



## Colour Life Services Group Co., Limited

(Stock code: 1778)

### Colour Life announces its interim results for 2015 Community O2O ecosystem taking shape “Colour Life Residence” establish a new model of community services

#### Financial and business highlights

- **Achieved a core profit of RMB115.4 million for the first-half of 2015, up 56.6% year on year**
  - ✓ Achieved revenue of RMB278.1 million for the six months ended 30 June 2015, up 70.2% year on year
  - ✓ Gross profit for the six-month period was RMB205.5 million, up 90.3% year on year. Gross margin was 73.9%, up 7.8 percentage points from the same period last year
  - ✓ Profit for the first-half of 2015 profit RMB84.1 million, net profit attributable to owners of the Company grew RMB15.5 million year on year. Earnings per share for the six-month period was RMB7.8 cents
  - ✓ Cash and bank balance stood at RMB763.3 million as at 30 June 2015. Total funds available for deployment was RMB244.9 million.
  - ✓ The Board of Directors has resolved not to recommend an interim dividend payment
- **Accomplished operation targets and secured its leading position in community service industry in China**
  - ✓ For the first half of 2015, revenue from property management services was RMB149.6 million, up 56.5% year on year; revenue from community leasing, sales and other services was RMB43.8 million, up 33.5% year on year; revenue from engineering services was RMB84.7 million, up 141.3% year on year.
  - ✓ The contracted GFA under the Group’s management aggregated more than 270 million sq.m., covering 145 cities in Mainland China, Hong Kong and Singapore. The Group was contracted to manage 1,533 residential communities and entered into consultancy services contracts with 167 residential communities
  - ✓ The Group’s branding and endorsements were strengthened further with better customer satisfaction. The Group ranked sixth of the top 10 among the 100 strongest service enterprises in China in 2015, up a notch from 2014
- **Upgraded the Community O2O platform with the world's largest residential community GFA under management, proudly launched the Colour Life Residence project**
  - ✓ Upgraded the Colour Life Smart Community model from version 2.2 to version 2.3, and completed firmware upgrades for 345 communities during the first half of 2015
  - ✓ Caizhiyu’s registered and active user counts broke through the 1.56 million and 0.62 million marks as at 30 June 2015
  - ✓ Based on specific community service interfaces, the Group has established linkages with selected enterprise partners, receiving excellent operating data. The establishment of community ecosystems is taking shape
  - ✓ On the first anniversary of its listing on 30 June 2015, Colour Life joined forces with more than 30 property enterprises and third party companies to launch the first Colour Life Property Purchase benefits rebate up to 50% of the property value. It is also committed to providing excellent smart community services for 70 years. Property enterprises and homeowners will construct social housing projects of China for the “Internet+” era together based on the smart community ecosystem.

(Hong Kong, 14 August 2015) **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 provider by area, announced its interim results for 2015.

For the six months ended 30 June 2015, Color Life achieved revenue of RMB278.1 million, up 70.2% year on year. Core profit was RMB115.4 million, up 56.6% year on year. Earnings per shares for the six-month period were RMB7.8 cents. The Board of Directors of the Company has resolved not to recommend an interim dividend payment

During the same period, the Group extended its coverage to 145 cities in Mainland China, Hong Kong and Singapore. The Group is contracted to manage 1,533 residential communities with contracted GFA under management aggregated 242.7 million sq.m.. The Group also has consultancy service contracts with 167 residential communities with GFA aggregating 27.5 million sq.m..

### **O2O integrated development on a fast track**

Mr. Tang Xuebin, CEO of Colour Life, said, "Colour Life has made notable accomplishments within the first year as a listed company. As our community service GFA grew rapidly, we insisted on using modern technologies to enhance operation efficiency, a move that won endorsements from homeowners and helped optimize our costs. It also helped provide safer, more comfortable and more convenient living experiences to community residents. At the same time, Colour Life's smart community ecosystem strategy is taking shape in 2015. Caizhiyun achieved outstanding operational statistics in linking with those third-party vertically integrated applications. The newly launched "Colour Life Residence" joined forces with more than 30 branded property enterprises and third-party companies to provide benefits rebates up to 50% of the property value. This is essentially an accommodation solution that helps homebuyers lower their burdens. Until recently, Colour Life has introduced a series of measures to improve loyalty of homeowners and enterprise partners, thereby articulated participation of residents in building their smart communities, establishing a firm footing for the 'internet + community services' model to add value."

Colour Life derives its revenue mainly from (i) property management services, (ii) engineering services, (iii) community leasing, sales and other services.

The increase in revenue for the first six months of 2015 was primarily driven by an increase in the total revenue-bearing GFA and an increase in the amount of community leasing, sales and other services the Group delivered. The overall gross profit margin increased by 7.8 percentage points to 73.9% for the first half of 2015 from 66.1% for the same period in 2014. The increase was primarily attributable to the gross profit margin of all business segments which remained at high levels and the growth in weighting of revenue with a higher margin rate.

### **Stronger branding and endorsements helped grow market share**

Colour Life grew its GFA under its management through taking new appointments and acquiring management contracts during the first half of 2015. At the moment, projects under management by Colour Life covered 145 cities in Mainland China, including provincial capitals of Beijing, Tianjin, Shenyang, Harbin, Changchun, Shanghai, Hanzhou, Xi'an, Yinchuan, Taiyuan, Guiyang, Changsha, Wuhan, Zhengzhou, Guangzhou, Nanchang, Chengdu, Nanning and Haikou, etc., and Yangtze River Delta cities of Suzhou, Wuxi and Yangzhou, etc., and Pearl River Delta cities of Foshan, Zhuhai, Zhongshan, and Huizhou, etc., Hong Kong and Singapore. The Group's regional business coverage comprises eastern, southern, northwestern, southwestern, northeaster, north and central China and Singapore. At the moment Colour Life has evolved into a major community service operation group comprising 17 top-category and 35 secondary-category enterprises in China.

Colour Life uses each of the cities it expands into as a base to establish mutual trust relationships with the homeowners and partners. The Group's branding and endorsements were strengthened further with better customer satisfaction. The Group ranked sixth of the top 10 among the 100 strongest service enterprise in China in 2015, up a notch from 2014 in a research report on the top 100 property service enterprises in 2015 compiled by China Index Academy.

It can be shown that stripping out the Kaiyuan acquisition transaction Colour Life's organic growth in GFA under management would have been pushed up to 46.54%. Until the end of June 2015 the Group's revenue bearing GFA under management stood at 197.0 million sq.m., up more than 19.3% from 165.1 million sq.m. by end 2014.

## **Focused on establishing long-standing relationships with homeowners to promote on-location implementation of O2O businesses**

In order to further enhance the efficiency of property services and tackle the challenges from escalating labour costs, the Group had implemented the internet-technology reforms and operations in some of the projects under its management. In 2015, Colour Life Smart Community model has been upgraded from version 2.2 to version 2.3, thereby enhanced items including operation solutions, budget systems, smart equipment, construction and approval, registering of applications and ecosystem vertical applications (including E-maintenance, E-rental, E-finance, micro-business-communities, etc.). It has completed hardware upgrading works for 345 communities during the first half of 2015. These provide a strong guarantee for centralized management and the quality of services the Group provides to its pillar properties.

The community ecosystem of Colour Life thrives on the establishment of long-standing mutual trust relationships with homeowners via Caizhuyun. This finally facilitates the on-location implementation of services by the O2O enterprises the Group cooperates with. At the moment there are more than 1,500 staff members of Colour Life serving in the first-line positions of customer managers, community officers, etc., constituting the hub-belt connecting the community residents and the basis of establishing mutual-trust relationships.

## **Optimized enterprise human resources structure and accelerated administrative organizational reforms**

Colour Life has adopted an options incentive mechanism. In May 2015, Colour Life offered a new batch of options for 25 million shares, 95% of which to 800 staff members who are not board of directors, thereby aligned objectives of the staff and the shareholders and maximized initiatives of the staff members. At the same time, Colour Life introduced a virtual partnership mechanism for base-level staff members, offering them awards for profit outperformances on project units according to predetermined proportions.

In the area of staff training and building of human resources reserves, Colour Life has established Colour Life Training Institutes in the seven regions of southern, eastern, northeastern, northwestern and southwestern China. These institutes host training camps for positions of community officers, customer managers, supervisory directors, assistant managers and general managers, etc. These will provide guarantee for upgrading of their business capabilities and ranks.

## **Completed establishment of smart community online service platform**

Colour Life's community service platform has been upgraded from version 2.2 to version 2.3. Caizhiyu's registered and active user counts broke through the 1.56 million and 0.62 million marks as at 30 June 2015, up substantially from levels by end-2014. The Group has started to get connected with selected partners including JD.com, SF-Express Heike, Hehenian, E-Shifu, etc., and achieved encouraging operating figures. As at 30 June 2015, E-finance's daily order count exceeded 4,000 with investment amount aggregated RMB231 million. E-maintenance's daily order count surpassed the 2,000-mark, 50% of which came from the maintenance needs of the community households. These reinforced the validity of the "Community landscape get connected with cooperation + incubation" model. The smart community ecosystem is taking shape.

**Mr. Pan Jun, Chairman of the Board and non-Executive Director of Colour Life**, concluded, "In the future, Colour Life will be even more focused on growing its market share from customer endorsements. We use every city we expand into as a base to work and develop operation solutions in greater details. We develop better relationships with homeowners and cooperation partners, seeking to accelerate our expansion and smooth on-location implementation of O2O businesses with endorsements and trusts from customers. At the same time, in the Internet+ era, enterprises that decline changes will be eliminated. Therefore Colour Life adopts an evolutionary approach to look at its future development in order to achieve optimization and improvement in its internal organization and cooperation with external parties. We seek to persistently explore more deeply into community entry-points and landscapes, thereby establishing community entry-points of Colour Life's own and beefing up our community service landscapes."

## **About Colour Life**

Colour Life the world's largest community service group by residential GFA covered. It is in possession of wide-ranging offline resources and a huge volume of customers. It has deep understandings in applications of smart equipment, information technologies and the mobile internet in communities and household landscapes. At the moment the Company has established a complete community + household online information service and offline service platform based on communities it extends services to.

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. It has been rated "the world's largest residential community service coverage by GFA" by China Index Academy in 2015. 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.

For inquiries, please contact:

**iPR Ogilvy & Mather**

Natalie Tam/ Gary Li/ Peter Chan/ Lucille Tsang/ Rhonda Leung

Tel: (852) 2136 6182/ 31706753/ 2136 6955/ 3920 7684/ 3920 7625

Fax : (852) 3170 6606

Email: [colourlife@iprogilvy.com](mailto:colourlife@iprogilvy.com)