq.m, the number of residential communities under the Group’s management and consultancy services contracts reached 2,384, representing a year-on-year growth of 10.3% and 1.9% respectively. The Group’s management projects cover 222 cities in China and a foreign country, namely Singapore, realizing rapid expansion of contracted GFA.
 - The resolution on the acquisition of Wanxiangmei at a consideration of RMB2,013 million was unanimously passed at an EGM on 28 February 2018. It is anticipated that Wanxiangmei’s improved corporate structure, management, operation and its rapidly growing revenue will be reflected in the interim results of 2018 after a year-long integration and optimization.

(Hong Kong, 20 March 2017) **Colour Life Services Group Co., Limited** (“Colour Life” or the “Company”, which together with its subsidiaries, is referred to as the “Group”, HKEx stock code: 1778), the world’s largest community service platform operator, was pleased to announce its audited annual results for the year ended 31 December 2017.

Record-high revenue and profit since its listing on the main board of HKEX

As at 31 December 2017, the Group’s revenue increased by 21.4% to RMB1,628.7 million. Gross profit increased by 24.7% to RMB730.7 million. Gross margin was in a steady rise to of 44.9%, matching the management’s expectations.

As a result of rapid developments in the online platform, the operation of a quality community ecosystem has generated an increase in revenue contribution from community leasing, sales and other value-added services (hereafter referred to as “value-added services”), represented by a 70.8% increase in profit attributable to owners of the Company to RMB320.7 million. Earnings per share is reported at RMB 32.6 cents.

The Directors of the Company recommended a final dividend at 15.0 HK cents per share, representing a dividend payout ratio of 50.0%.

Mr. Pan Jun, Chairman of the Board and non-Executive Director of Colour Life said, “Since its listing on the main board of HKEx in 2014, Colour Life has rapidly expanded its GFA by ways of M&A and new engagements. Additionally, the Company has implemented the strategy of platform output in light of a maturing business ecosystem, thus gradually transforming its position as a community service provider to a platform operator. The success of our transformation, propelled by a major growth in revenue and profit of value-added services, has been reflected in the annual results of 2017. The improvements in profit scale and quality have sent Colour Life onto the highway of business growth in 2017.”

Rapid expansion of platform output strategy as a way to transform and upgrade business structure

Under a prosperous ecosystem and the encouraging development trend of value-added services, the transformation of the Group’s business structure became more secured with supporting business and financial data. Through providing the platform to collaborative partners, the Group’s online platform managed to serve more communities and families that were not managed by Colour Life. As of 31 December 2017, the Group successively established cooperation with 50 property management companies including Lanzhou Chengguan Property Service Group Limited (蘭州城關物業服務集團有限

公司), Jiangsu Zhongzhu Property Service Development Limited (江蘇中住物業服務開發有限公司) and Hubei Yunfan Property Service Limited (湖北雲帆物業服務有限公司). The cooperation service covers an area of 464.2 million sq.m, representing a year-on-year increase of 24.0%.

As at 31 December 2017, service area of Colour Life's platform reached 900.2 million sq.m, a year-on-year increase of 17.0%, including 436.0 million sq.m under the Group's management reaching 2,384 communities, representing year-on-year growth of 10.3% and 1.9% respectively. New engagements accounted for majority of the growth during the year, reflecting Colour Life's competitive edges in branding, quality of service and market expansion.

Relentless improvement on Colour Life's ecosystem for new business development, resulting in an exceptional performance in valued-added services

The Group focused on setting up offline and online service platform via the internet and effectively linking residents of the community with different commodities and service providers, so as to provide the best residential service for community residents. Colour Life improved and expanded its ecosystem relentlessly, as represented by E-Energy, E-Parking, E-Leasing and E-Wealth management, collectively known as the "cash cow" businesses, continued to maintain higher yields in terms of revenue and profit growth amid the rapid growth in communities being served. New businesses such as E-Repair, E-Lift and E-advertising (微享空間) have rapidly grown to become a leader in their respective segments.

As at 31 December 2017, registered users of Colour Life's online platform increased to 10,340,000, of which 3,494,000 were active users, presenting 241.7% and 101.2% year-on-year growth respectively accompanied by an active rate of 33.8%. GMV contribution from the user group's spending for the services provided on the platform increased by 227.9% to RMB7,614.0 million.

The transformation of the Group's business structure became more secured with supporting data. For the year ended 31 December 2017, income from community leasing, sales and other value-added services increased by 76.5% to RMB276.8 million. Gross profit from the segment reported at RMB227.0 million with a gross profit margin maintained at 82.0%, contributing a record-high, approximately 42.9% to total segment profit in 2017.

Performance of Wanxiangmei significantly improved, to be reflected in the interim results of 2018

In August 2016, Kaiyuan International, a subsidiary of Colour Life, commenced the provision of consultancy services to the residential segment of Wanxiangmei Property Management (hereinafter referred to as "Wanxiangmei", formerly known as Wanda Property Management Co., Ltd.). After a year of integration and optimization, Wanxiangmei has shown improvements in corporate structure, management, operation and a rapidly growing revenue.

For the 10 months ended 31 October 2017, Wanxiangmei recorded an audited revenue of approximately RMB1,236.0 million, a gross profit of approximately RMB412 million and net profit of approximately RMB235.0 million. Gross profit margin of Wanxiangmei was 21.4% for 2016 and substantially increased to approximately 33.4% for the first ten months of 2017. Meanwhile, the prepayment of property management fees received by Wanxiangmei for the period from January to October 2017 substantially increased by 51.4% to RMB318.8 million, indicating the relatively high satisfaction rate of residents towards the revamped communities of Colour Life. The resolution on the acquisition of Wanxiangmei at a consideration of RMB2,013 million was unanimously passed at an EGM on 28 February 2018. It is anticipated that Wanxiangmei's performance will be reflected in the interim results of 2018.

The acquisition of Wanxiangmei represents an important milestone of Colour Life. Possessing a wealth of high-end community resources in the 1-2 tier cities across China, Wanxiangmei will help optimize the projects of Colour Life. Moreover, Colour Life will be able to fully leverage on its three major brands,

namely “Colour Life”, “Kaiyuan International” and “Wanda Property” to undertake mid-market, mid-to-up market and up-market projects. In the future, Colour Life will apply its highly-efficient basic property service model and innovative ecosystem value-added services to the high-end properties of Wanxiangmei, thereby materializing a better combination of efficiency, quality, innovation and effectiveness.

Outlook

Mr. Pan Jun said, “In 2017, we adhered to our mission of ‘delivering community services to your -family’ and the values of ‘achieving economic prosperity for the community by promoting community lifestyle.’ We achieved outstanding performance by successfully improving service quality and increasing user stickiness and satisfaction in many aspects. In the future, on the basis of enhancing the efficiency and quality of property services, Colour Life will vigorously implement the strategy of platform output and expand the service area of the platform as far as possible. Leveraging on core products such as ‘Colour Life Property’ and ‘Colour Wealth Life Value-added Plan’, the Company will work towards perfecting the ecosystem and developing value-added services. Colour Life is committed to creating long-term values for its customers and shareholders by fostering a safe, comfortable, convenient living environment for residents and homeowners, while continuously improving its service platform.”

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About Colour Life

Colour Life is headquartered in Shenzhen, and it is a leading integrated property services operating group in China. Colour Life achieved a rapid growth on its platform services and was awarded “the world’s largest community services platform operator” by China Index Academy in June 2017. Colour Life focuses on developing an offline and online service platform connecting residents with local vendors, providing top residential service experience to community residents. In 2017, the Group recorded an encouraging development of value-added services through platform co-operations, achieving the delivery of Caizhiyun’s platform technology and the products and services of ecosystem.

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