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**Colour Life Services Group Co., Limited**

(Stock code: 1778)

## **Colour Life Announces 2018 Interim Results**

**Revenue rose by 135.3% and net profit increased by 74.1% year on year with good operating performance and abundant cash reserves**

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**Restructuring and upgrading of business portfolio succeed with value-added services contributing 35.8% of total segment profit**

**Comprehensive community service platform enhanced through complete integration of Wanxiangmei into the group**

### **Financial and business highlights for 1H2018:**

- **Outstanding results accomplished with substantial growth in revenue and profit**
  - Revenue rose by 135.3% year on year to RMB1, 756.9 million.
  - Gross profit increased by 82.5% year on year to approximately RMB619.6 million; gross profit margin maintained at a high level of 35.3%, surpassing industry average.
  - Profit attributable to owners of the Company grew by 74.1% year on year to RMB175.3 million, up from RMB100.7 million for the same period in 2017.
- **Abundant cash balance that resulted in strong financial position**
  - As at 30 June 2018, cash and bank balance remained abundant at RMB2,990.1 million. Net gearing ratio increased slightly by 3.9 percentage points to 25.1% but the overall financial condition was still stable.
- **Business transformation yielded noticeable results with value-added services quickly expanding market coverage nationwide**
  - As at 30 June 2018, revenue from value-added services increased by 91.7% year on year to RMB212.3 million, contributing 35.8% of the overall segment profit with the gross profit margin maintained at the level of 71.8%.
  - As at 30 June 2018, the cumulative number of registered users of the Group's online platform reached about 14,510,000, up by 252.1% year on year, and the number of active users increased by 56.0% year on year to 3,798,000. The cumulative gross merchandise value ("GMV") of Caizhiyun APP reached RMB4,358 million for the six months ended 30 June 2018, up by 82.1% year on year.
  - On 31 March 2018, the Group launched the new product "Colour Benefit Life" (「彩惠人生」). After three months of its launch, as at 30 June 2018, the cumulative number of transactions

exceeded 320,000 and the cumulative GMV recorded at “Colour Benefit Life” (「彩惠人生」) was over RMB28.65 million, which allowed more than 40,000 families to enjoy reduction in or exemption from property management fees.

- **Building a comprehensive community service platform through the complete integration of Wanxiangmei**
  - During the period, the Group officially consolidated Wanxiangmei Property Management Co., Ltd. (“Wanxiangmei”; formerly known as 萬達物業管理有限公司 (Wanda Property Management Co., Ltd.)).
  - The Group extended the market coverage of its community service business to such commercial properties as SOHO and office buildings from the residential properties that it was already servicing in order to build a comprehensive community service platform.
- **Strengthened brand and expanded area of properties under the Group’s management led to consolidated market leadership**
  - As at 30 June 2018, gross floor area (“GFA”) of properties under the Group’s management and covered by its consultancy services increased by 15.2% year on year to 484 million sq.m. The number of residential communities under the Group’s property management and consultancy services contracts increased by 9.4% year on year to 2,555. The Group’s property management projects cover 249 cities in China and Singapore, realizing rapid expansion of contracted GFA.
  - As at 30 June 2018, the Group has cooperated with more than 64 property management companies, and the area covered by the cooperation increased by 16.0% year on year to 497.4 million sq.m. with its total area which was serviced by its online platform reaching 981.4 million sq.m.

(Hong Kong, 22 August 2018) **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 services platform, was pleased to announce its unaudited interim results for the six months ended 30 June 2018 (the “Period”).

### **Outstanding results with substantial growth in revenue and profit**

The market coverage of the Group’s value-added services continued to be diversified and rapidly expand. Meanwhile, Wanxiangmei was integrated into Colour Life. As a result, the Group’s revenue increased by 135.3% year on year to RMB1,756.9 million for the Period. Gross profit increased by 82.5% year on year to RMB619.6 million, and gross margin decreased by 10.2 percentage points to 35.3% mainly due to the consolidation of Wanxiangmei’s operating results into the Group’s financial statement. Wanxiangmei mainly provides property management under lump sum basis. The overall profit margin maintained a healthy level. Net profit increased by 65.7% year on year to RMB191.1 million from RMB115.3 million in the corresponding period of 2017. Profit attributable to owners of the Company increased by 74.1% year on year to RMB175.3 million and earnings per share were 14.2 RMB cents, up by 40.6% compared with 10.1 RMB cents in the corresponding period of 2017.

**Mr. Pan Jun, Chairman of the Board and non-Executive Director of Colour Life** said, “Differentiating itself from the conventional property management companies, Colour Life aims

to provide a ‘better community lifestyle’ for communities, down to individual families. This is in line with the Group’s unwavering commitment to ‘providing the best community-based services’. This positioning has been driving Colour Life’s development for 16 years and produced remarkable operating results. Together with our business partners in the ecosystem of community-based services and the families in the communities housed in the properties managed by the Group, we jointly promoted a community lifestyle envisioned by us and also economic prosperity in such communities.”

### **Strengthened brand and expanded area of properties under the Group’s management led to consolidated market leadership**

As at 30 June 2018, GFA under the Group’s property management contracts and consultancy service arrangements (hereafter referred to as the “Contracted GFA”) increased by 15.2% year on year to 484million sq.m. and the number of residential communities under the Group’s management and consultancy services contracts rose by 9.4% year on year to 2,555. As at 30 June 2018, the number of the Group’s revenue-generating Contracted GFA reached 333.6million sq.m. and the number of communities covered by the Group’s property management services reached 2,062. The Group’s property management projects were located in 249 cities in China and Singapore. The contracted GFA expanded rapidly.

On the other hand, the Group enables its online platform to service more communities and families which were not covered by the property management services of Colour Life. It did so by making its online platform accessible to the communities and families which were being serviced by other property management firms who were the Group’s business partners. This strategy has already yielded results. The value-added community-based services with Colour Life’s characteristics have been further refined, the move has yielded results in terms of effectiveness and efficiency of the online platform. As of 30 June 2018, the area of properties covered by the Group’s online platform reached 981.4million sq.m., including the Contracted GFA 484million sq. m. under the Group’s property management contracts and 497.4million sq. m. covered through the Group’s cooperation with more than 64 other property management companies.

### **Business transformation yielded noticeable results with value-added services quickly expanding market coverage nationwide**

The transformation of the Group’s business portfolio took shape as evidenced by the data on business operations and financial data. In the first half of 2018, revenue derived from the community-based leasing, sales and other value-added services (referred to as the “Value-added Services”) increased by 91.7% year on year to RMB212.3million, and contributed to 35.8% of the overall segment profit, up5.7 percentage points year on year, with gross profit margin maintained at the level of 71.8%.

As at 30 June 2018, the number of registered users of the online platform Caizhiyun increased by 252.1% year on year to approximately 14,510,000, of which 3,798,000 were active users, up by approximately 56% year on year. For the six months ended 30 June 2018, the cumulative GMV of Caizhiyun APP rose by 82.1% year on year to approximately RMB4,357.8 million. The duration of

Colour Wealth Life has been extended to 0.78 years during the Period from 0.47 years for the corresponding period of 2017. As a result, Colour Wealth Life contributed RMB25.3 million in revenue. At the same time, the Group helped developers sell over 2,370 parking lots in the "Color Life Parking Lots" model, driving the revenue of rental and sales assistance, which is a division of value-added services, increased by 342.4% to RMB46.9 million.

On 31 March 2018, the Group grasped the business opportunity that arose from the property management fee payment by applying the new retail model. It launched the new product "Colour Benefit Life" (「彩惠人生」) which enabled community residents to deduct the property management fees and parking fees that they would have to pay by purchasing goods and services that met the needs of the daily life. "Colour Benefit Life" is an innovation in the way property management fees are collected. Merchants paid for their advertisements on Colour Benefit Life's online platform, and then Colour Life gives the advertising fees to the home owners who buy goods on the platform as rebates on property management fees. As a result, the home owners can enjoy reduction in or exemption from property management fees. This arrangement benefits not only the home owners but also the merchants because the latter can thus establish a stable retail channel in the communities. However, the most significant effect of this arrangement is that it completely changes the usually confrontational relationship between a property management firm and home owners caused by the collection of property management fees. The rebates on property management fees can also make home owners less sensitive to the increases in the property management fees. This gives the Group more right to decide on an increase in the property management fee. Three months after its launch, as at 30 June 2018, the cumulative number of transactions was 325,400 and the cumulative GMV at "Colour Benefit Life" (「彩惠人生」) was RMB28,646,900. The amount of property management fees that was offset totalled RMB12,811,200, and 44,026 families enjoyed reduction in or exemption from property management fees.

### **Building a comprehensive community service platform through the complete integration of Wanxiangmei**

Wanxiangmei is a comprehensive property management company which provides services for both residential and commercial properties. The Group had restructured Wanxiangmei and provided guidance for it. As a result, Wanxiangmei achieved substantial increases in both revenue and profits. This development will enable us to service more kinds of properties for different types of industries. After the consolidation of Wanxiangmei's financial statements in the first half of 2018, the Group extended the market coverage of its community-based service business to such commercial properties as SOHO and office buildings from the residential properties that it was already servicing. This not only expanded the area under the Group's property management, but also further enriched the portfolio of its management projects, thus manifesting the economies of scale and synergy.

At the same time, the Group also focused on driving its organic growth through reputation effect and brand building. As at 30 June 2018, the Group's property management projects were located in 249 cities in China and Singapore. The Group has built a good reputation among such communities. In the first half of 2018, 20.2 million sq.m. were added to the area of properties under the Group's property management. This demonstrated Colour Life's core competitive advantages such as its strong brand, service quality and capability to expand market.

## **Outlook**

Mr. Pan Jun said, “In 2018, Colour Life achieved significant progress. On one hand, the Group’s transformation from a conventional property management firm into a provider of community-based services has gradually yielded results, and its value-added services have become the main growth driver. On the other hand, Wanxiangmei was officially integrated into Colour Life in the first half of 2018. Although we have already become the largest community-based service platform in the world, there is still a lot of space for each business segment to expand. It will take some time for the Group to build home owners’ trust as it was transforming from a mere collector of management fees to a ‘housekeeper’, and implementing basic property ordering. The Group has also leveraged “Colour Benefit Life” so that it can diversify into various kinds of value-added services. We always bear our original aspiration in mind, that is, we are determined to enable communities to live a good life by providing services for them with a human touch.”

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## **About Colour Life**

Headquartered in Shenzhen, Colour Life is a leading integrated property services group in China that leverages technologies. In recent year, Colour Life has been implementing business strategies for standardization, for increasing efficiency and effectiveness through modern management and use of technologies and for the automation. By transforming itself into an operator of online platforms, Colour Life maintains its leading position in the field of China’s property management. The business transformation has enabled it to achieve rapid growth in area of properties covered by its service and to provide a kind of community-based services of reasonable quality at affordable costs. Meanwhile, Colour Life leverages Internet so as to broaden the scope of the services of its online platforms to serve the diverse needs of the communities. It is also building a service platform that operates with an online-to-offline business model, thus connecting efficiently the community residents with the providers of various types of products and services and providing the community residents with the best community-based services. The move will help to build an ecosystem of community-based services and thus to maintain the momentum of the Group’s development.

## **For more information, please contact:**

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