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## **COLOUR LIFE SERVICES GROUP CO., LIMITED**

**彩生活服務集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1778)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**

#### **HIGHLIGHTS**

- During the Period, the total revenue increased by approximately 3.1% to approximately RMB1,811.5 million from approximately RMB1,756.9 million for the six months ended 30 June 2018.
- During the Period, profit attributable to owners of the Company increased by approximately 23.2% to approximately RMB215.9 million from approximately RMB175.3 million in the same period of 2018.
- As at 30 June 2019, the Group's total debt balance was approximately RMB2,639.0 million (31 December 2018: approximately RMB3,659.7 million), representing a decrease of approximately 27.9%, and the debt-to-asset ratio decreased by 4.7 percent points to 63.0%.
- As at 30 June 2019, the Group's platform service area increased by approximately 83.2 million square meters to approximately 1,205.5 million square meters from approximately 1,122.3 million square meters as at 31 December 2018.
- Based on their recognition of the Group's core values, JD and 360 subscribed 71,149,000 and 22,956,000 new shares at the price of HK\$5.22 per share, respectively. After completion of the transactions, JD (including its related parties) and 360 (including its related parties) will hold 5.00% and 3.05% of the Group's equity interest, respectively. The details of which were disclosed in the announcement of the Company dated 19 July 2019.

The board (the “**Board**”) of directors (the “**Directors**”) of Colour Life Services Group Co., Limited 彩生活服務集團有限公司 (the “**Company**” or “**Colour Life**”) announces the unaudited financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2019 (the “**Period**”) as follows:

## **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2019*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2019</b>	<b>2018</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue			
Services		<b>1,797,238</b>	1,689,379
Rental		<b>14,297</b>	67,477
		<hr/>	<hr/>
Total revenue	<i>3</i>	<b>1,811,535</b>	1,756,856
Cost of sales and services		<b>(1,221,854)</b>	(1,137,266)
		<hr/>	<hr/>
Gross profit		<b>589,681</b>	619,590
Other gains and losses		<b>1,881</b>	(22,624)
Other income		<b>28,678</b>	26,209
Impairment losses under expected credit losses model, net of reversal		<b>(29,429)</b>	(24,962)
Selling and distribution expenses		<b>(21,849)</b>	(20,408)
Administrative expenses		<b>(190,755)</b>	(211,659)
Expenses recharged to residential communities under commission basis		<b>39,897</b>	38,981
Finance costs		<b>(110,133)</b>	(156,663)
Change in fair value of investment properties		<b>(917)</b>	4,765
Share of results of associates		<b>(3,721)</b>	(908)
Share of results of joint ventures		<b>7,401</b>	1,273
		<hr/>	<hr/>
Profit before tax		<b>310,734</b>	253,594
Income tax expense	<i>4</i>	<b>(75,794)</b>	(62,459)
		<hr/>	<hr/>
Profit for the period	<i>5</i>	<b>234,940</b>	191,135
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2019 (Continued)

		Six months ended 30 June	
		2019	2018
	NOTE	<b>RMB'000</b>	<b>RMB'000</b>
		(Unaudited)	(Unaudited)
<b>Other comprehensive income (expense):</b>			
<b>Items that will not be reclassified</b>			
<b>subsequently to profit or loss:</b>			
Change in fair value of equity instruments designated at fair value through other comprehensive income (“FVTOCI”)		(1,892)	9,258
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		<u>473</u>	<u>(2,315)</u>
Other comprehensive (expense) income for the period, net of income tax		<u>(1,419)</u>	<u>6,943</u>
Total comprehensive income for the period		<u><b>233,521</b></u>	<u>198,078</u>
Profit for the period attributable to:			
Owners of the Company		215,882	175,296
Non-controlling interests		<u>19,058</u>	<u>15,839</u>
		<u><b>234,940</b></u>	<u>191,135</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		214,463	182,239
Non-controlling interests		<u>19,058</u>	<u>15,839</u>
		<u><b>233,521</b></u>	<u>198,078</u>
Earnings per share – basic (RMB cents)	7	<u><b>16.25</b></u>	<u>14.21</u>
Earnings per share – diluted (RMB cents)	7	<u><b>16.25</b></u>	<u>14.20</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

		30 June 2019	31 December 2018
	<i>NOTE</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Audited)</b>
<b>Non-current Assets</b>			
Property, plant and equipment		226,325	236,808
Right-of-use assets		84,981	–
Investment properties		117,219	123,544
Interests in associates		47,548	41,887
Interests in joint ventures		109,946	100,754
Equity instruments designated at FVTOCI		119,255	120,455
Intangible assets		1,158,569	1,146,946
Goodwill		2,316,585	2,248,054
Contract assets		33,664	21,804
Other receivables	8	6,033	6,286
Loan receivables		25,463	35,868
Deferred tax assets		56,342	48,985
Amount due from a joint venture		81,505	81,505
Deposits paid for acquisition of subsidiaries		9,898	69,834
		<u>4,393,333</u>	<u>4,282,730</u>
<b>Current Assets</b>			
Inventories		6,205	4,631
Contract assets		61,014	57,761
Trade receivables	8	804,467	629,710
Other receivables and prepayments	8	593,029	714,564
Loan receivables		227,582	211,343
Payments on behalf of residents		845,857	778,617
Amounts due from fellow subsidiaries		131,192	172,299
Amounts due from non-controlling shareholders of the subsidiaries		116,580	119,230
Amounts due from related parties		153,810	16,072
Amounts due from associates		13,838	15,905
Amounts due from joint ventures		47,704	24,447
Financial assets at fair value through profit or loss (“FVTPL”)		30,600	26,062
Pledged bank deposits		202,873	346,000
Bank balances and cash		1,396,852	2,666,922
		<u>4,631,603</u>	<u>5,783,563</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019 (Continued)

		30 June 2019	31 December 2018
	<i>NOTE</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>Current Liabilities</b>			
Contract liabilities		261,288	238,692
Trade payables	9	414,088	504,403
Other payables and accruals	9	1,044,302	967,730
Receipts on behalf of residents		285,590	406,676
Amounts due to fellow subsidiaries		485,413	458,306
Amounts due to non-controlling shareholders of the subsidiaries		46,511	38,561
Amounts due to associates		20,495	19,971
Amounts due to joint ventures		28,302	367
Amounts due to related parties		–	11,769
Tax liabilities		133,565	194,140
Lease liabilities		1,557	–
Borrowings due within one year		410,393	1,362,868
Corporate bonds due within one year		71,756	181,497
Assets backed securities issued due within one year		215,421	208,636
		<u>3,418,681</u>	<u>4,593,616</u>
<b>Net Current Assets</b>		<u>1,212,922</u>	<u>1,189,947</u>
<b>Total Assets Less Current Liabilities</b>		<u>5,606,255</u>	<u>5,472,677</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		310,263	308,581
Amount due to a fellow subsidiary		727	1,282
Lease liabilities		10,492	–
Borrowings due after one year		1,795,224	1,720,888
Corporate bonds due after one year		146,190	134,004
Assets backed securities issued due after one year		–	51,783
		<u>2,262,896</u>	<u>2,216,538</u>
<b>Total Non-current Liabilities</b>		<u>2,262,896</u>	<u>2,216,538</u>
<b>Net Assets</b>		<u><u>3,343,359</u></u>	<u><u>3,256,139</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019 (Continued)

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
<b>Capital and Reserves</b>		
Share capital	<b>106,800</b>	106,800
Reserves	<b>3,045,187</b>	3,028,668
Equity attributable to owners of the Company	<b>3,151,987</b>	3,135,468
Non-controlling interests	<b>191,372</b>	120,671
<b>Total Equity</b>	<b><u>3,343,359</u></b>	<b><u>3,256,139</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 December 2018.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosure set out in the condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

#### Segment revenues and results

The following is an analysis of the Group's revenues and results by operating and reportable segments:

	Eastern China <i>RMB'000</i>	Southern China <i>RMB'000</i>	Western China <i>RMB'000</i>	Northern China <i>RMB'000</i>	Central China <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 30 June 2019</b>						
<b>(Unaudited)</b>						
Segment revenue	<u>471,659</u>	<u>426,856</u>	<u>502,862</u>	<u>246,461</u>	<u>163,697</u>	<u>1,811,535</u>
Segment profit	<u>100,576</u>	<u>100,943</u>	<u>124,583</u>	<u>40,282</u>	<u>40,853</u>	407,237
Changes in fair value of investment properties						(917)
Changes in fair value of financial assets at FVTPL						2,202
Share of results of associates						(3,721)
Share of results of joint ventures						7,401
Finance costs						(110,133)
Interest income						24,493
Exchange loss						(1,612)
Share-based payment expense						(13,274)
Other unallocated expenses						<u>(942)</u>
Profit before tax						<u>310,734</u>



### 3. SEGMENT INFORMATION (Continued)

#### Segment revenues and results (Continued)

	Eastern China <i>RMB'000</i>	Southern China <i>RMB'000</i>	Western China <i>RMB'000</i>	Northern China <i>RMB'000</i>	Central China <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 30 June 2018</b>						
<b>(Unaudited)</b>						
Segment revenue	<u>446,669</u>	<u>393,978</u>	<u>558,109</u>	<u>204,088</u>	<u>154,012</u>	<u>1,756,856</u>
Segment profit	<u>103,594</u>	<u>101,939</u>	<u>130,480</u>	<u>41,261</u>	<u>41,898</u>	419,172
Changes in fair value of investment properties						4,765
Changes in fair value of financial assets at FVTPL						4,284
Share of results of associates						(908)
Share of results of joint ventures						1,273
Finance costs						(156,663)
Interest income						15,523
Exchange loss						(21,223)
Share-based payment expense						(6,548)
Other unallocated expenses						<u>(6,081)</u>
Profit before tax						<u>253,594</u>

#### Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

### 3. SEGMENT INFORMATION (Continued)

#### Revenue and results from major services

The Group is mainly engaged in provision of property management services, value-added services and engineering services. The following table provides an analysis of the Group's revenue and results based on types of business:

	Property management services <i>RMB'000</i>	Value-added services <i>RMB'000</i>	Engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 30 June 2019</b> <b>(Unaudited)</b>				
Revenue from major services	<u>1,510,817</u>	<u>200,413</u>	<u>100,305</u>	<u>1,811,535</u>
Profit from major services	<u>248,885</u>	<u>135,245</u>	<u>23,107</u>	<u>407,237</u>
<b>Six months ended 30 June 2018</b> <b>(Unaudited)</b>				
Revenue from major services	<u>1,467,080</u>	<u>212,328</u>	<u>77,448</u>	<u>1,756,856</u>
Profit from major services	<u>248,820</u>	<u>150,245</u>	<u>20,107</u>	<u>419,172</u>

#### 4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax in the People's Republic of China		
Enterprise income tax	101,596	82,809
Deferred tax		
Credit to profit and loss	(25,802)	(20,350)
	<u>75,794</u>	<u>62,459</u>

#### 5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	633,188	609,766
(Gain) loss on disposal of property, plant and equipment, net	(42)	437
Amortisation of intangible assets	70,777	68,566
Depreciation for property, plant and equipment	20,684	31,794
Depreciation for right-of-use assets	1,300	–
Net gain arising on financial assets at FVTPL	(2,202)	(4,284)

#### 6. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2018 of HK18.00 cents, equivalent to RMB15.40 cents (2018: final dividend in respect of the year ended 31 December 2017 of HK15.00 cents, equivalent to RMB12.11 cents) per share was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to RMB210,375,000 (2018: RMB166,237,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: nil).

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>215,882</b>	175,296
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic earning per share	<b>1,328,638</b>	1,233,626
Effect of dilutive potential ordinary shares:		
Share options	—	1,011
Weighted average number of ordinary shares for the purpose of diluted earning per share	<b>1,328,638</b>	1,234,637

For the six months ended 30 June 2019, the computation of diluted earnings per share does not assume the exercise of certain share options granted by the Company as the exercise prices of the respective options were higher than the average market price per share.

## 8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Trade receivables		
– services	851,074	627,072
– leasing	<u>2,246</u>	<u>46,922</u>
	<b>853,320</b>	673,994
<i>Less: allowance for credit losses</i>	<u>(48,853)</u>	<u>(44,284)</u>
	<u><b>804,467</b></u>	<u>629,710</u>
Other receivables and prepayments		
Refundable deposits	329,139	402,493
Advances to staffs	72,272	66,848
Prepayments to suppliers	48,522	102,114
Consideration receivables for disposal of subsidiaries	32,000	32,000
Receivables for residential and commercial units rental assistance services on behalf of customers	16,461	12,069
Receivables from former shareholders of subsidiaries	14,729	8,955
Others	<u>85,939</u>	<u>96,371</u>
	<u><b>599,062</b></u>	<u>720,850</u>
Total	<u><b>1,403,529</b></u>	<u>1,350,560</u>

**8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)**

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
<b>Classified as:</b>		
<b>Non-current</b>		
Other receivables	<u>6,033</u>	<u>6,286</u>
<b>Current</b>		
Trade receivables	804,467	629,710
Other receivables and prepayments	<u>593,029</u>	<u>714,564</u>
	<u>1,397,496</u>	<u>1,344,274</u>
	<u><u>1,403,529</u></u>	<u><u>1,350,560</u></u>

The following is an aging analysis of trade receivables presented based on the invoice date or date of demand note at the end of the reporting period, which the invoice date or the date of demand note represented the payment due date:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
0 – 30 days	348,195	256,004
31 – 90 days	216,315	168,111
91 – 180 days	144,104	121,741
181 – 365 days	65,903	53,991
Over 1 year	<u>29,950</u>	<u>29,863</u>
	<u><u>804,467</u></u>	<u><u>629,710</u></u>

## 9. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
Trade payables	<u>414,088</u>	<u>504,403</u>
Other payables and accruals		
Deposits received	355,605	319,421
Accrued staff costs	296,054	298,901
Provision for retirement benefit contributions	108,509	157,040
Other tax payable	103,692	80,010
Consideration payables for acquisition of subsidiaries	34,004	4,690
Receipts on behalf of online platform merchants	1,491	1,847
Rental payable	2,170	1,613
Other payables and accruals	<u>142,777</u>	<u>104,208</u>
	<u>1,044,302</u>	<u>967,730</u>
Total	<u><u>1,458,390</u></u>	<u><u>1,472,133</u></u>

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30 June 2019 RMB'000 (Unaudited)</b>	31 December 2018 RMB'000 (Audited)
0 – 60 days	223,608	321,442
61 – 180 days	144,931	129,429
181 – 365 days	24,845	36,924
Over 1 year	<u>20,704</u>	<u>16,608</u>
	<u><u>414,088</u></u>	<u><u>504,403</u></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS MODEL**

The Group is a leading community service platform in China. As a pioneer in exploring value-added services in the industry, the Group focuses 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 service for residents of the community on the back of property management service.

Following the in-depth implementation of smart community construction, the Group is undergoing transformation into a technology-oriented platformization enterprise. The Group will proactively utilise the new technologies from the Internet, deepens the application of technologies like big data and artificial intelligence, and focuses on the investment in intelligent equipment. On the other hand, the Group enhances management efficiency to provide better service experience for the communities under the Group's management. The Group has established a powerful head office digital "cloud" system, which strengthened the service capacity of the "terminal" and minimize the dependency of function and scope of "management", so as to organise effective community services. The Group has also classified communities managed by it into various service levels based on different charging standards, set standards for equipment modification and service packages to ensure standard customer experience for various clients in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, the Group has realised excellent capacity of cost control under the premise of increasing management area and securing customer satisfaction.

To further improve service efficiency, the Group put forward the Big Dipper strategy in recent years. By implementing the seven major functions of E-Security, E-Repair (including E-Elevator), E-Energy, E-Cleaning, E-Greening, E-Payment, and E-Complaint, the Group has initially put into place order-oriented property management services and further enhanced the service efficiency of the Group. For instance, with repair expenses per unit area unchanged, equipment availability has increased by 10 percentage points as a result of implementing E-Repair. With a 10% reduction in cleaning expenses per unit area, customer satisfaction rate has increased by 5 percentage points as a result of the implementation of E-Cleaning.



Meanwhile, the Group is actively building up an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience to residents of the communities but also strengthens the interactions and communications between the Group and property owners living in the residential communities. In addition, the Group designates customer managers to serve the communities based on the proportion to the number of residents in such communities. The customer managers will schedule visits with residents through the Caizhiyun platform for following up work and feedback relating to customer satisfaction in a timely manner, in order to ensure the quality of the offline community services and efficiently becoming aware of the services that property owners need anytime. The Group will grow the corresponding value-added services and organically integrate online and offline business in the community, which will further enhance the Group's competitive edges. In recent years, with the rapid development of the online platform, value-added services have become the key drivers of the core competitiveness and performance growth of the Group.

In particular, it is worth mentioning that on 19 July 2019, the Group reached an agreement with an indirect wholly owned subsidiary of JD.com (hereinafter referred to as "JD") and an indirect wholly owned subsidiary of 三六零安全科技股份有限公司 (hereinafter referred to as "360"), pursuant to which the Company would issue 71,149,000 shares and 22,956,000 shares to them respectively at a price of HK\$5.22 per share. After completion of the transactions, the shares of JD (including its related parties) and 360 (including its related parties) will account for 5.00% and 3.05% respectively of the Group's enlarged share capital.

Based on the successful experience of Colour Benefits Life, JD and the Group will cooperate in community-based new retail model, establishing front-end warehouses, logistics distribution and enhancement of platform experience in the future. At the same time, based on the technological experience accumulated by 360 in the field of core security, the Group will cooperate with 360 in aspects like security, big data, Internet of Things and artificial intelligence. Through the strategic cooperation with JD and 360, the online and offline operation capabilities of the Group will be further enhanced to create a more private, more comfortable and more convenient smart community for property owners.

## **BUSINESS DEVELOPMENT**

Usually, property developers are required to engage property management companies before they obtain the delivery permits. At this stage, property developers usually identify qualified property management companies by way of tender, where the Group arranges its marketing department to submit tenders. Once the Group wins the bid, the area under the property management contract will be incorporated into the Group's contracted GFA. Property developers will issue an occupation notification to home buyers after the properties are sold. Upon receipt of such notification, the home buyers will be obliged to settle property management fees. This part of contracted GFA under management will thus be called the "revenue-bearing GFA". The difference between the total contract GFA and the revenue-bearing GFA is the reserved GFA which will be transferred to the revenue-bearing GFA in future.

On the other hand, the Group exports its underlying technology of Caizhiyun APP to other enterprises in the industry. Today, Caizhiyun APP can serve the communities which our partners have provided property management services. The area managed by our partners is called the "cooperated GFA". In addition, the Group has cooperated with Shanghai Yinwan Life Network Co., Ltd. ("Shanghai Yinwan") since 2016. Shanghai Yinwan has also launched its online platform through its strategic alliance with other property management companies. Therefore, the above property management companies also indirectly cooperate with the Group, and will use the online platform of the Group in future. The area where property management services were provided by the companies under the strategic alliance with Shanghai Yinwan is called the "allianced GFA". The aggregate area of Caizhiyun platform's coverage over such communities is collectively referred to as the platform service area.

The Group has accumulatively obtained a total of 12.4 million sq.m. of newly engaged management area during the reporting period, reflecting the Group's core competitiveness in service quality and market expansion.

As at 30 June 2019, GFA under management contracts and consultancy service arrangements of the Group (“Contracted GFA”) had reached 563.5 million sq.m. while the number of communities under the Group’s management and consultancy services contracts had reached 2,824, representing a year-on-year growth of approximately 16.4% and 10.5%, respectively. As at 30 June 2019, the area of the Group’s revenue-bearing GFA reached 364.5 million sq.m. and the number of communities reached 2,295. The Group’s management projects cover 277 cities in China, achieving rapid expansion of the Contracted GFA.

On the other hand, the prospect for the transformation of the Group’s business structure became progressively clear, proven both in terms of business data and financial data. Thus, the Group put forward the strategy of platform output in a timely manner. The Group’s online platform can serve more communities and families not managed by the Group by extending the platform services to its partners. As at 30 June, 2019, the Group’s platform service area had reached 1,205.5 million sq.m., including 563.5 million sq.m. of contracted GFA, 392.0 million sq.m. of cooperated area and 250.0 million sq.m. of allied area, fully demonstrating the technological strength of the Group’s online platform.

In addition to extending the online platform to other property management companies, the Group continued to expand the scopes under which its online platform technology can be applied. For example, the Group helped Changsha City Public Security Bureau to develop the Changsha Gardener APP for mass prevention and treatment to public order in Changsha City. Citizens can take up patrol orders or traffic violation reporting orders from the Changsha Gardener. Once an order is completed, the users can get relevant points as a cash coupon when the users make a purchase by using the Changsha Gardener APP.

This new model has encouraged the general public to participate in the process of building a secure city and building a harmonious community, extremely well received by the Changsha Municipal Government. The successful launching of the Changsha Gardener APP indicates that the Group’s online platform technology has a wider applications, and it will have greater room for development in the future.

The locations of communities where the Group provided management, consultancy services and cooperation projects as at 30 June 2019 are set out as follows:

<b>Southern China</b>	43	Ruijin	85	Qingdao	128	Fangchenggang	165	Qianxinan	202	Jincheng	243	Zhuzhou	
1	Shenzhen	44	Wenchang	86	Shaoxing	129	Deyang	Buyi and Miao	203	Yan'an	244	Huixian	
2	Dongguan	45	Pingxiang	87	Taichang	130	Guang'an	Autonomous	204	Xianyang	245	Luohe	
3	Foshan	46	Zhangshu	88	Wenzhou	131	Laibin	Prefecture	205	Pengyang	246	Xiangtan	
4	Fuzhou	47	Jinjiang	89	Jinan	132	Lijiang	166	Nanchong	206	Yangling	247	Huanggang
5	Ganzhou	48	Fuqing	90	Suqian	133	Mianyang					248	Changde
6	Guangzhou	49	Jiangmen	91	Tai'an	134	Pingnan	<b>Northeastern China</b>	<b>Northern China</b>			249	Jingzhou
7	Heyuan	50	Baoting Li and Miao Autonomous County	92	Heze	135	Suining	167	Gaizhou	207	Beijing	250	Loudi
8	Huizhou			93	Huaibei	136	Tongren	168	Harbin	208	Qinhuangdao	251	Luoyang
9	Jingdezhen			94	Jinhua	137	Yizhou	169	Huludao	219	Tianjin	252	Wugang
10	Nanchang			95	Liaocheng	138	Chongqing	170	Shenyang	210	Shijiazhuang	253	Suizhou
11	Nankang	51	Qionghai	96	Taizhou	139	Ziyang	171	Tieling	211	Baotou	254	Nanyang
12	Putian	52	Maoming	97	Taihe	140	Anshun	172	Yingkou	212	Tongliao	255	Xiangyang
13	Qingyuan	53	Chaozhou	98	Zaozhuang	141	Beihai	173	Diaobingshan	213	Wuhai	256	Shangqiu
14	Shangrao			99	Weifang	142	Guanghan	174	Benxi	214	Taiyuan	257	Enshi
15	Yangjiang	<b>Eastern China</b>		100	Dongying	143	Kunming	175	Changchun	215	Tangshan	258	Jiaozuo
16	Yichun	54	Changzhou	101	Dezhou	144	Guangyuan	176	Panjin	216	Hulunbuir	259	Xiangfan
17	Yingtian	55	Dongtai	102	Ningbo	145	Neijiang	177	Dalian	217	Ulanqab	260	Hengyang
18	Zhongshan	56	Gaoyou	103	Shouguang	146	Duyun	178	Mudanjiang	218	Langfang	261	Jiyuan
19	Zhuhai	57	Huai'an	104	Xinyi	147	Fuquan	179	Jixi	219	Datong	262	Qianjiang
20	Xiamen	58	Jiangyin	105	Rizhao	148	Longli	180	Qiqihar	220	Baoding	263	Zhoukou
21	Shaoguan	59	Jurong	106	Qufu	149	Majiang	181	Daqing	221	Changzhi	264	Zhumadian
22	Heshan	60	Lianyungang	107	Maanshan	150	Bazhong	182	Jiamusi	222	Hohhot	265	Xiaogan
23	Quanzhou	61	Nanjing	108	Yixing	151	Wuzhou	183	Fusong	223	Xingtai	266	Shaoyang
24	Sanming	62	Nantong	109	Taizhou	152	Bijie	184	Fushun	224	Chengde	267	Pingdingshan
25	Zhangzhou	63	Shanghai	110	Yuyao	153	Emeishan	185	Dandong	225	Cangzhou	268	Shiyan
26	Nanxiong	64	Suzhou	111	Zhuji	154	Leshan	186	Chifeng	226	Xinzhou	269	Huaihua
27	Longyan	65	Wuxi	112	Heze	155	Liupanshui	187	Siping	227	Luliang	270	Yihua
28	Jiujiang	66	Wuhu	113	Huangshan	156	Qiandongnan			228	Renqiu	271	Jishou
29	Nanping	67	Yancheng	114	Ledong		Miao and Dong Autonomous Prefecture					272	Yongzhou
30	Xinyu	68	Yangzhou	115	Tongling			188	Xi'an	<b>Central China</b>		273	Ruzhou
31	Zhaoqing	69	Changshu	116	Anqing			189	Yinchuan	229	Changsha	274	Ezhou
32	Haikou	70	Kunshan			157	Qinzhou	190	Lanzhou	230	Xinxiang	275	Xianning
33	Danzhou	71	Xuzhou	<b>Southwestern China</b>		158	Wenshan	191	Hancheng	231	Yiyang	276	Jingshan
34	Fuzhou	72	Hangzhou	117	Chengdu	159	Yulin	192	Xining	232	Zhengzhou	277	Huangshi
35	Shantou	73	Chuzhou	118	Liuzhou	160	Yibin	193	Yulin	233	Wuhan		
36	Zhanjiang	74	Huzhou	119	Dali	161	Meitan	194	Baoji	234	Chenzhou		
37	Jinggangshan	75	Fuyang	120	Guilin	162	Xishuangbanna	195	Ankang	235	Kaifeng		
38	Fengcheng	76	Jiaxing	121	Nanning	163	Meishan	196	Pingliang	236	Anyang		
39	Ji'an	77	Linyi	122	Zigong	164	Qiannan Buyi and Miao Autonomous Prefecture	197	Hanzhong	237	Xiangyang		
40	Meizhou	78	Yantai	123	Chongzuo			198	Weinan	238	Jingmen		
41	Zhangping	79	Zhenjiang	124	Baise			199	Urumqi	239	Puyang		
42	Sanya	80	Zibo	125	Guigang			200	Bayannur	240	Yichang		
		81	Bengbu	126	Zunyi			201	Yili Prefecture	241	Yueyang		
		82	Hefei	127	Guiyang					242	Zhangjiajie		
		83	Jining										
		84	Lu'an										

As at 30 June 2019, the Group recorded a sustained growth in total platform service area. The following table sets out the contracted GFA and the number of communities where the Group provided management, consultancy services and cooperation in platform service in different regions across China as at the dates indicated below:

	As at 30 June 2019						As at 31 December 2018					
	Managed by Group		consultancy service arrangements		Cooperated with Group		Managed by Group		consultancy's service arrangements		Cooperated with Group	
	Total		Total		Total		Total		Total		Total	
	Contracted GFA (1000 sq.m.)	Number	Contracted Number GFA (1000 sq.m.)	Number	Contracted Number GFA (1000 sq.m.)	Number	contracted GFA (1000 sq.m.)	Number	contracted GFA (1000 sq.m.)	Number	contracted GFA (1000 sq.m.)	Number
Shenzhen	9,833	132	744	17	193	5	9,833	132	753	18	193	4
Southern China (excluding Shenzhen)	90,221	565	2,126	8	74,564	604	90,649	565	2,589	8	71,085	589
Eastern China <sup>(1)</sup>	147,668	961	2,019	7	64,744	465	142,665	861	2,019	7	53,332	414
Southwestern China	100,366	398	968	3	92,141	397	100,083	402	968	3	91,499	388
Northeastern China	21,516	100	1,680	8	8,622	51	21,462	99	1,216	8	3,301	6
Northwestern China <sup>(2)</sup>	17,006	91	3,506	2	49,625	493	16,687	91	3,506	2	46,603	453
Northern China <sup>(3)</sup>	35,386	147	2	1	41,471	68	35,221	142	2	1	7,826	47
Central China <sup>(4)</sup>	130,147	383	300	1	60,629	352	125,699	369	300	1	44,760	314
Total <sup>(5)</sup>	552,143	2,777	11,345	47	391,989	2,435	542,299	2,661	11,353	48	318,599	2,215

*Notes:*

- (1) The Group newly established its presence in Anqing as at 30 June 2019.
- (2) The Group newly established its presence in Pengyang and Yangling as at 30 June 2019.
- (3) The Group newly established its presence in Cangzhou, Xinzhou, Luliang and Renqiu as at 30 June 2019.
- (4) The Group newly established its presence in Jingshan and Huangshi as at 30 June 2019.
- (5) As at 30 June 2019, the Group's platform service area reached 1,205.5 million sq.m., including contracted GFA of 563.5 million sq.m., cooperated GFA of 392.0 million sq.m. and allied GFA of 250.0 million sq.m.

As at 30 June 2019, the Group extended its total contracted GFA coverage to 277 cities in China. As at 30 June 2019, the Group managed 2,777 communities with an aggregate contracted GFA of approximately 552.1 million sq.m. and entered into consultancy service contracts with 47 communities with an aggregate contracted GFA under the consultancy service arrangements of approximately 11.3 million sq.m. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the movements of total contracted GFA and the number of communities where the Group provided management, consultancy services and cooperation projects during the reporting period:

	As at 30 June 2019						As at 31 December 2018					
	Managed by the Group		consultancy Service arrangements		Cooperated with the Group		Managed by Group		consultancy service arrangements		Cooperated with Group	
	Total Contracted	Number of residential communities	Total contracted	Number of residential communities	Total contracted	Number of residential communities	Total contracted	Number of residential communities	Total contracted	Number of residential communities	Total contracted	Number of residential communities
	GFA (1000 sq.m.)		GFA (1000 sq.m.)		GFA (1000 sq.m.)		GFA (1000 sq.m.)		GFA (1000 sq.m.)		GFA (1000 sq.m.)	
As at the beginning of the year	542,299	2,661	11,353	48	318,599	2,215	404,269	2,271	31,715	113	214,230	1,470
New engagements <sup>(1)</sup>	12,404	134	-	-	-	-	69,938	195	4,328	2	-	-
Acquisitions <sup>(2)</sup>	1,231	9	-	-	-	-	53,839	279	-	-	-	-
New cooperation <sup>(3)</sup>	-	-	-	-	73,390	220	-	-	-	-	104,369	745
Transfer from consultancy service to self-management <sup>(4)</sup>	-	-	-	-	-	-	23,547	65	(23,547)	(65)	-	-
Termination <sup>(5)</sup>	(3,791)	(27)	(8)	(1)	-	-	(9,294)	(149)	(1,143)	(2)	-	-
As at the end of period	<b>552,143</b>	<b>2,777</b>	<b>11,345</b>	<b>47</b>	<b>391,989</b>	<b>2,435</b>	<b>542,299</b>	<b>2,661</b>	<b>11,353</b>	<b>48</b>	<b>318,599</b>	<b>2,215</b>

**Notes:**

- (1) In relation to communities that the Group managed, new engagements primarily include service engagements for new property developments constructed by property developers and to a much lesser extent, service engagements for residential communities replacing their previous property management companies. In relation to communities where the Group provided consultancy services, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.
- (2) The Group completed the acquisition of Beijing Darwin in order to expand its contracted GFA and gain synergy after the acquisition.
- (3) Through cooperation in platform service, the Group gained minority interests of targeted partners and output its online platform and vertical application services to the partners.

- (4) The Group managed to acquire some of the property management companies to which it provided consultancy service previously, through acquisition of subsidiaries or revision of the service agreement, resulting in the relevant communities under the Group's consultancy service arrangements being transferred into those that the Group managed.
- (5) The contracted GFA and the number of communities which the Group ceased to renew certain property management contracts due to commercial factors.

## **BUSINESS OVERVIEW**

The Group has three main business lines:

- Property management services, which primarily include: (i) provision of services to communities under commission basis; (ii) provision of services to communities under lump sum basis; (iii) provision of pre-delivery services to property developers; and (iv) provision of consultancy services to property management companies;
- Value-added services, which primarily include: (i) provision of online promotion services; (ii) provision of sales and rental assistance services; and (iii) provision of other value-added services; and
- Engineering services, which primarily include: (i) provision of equipment installation services; (ii) provision of repair and maintenance services; (iii) automation and other equipment upgrade services through the Group's equipment leasing scheme; and (iv) provision of energy-saving services.

## Scope of Services for Property Management Services

As at 30 June 2019, the Group employed over 53,099 on-site personnel (including staff employed by the Group and staff outsourced to third parties) to provide property management services. The table below sets forth the property management fee range for area within the communities the Group managed on a commission basis and a lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 30 June 2019		As at 31 December 2018	
	Under commission basis <i>(RMB/sq.m./ month)</i>	Under lump sum basis <i>(RMB/sq.m./ month)</i>	Under commission basis <i>(RMB/sq.m./ month)</i>	Under lump sum basis <i>(RMB/sq.m./ month)</i>
Shenzhen	<b>0.35–10.9</b>	<b>1.0–8.0</b>	0.35–10.9	1.0–8.0
Southern China (excluding Shenzhen)	<b>0.45–5.91</b>	<b>0.68–8.0</b>	0.45–5.91	0.68–8.0
Eastern China <sup>(1)</sup>	<b>0.36–9.36</b>	<b>0.75–8.83</b>	0.36–9.36	0.75–8.83
Southwestern China	<b>0.41–6.14</b>	<b>0.3–6.8</b>	0.41–6.14	0.3–6.8
Northeastern China	<b>0.40–3.27</b>	<b>2.0–6.0</b>	0.40–3.27	2.0–6.0
Northwestern China <sup>(2)</sup>	<b>0.45–3.9</b>	<b>1.1–7</b>	0.45–3.9	1.1–7
Northern China <sup>(3)</sup>	<b>0.6–5.5</b>	<b>1.0–25</b>	0.6–4.5	1.0–8.0
Central China <sup>(4)</sup>	<b>0.55–3.0</b>	<b>0.85–5.0</b>	0.55–3.0	0.85–5.0

### Notes:

- (1) The Group newly established its presence in Anqing as at 30 June 2019.
- (2) The Group newly established its presence in Pengyang and Yangling as at 30 June 2019.
- (3) The Group newly established its presence in Cangzhou, Xinzhou, Luliang and Renqiu as at 30 June 2019.
- (4) The Group newly established its presence in Jingshan and Huangshi as at 30 June 2019.

Property management services primarily include: (i) provision of services to communities under commission basis; (ii) provision of services to communities under lump sum basis; (iii) provision of pre-delivery services to property developers; and (iv) provision of consultancy services to regional property management companies.



### ***Property Management Services under Commission Basis***

Under commission basis, the Group is essentially acting as an agent of the property owners. The Group reserves the right to retain a specified percentage (usually 10%) of the owner's property management fees as required by the relevant local authorities as the Group's revenue. The remaining property management fees will be used as operating funds to cover the expenses associated with the management of the property.

### ***Property Management Services under Lump Sum Basis***

Under lump sum basis, the Group is entitled to recognise all property management fees charged against the property owners as revenue and pay the expenses related to property management from the property management fees. Accordingly, the related costs are recognised as the Group's cost of sales.

### ***Pre-delivery Services***

The Group may be appointed as a property management company by the property developers at the initial stage of the property development. The Group provides pre-delivery services to the property developers in preparation for the pre-delivery activities and recognises the proceeds based on the fees charged. The relevant expenses are calculated based on the number of employees and positions deployed by the Group, and the related staff costs incurred are the sales costs incurred in providing the services.

### ***Consultancy Services***

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, making its brand more widely known and expanding the customer base for its community leasing, sales and other value-added services, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, property management companies are contracted to provide property management services in the relevant communities. The Group provides consultation and advice to these regional property management companies such that they can leverage the Group's experience and platform to improve various aspects of them such as property management, quality control and human resources management. In addition, the Group provides community leasing, sales and other value-added services in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future. As at 30 June 2019, the Group provided consultancy services to 47 communities, the area of which was 11.3 million sq.m.

## **Scope of Services for Value-added Services**

Adhering to the value and concept of “Service to Your Family”, the Group has been focusing on the extension of its diversified value-added services to property owners. With 17 years of experience in community management and services, the Group has established a comprehensive online and offline service system. The Group has employed onsite personnel such as customer managers and community stewards to provide more convenient community services to property owners. Through paying frequent visits to and communication with owners by customer managers, the Group has built up trust with residents living in communities and has a more comprehensive understanding of their demands. Leveraging the in-depth understanding about the residents of the communities for which the Group provides management, consultancy or platform services, the Group works with third-party professional goods and service providers to create a safer, more convenient and more comfortable living environment for residents.

With the promotion of more convenient ports such as WeChat applet, the number of users logging onto Caizhiyun through WeChat has increased significantly. At the same time, the ecosystem product companies such as E-Security, E-Parking and E-Energy have developed rapidly, and their number of users continues to rise. In order to reflect the actual operation more realistically, we decided to change the statistical criteria of registered and active users to incorporate users of the ecosystem with effect from 2018, including Caizhiyun users at APP and WeChat, and users of ecosystem product companies. As at 30 June 2019, registered users of Colour Life’s ecosystem increased to approximately 32.0 million, of which 16.4 million were ecosystem active users. For the six months ended 30 June 2019, the accumulated Gross Merchandise Volume (“GMV”) of Colour Life’s online platform reached approximately RMB5,546.5 million, representing a year-on-year increase of 27.3%. The accumulated value-added services revenue was RMB200.4 million. The gross profit margin increased by 10.1 percent points year-on-year to 81.9%, contributing a profit of 33.2%.

Specifically, the accumulated GMV of Colour Wealth Life Value-added Plan reached approximately RMB530.9 million. For the six months ended 30 June 2019, the average investment period of Colour Wealth Life has been extended from 0.78 year to 0.94 year as compared to the same period of last year, thus contributing RMB16.5 million in revenue. As driven by increasingly enriching online products, the revenue of online promotion services in the first half of 2019 amounted to RMB84.1 million.

At the same time, the Group's new cooperation model with property developers is designed to provide quality property management services and facilitate the destocking of property developers' existing assets, namely Colour Life Parking Lots (彩生活車位). Such model mainly targets at parking lots that are difficult for property developers to sell, and part of the purchase price paid by buyers is returned to their Caizhiyun accounts year after year in the form of meal coupons, which can be used to pay for consumption on the Caizhiyun platform, thereby offering cost saving to buyers in future. For the six months ended 30 June 2019, the accumulated sales of products under the Colour Life Parking Lots amounted to over 2,000 units, and the revenue of sales and rental assistance was RMB91.8 million. The product of Colour Life Parking Lots facilitated good interactions between the Group and property developers, helping the Group gain property service resources. On the other hand, it facilitated the accumulation of a large amount of meal coupons returned by property developers to buyers on the Caizhiyun platform. The bonding between products and services resulted in a strong purchasing power formed by meal coupons on the platform, which attracted more quality providers and business starters to join the platform, and in return drove the positive circulation in the ecosystem.

Last year, the Group cooperated with Colour Benefits Life which combined the community-based new retail model with the scene of paying property management fees. Purchasing goods and services required for daily life through Colour Benefits Life, community residents can deduct the property management fees that they need to pay. Based on the accurate grasp of the demands of residents by first-line employees of the Group and the trust of the residents to the Group, it helps the goods and service suppliers reduce marketing expenses, and these suppliers will return the partially reduced marketing expenses to the household as property management fees. Colour Benefits Life allows property owners to enjoy the benefits of reduction of property fees, so that quality merchants can directly access the community market channels, and property management companies can improve the collection rate and service efficiency so as to achieve a win-win situation for all parties involved.

In 2019, the Group continued to vigorously promote Colour Benefits Life and cooperated with major e-commerce platforms, including JD, Pagoda, and 58-home, which continued to enrich the categories of online products. For the six months ended 30 June 2019, the accumulated number of transaction orders reached 621,700 and the accumulated GMV of Colour Benefits Life was RMB121.0 million, representing a year-on-year increase of 91.1% and 323.1%, respectively. The accumulated offset to property management fees was RMB3.8 million and over 300,000 families had their property management fees waived.

Based on its active exploration on community scenarios and business models in the early days, the Group achieved breakthrough results. In July 2019, JD, 360 and the Group reached comprehensive strategic cooperation agreements on capital and business levels, and will integrate business innovations in areas including “community + business”, “community + logistics”, “community + safety” and “community + technology” in the future, optimizing property owners’ experiences and laying more solid foundation for future value-added business development.

The Group’s value-added services primarily include (i) online promotion services; (ii) sales and rental assistance; and (iii) other value-added services.

### ***Online promotion services***

The Group collaborates with providers of various products and services and promotes products or services to property owners through the Caizhiyun, the online platform run by the Group. Product and service providers pay certain amount of commission according to their sales ordered through the Caizhiyun platform to the Group. Further, the Group provides system or software to projects that it provides management, consultancy services and platform cooperation services and charges amount of usage fees from using information system software.

### ***Sales and rental assistance***

The Group (i) refers its case to a third-party property agent, who assists the property owner to complete the rental and the sale of the property. The Group charges the agent on every successful referral and generates revenue from authorising property agents rights to use our online leasing data platform; (ii) helps property developers sell their parking lots under Colour Life Parking Lots model and receive commissions in accordance with the agency sales agreement; (iii) assists communities to rent promotional space of structures (such as elevator interior walls or public spaces) and additional storage space, and receives commissions in return.

### ***Other value-added services***

Other value-added services include (i) purchase assistance; (ii) energy management services; (iii) other value-added services.

### **Scope of Services for Engineering Services**

The Group provides engineering services to property developers (including primarily independent property developers and to a lesser extent, the Fantasia Group) and communities which the Group manages through sub-contracting and cooperation with qualified third-party contractors and through its subsidiaries that are mainly engaged in engineering services and energy management services, namely Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. (“Shenzhen Kaiyuan Tongji”) and Shenzhen Ancaihua Energy Investment Co., Ltd. (“Shenzhen Ancaihua”).

Engineering services provide a safe and comfortable environment to property owners of the communities. It also laid the hardware foundation for accelerating the smart transformation of communities which the Group serves and implementing the Big Dipper strategy.

For the six months ended 30 June 2019, the Group continued to carry out the Internet-based transformation to the projects under its management, pushing forward the enhancement and upgrade of Smart Community Model from Version 3.3 to Version 4.0.

Version 4.0 focuses on the property owners' multi-dimension needs for easy community life. It strengthens the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, QR code/face recognition access control, vehicle licence recognition system in car park etc., so as to realise central management control, replacing labour with equipment, saving energy and posts, enhancing efficiency and service quality. Secondly, a community service platform is established through connecting communities to the Group's cloud system at its head office. For example, real-time picture of the operation condition in the community under the Group's management will be sent to its head office using remote monitoring technology, and it will assign rectification tasks for areas with potential problem and follow up the results.

The Group's engineering services primarily include (i) automation and other hardware equipment installation services; (ii) community utility facilities repair and maintenance services; (iii) community automation equipment leasing services; and (iv) energy-saving services.

#### ***Installation service fees from provision of engineering services***

In order to enhance the management efficiency in the relevant communities to achieve the purpose of reducing the service costs of property management, the Group strives to provide installation services of automation equipment for communities.

The Group also provides automation and other hardware equipment installation services to property developers in accordance with their requirements, aiming to diversify the Group's revenue sources and develop business relationships with property developers which have engaged the Group or may subsequently engage the Group to provide property management services after the property developments are delivered. Such services generally involve the procurement, design and installation of devices such as security monitoring systems, intercommunication devices, alarms, key card security systems and power supplies systems.

In recent years, as part of the development of Colour Life Parking Lots sales business, the Group also begins to offer intelligent improvement services for property developers' parking lots which improve the quality of properties delivered to property owners.

### ***Services fee from provision of repair and maintenance services***

The Group provides repair and maintenance services for various building hardware such as elevators, fire protection equipment and drainage systems in communities. With the further implementation of Smart Community Model of the Group, the Group has promoted an equipment management model in the communities that it manages, to reduce the occurrence of major failures requiring large-scale repairs through regular maintenance of the above hardware and equipment.

### ***Equipment leasing services***

The Group renders automation and other equipment upgrade services to communities that it provides management or consultancy services, including car park security systems, building access systems and remote surveillance cameras. These equipment items were invested by Shenzhen Kaiyuan Tongji and made available for use by various communities through the Group's equipment leasing scheme.

### ***Services fee from provision of energy-saving services***

The Group renders energy-saving services to communities that it provides management, consultancy services or cooperation projects, including the installation of energy-saving devices. By installing and using cutting-edge energy saving equipment, the Group helps communities reduce their energy consumption.

## **REVIEW AND ANALYSIS**

### **Revenue**

The Group's revenue mainly arises from (i) property management services; (ii) value-added services; and (iii) engineering services. For the six months ended 30 June 2019, total revenue increased by 3.1% from RMB1,756.9 million for the six months ended 30 June 2018 to approximately RMB1,811.5 million.

The increase in revenue was primarily driven by (i) an increase in revenue-bearing GFA; and (ii) an increase in the number of Colour Life Parking Lots' engineering projects provided by the Group.

	For the six months ended 30 June					
	2019		2018		Variance	
	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	%
<b>Revenue</b>						
Property management services	<b>1,510,817</b>	<b>83.4%</b>	1,467,080	83.5%	43,737	3.0%
Value-added services	<b>200,413</b>	<b>11.1%</b>	212,328	12.1%	(11,915)	(5.6%)
Engineering services	<b>100,305</b>	<b>5.5%</b>	77,448	4.4%	22,857	29.5%
Total revenue	<b><u>1,811,535</u></b>	<b><u>100.0%</u></b>	<b><u>1,756,856</u></b>	<b><u>100.0%</u></b>	<b><u>54,679</u></b>	<b><u>3.1%</u></b>

### ***Property Management Services***

For the period, revenue from property management services increased by approximately 3.0% from approximately RMB1,467.1 million for the six months ended 30 June 2018 to approximately RMB1,510.8 million.

	For the six months ended 30 June					
	2019		2018		Variance	
	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	%
<b>Revenue</b>						
Property management service fees on lump sum basis	<b>1,294,883</b>	<b>71.5%</b>	1,203,830	68.6%	91,053	7.6%
Property management service fees on commission basis	<b>89,457</b>	<b>4.9%</b>	82,804	4.7%	6,653	8.0%
Pre-delivery services	<b>115,144</b>	<b>6.4%</b>	177,834	10.1%	(62,690)	(35.3%)
Property management consultancy service fees	<b>11,333</b>	<b>0.6%</b>	2,612	0.1%	8,721	333.9%
Total of property management service fees	<b><u>1,510,817</u></b>	<b><u>83.4%</u></b>	<b><u>1,467,080</u></b>	<b><u>83.5%</u></b>	<b><u>43,737</u></b>	<b><u>3.0%</u></b>



Such increase was primarily attributable to:

- (a) an increase in revenue on a lump sum basis of RMB91.1 million, which was due to the completion of the acquisitions of Beijing Darwin in 2019, Hangzhou Zhuosheng, and Liuzhou Zhongshi in second half of 2018 as well as the completion of the Group's pre-delivery projects converting into the property management projects under lump sum basis, resulting in an increase in the total floor area leading to the revenue. As at 30 June 2019, the total floor area where the revenue is generated by the lump sum system was up by 1.3 million sq.m., from approximately 111.8 million sq.m. as at the same date in 2018, to approximately 113.1 million sq.m.;
- (b) an increase in revenue from property management services on a commission basis of approximately RMB6.7 million. As at 30 June 2019, the total revenue-bearing GFA on a commission basis increased by approximately 25.2 million sq.m. from approximately 214.8 million sq.m. as at 30 June 2018 to approximately 240.0 million sq.m.;
- (c) a decrease in revenue from service fees charged for rendering pre-delivery related services for the six months ended 30 June 2019 of approximately RMB62.7 million from the fees charged for the six months ended 30 June 2018, which was mainly due to the completion of the Group's pre-delivery projects during the Period converting into the property management projects under lump sum basis;
- (d) an increase in revenue from fees charged under consultancy service contracts of approximately RMB8.7 million to approximately RMB11.3 million due to the increase in fee charged to the property management companies benefited from the high quality of consultancy services rendered.

Due to the above facts, revenue from property management services for the period accounted for 83.4% of the total revenue of the Group, representing a decrease of 0.1 percentage point from 83.5% for the six months ended 30 June 2018.

### ***Value-added Services***

For the Period, revenue from value-added services decreased by approximately 5.6% from approximately RMB212.3 million for the same period in 2018 to approximately RMB200.4 million.

The decrease in value-added services was primarily attributable to:

	For the six months ended 30 June				Variance	
	2019		2018		Amount	%
	Amount	% of total	Amount	% of total		
<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue	<i>RMB'000</i>		
<b>Revenue</b>						
Online promotion services	<b>84,050</b>	<b>4.6%</b>	99,108	5.7%	(15,058)	(15.2%)
Sale and rental assistance	<b>91,826</b>	<b>5.1%</b>	97,177	5.5%	(5,351)	(5.5%)
Other value-added services	<b>24,537</b>	<b>1.4%</b>	16,043	0.9%	8,494	52.9%
Total of value-added service fees	<b><u>200,413</u></b>	<b><u>11.1%</u></b>	<u>212,328</u>	<u>12.1%</u>	<u>(11,915)</u>	<u>(5.6%)</u>

- (a) a decrease in revenue from online promotion services of approximately 15.2% from approximately RMB99.1 million for the six months ended 30 June 2018 to approximately RMB84.1 million for the six months ended 30 June 2019, which was due to the Group lower and/or waive the fee charged to online service providers in order to improve the GMV of Caizhiyun platform for future expansion;
- (b) a decrease in revenue from sale and rental assistance of approximately RMB5.4 million, from approximately RMB97.2 million for the six months ended 30 June 2018 to approximately RMB91.8 million, which was mainly due to the transfer of office subleasing business to a joint venture since 2018 and the development of Colour Life Parking Lots business;

- (c) an increase in revenue from other value-added services of approximately RMB8.5 million from approximately RMB16.0 million for the six months ended 30 June 2018 to approximately RMB24.5 million for the six months ended 30 June 2019, which was due to the increase in revenue arising from the launch of value-added business in Wanxiangmei as compared with that of the same period of 2018.

### **Engineering Services**

For the Period, revenue from engineering services increased by approximately 29.5% from approximately RMB77.4 million for the six months ended 30 June 2018 to approximately RMB100.3 million.

	For the six months ended 30 June				Variance	
	2019		2018			
	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	% of total revenue	Amount <i>RMB'000</i>	%
<b>Revenue</b>						
Equipment installation service fees	<b>69,471</b>	<b>3.8%</b>	44,578	2.5%	24,893	55.8%
Repair and maintenance service fees	<b>6,656</b>	<b>0.4%</b>	7,938	0.5%	(1,282)	(16.2%)
Equipment leasing income	<b>14,297</b>	<b>0.8%</b>	17,162	1.0%	(2,865)	(16.7%)
Energy-saving service fees	<b>9,881</b>	<b>0.5%</b>	7,770	0.4%	2,111	27.2%
Total of engineering service fees	<b><u>100,305</u></b>	<b><u>5.5%</u></b>	<b><u>77,448</u></b>	<b><u>4.4%</u></b>	<b><u>22,857</u></b>	<b><u>29.5%</u></b>

The increase in revenue from engineering services was primarily attributable to:

- (a) an increase in revenue from equipment installation services of approximately 55.8% from approximately RMB44.6 million for the six months ended 30 June 2018 to approximately RMB69.5 million for the six months ended 30 June 2019, which was mainly due to the development of the Group's Colour Life Parking Lots leading to a rise of auxiliary engineering renovation service demands;
- (b) a decrease in revenue from repair and maintenance services of approximately RMB1.3 million to approximately RMB6.7 million. It was because the Group gradually subcontracted its repair and maintenance services;

- (c) a decrease in equipment leasing income of approximately RMB2.9 million to approximately RMB14.3 million, which was mainly due to the adjustment of the Group's business model related to parking lot renovation in the the Period. In view of the efficiency optimization and service quality improvement, the Group continued to subcontract the parking lot renovation related business to its joint venture, Yixuan Technology (懿軒科技), and recognised this portion of profit in share of results of joint ventures;
- (d) an increase in revenue from energy-saving equipment leasing and energy management platform service fees of approximately RMB2.1 million from approximately RMB7.8 million for the six months ended 30 June 2018 to approximately RMB9.9 million for the period. It was mainly contributed by the continuing expansion of E-energy business.

### **Cost of Sale and Services**

Cost of sale and services primarily comprises labour costs, subcontracting costs, costs of raw materials which mainly consist of energy-saving light bulbs, intercommunication devices, security camera wires, pipes and others, utility costs, depreciation and amortisation and others. The cost is mostly incurred by property management service contracts on a lump sum basis and pre-delivery services contracted with property developers. For the period, cost of sale and services increased by approximately RMB84.6 million or 7.4% from approximately RMB1,137.3 million for the six months ended 30 June 2018 to approximately RMB1,221.9 million. The increase was primarily attributable to (i) the acquisition of Beijing Darwin in 2019, Hangzhou Zhuosheng and Liuzhou Zhongshi in second half of 2018, resulting in the increased cost of sales and services; (ii) an increase in the cost of outsourcing, compared with the same period last year.

### **Gross Profit and Gross Profit Margin**

For the Period, overall gross profit decreased by approximately RMB29.9 million from approximately RMB619.6 million for the six months ended 30 June 2018 to approximately RMB589.7 million. The decrease in gross profit was mainly due to the following factors: (i) gross profit of property management services decreased by approximately RMB43.6 million as compared with the same period of 2018; (ii) gross profit of value-added services increased by approximately RMB11.8 million compared with the same period of last year; (iii) gross profit of engineering services increased by RMB1.9 million as compared with the first half of 2018.

Overall gross profit margin decreased by 2.7 percentage points from approximately 35.3% for the six months ended 30 June 2018 to approximately 32.6% for the period. The decrease was attributable to the combined effect of gross profit margin changes in all segments.

**(i) *Property Management Services***

For the Period, the gross profit of the property management business decreased by approximately RMB43.6 million as compared with the same period of 2018, while the gross profit margin decreased by 3.8 percent point, from approximately 30.3% to approximately 26.5% for same period in 2018 which was mainly due to the slight increase in labor costs and outsourcing costs during the Period compared with the same period of 2018.

**(ii) *Value-added Services***

For the Period, gross profit from the value-added services segment increased by approximately 7.8% from approximately RMB152.4 million for same period in 2018 to approximately RMB164.2 million. The increases in gross profit and gross profit margin were mainly attributable to the facts that (i) as the Group focused more on the platform output strategy, the Group's office subleasing business with lower gross profit margin was transferred to a joint venture in 2018; and (ii) the Group's vigorous promotion of Colour Life Parking Lots resulted in the significant increase in revenue from Colour Life Parking Lots in the Period.

### ***(iii) Engineering Services***

For the Period, the gross profit of engineering services increased from RMB23.4 million for the same period in 2018 to RMB25.3 million. The increase was due to the development of Colour Life Parking Lots business.

### **Other Gains and Losses**

The Group's net other gains for the period was approximately RMB1.9 million (for the six months ended 30 June 2018: net other loss of approximately RMB22.6 million), which was mainly due to a minor fluctuation in the exchange rates of RMB against US dollar and Hong Kong dollar, leading up to a decrease in the exchange loss resulting from the foreign loans dominated in U.S. dollar and Hong Kong dollar of approximately RMB19.6 million over the same period of the last year.

### **Other Income**

For the Period, the Group's other income amounted to approximately RMB28.7 million, which was primarily attributable to (i) interest income of approximately RMB26.9 million; and (ii) government grants of RMB1.8 million. For the six months ended 30 June 2019, the other income represents an increase of approximately 9.5% from approximately RMB26.2 million as compared with the same period of last year.

### **Selling and Distribution Expenses**

Selling and distribution expenses for the Period amounted to approximately RMB21.8 million, representing an increase of approximately 6.9% from approximately RMB20.4 million for the six months ended 30 June 2018. The increase was mainly due to the increase in promotion expenses for the Colour Life Parking Lots business and other value-added services.

## **Administrative Expenses**

The Group's administrative expenses decreased by approximately 9.9% from approximately RMB211.7 million for the six months ended 30 June 2018 to approximately RMB190.8 million for the period. The decrease in administrative expenses was primarily attributable to (i) a decrease in staff costs of approximately RMB13.7 million from approximately RMB70.4 million to approximately RMB56.7 million due to the continued efforts to streamline the Group's structure and cost saving; and (ii) a year-on-year decrease in professional service fees of RMB9.6 million for the Period as the professional service fees incurred in the same period in 2018 is mainly related to the acquisition of Wanxiangmei, which was completed in 2018.

## **Expenses Recharged to Residential Communities on a Commission Basis**

For the Period, the Group's expenses recharged to residential communities on a commission basis amounted to approximately RMB39.9 million, representing a slight increase of approximately RMB0.9 million or 2.3% from approximately RMB39.0 million for the six months ended 30 June 2018. The increase was primarily attributable to the simultaneous increase in recharged expenses for the services provided in the community level as a result of the increase of total floor area covered by Group's centralised services in terms of financial accounting, human resources, business operations, legal services, etc, as well as the continued increase in the related expenses recharged to the community.

## **Finance Costs**

For the Period, the Group's finance costs amounted to approximately RMB110.1 million, representing a decrease of approximately 29.7% from approximately RMB156.7 million for the six months ended 30 June 2018, which was mainly due to the Group's repayment of bank loans and redemption of corporate bonds in the first half of 2019. As of 30 June 2019, the total debt of the Group was approximately RMB2,639.0 million, representing a decrease of RMB1,020.7 million, or 27.9%, from the balance of approximately RMB3,659.7 million as at 31 December 2018.

## **Share Options**

The Company adopted a share option scheme on 11 June 2014.

On 29 September 2014, 30 April 2015, 18 March 2016 and 27 November 2018, the Company granted 45,000,000, 25,000,000, 34,247,488 and 19,464,720 share options to its Directors, employees, and certain minority shareholders of the Company's subsidiaries, with an exercise price of HK\$6.66 each, HK\$11.00 each, HK\$5.76 each and HK\$4.11 each, respectively. The total expense charged in relation to share options granted by the Company for the six months ended 30 June 2019 was approximately RMB6.7 million, representing an increase of approximately RMB0.2 million from RMB6.5 million for the same period in 2018.

## **Changes in Fair Value of Investment Properties**

The fair value of investment properties of the Group changed from a gain of approximately RMB4.8 million for the six months ended 30 June 2018 to a loss of approximately RMB0.9 million for the Period, which was primarily due to the Group's disposal of certain investment properties and realised a loss during the Period.

## **Income Tax Expenses**

The Group's income tax expenses increased by approximately 21.3% from approximately RMB62.5 million for the six months ended 30 June 2018 to approximately RMB75.8 million for the Period, which was primarily due to an increase in current enterprise income tax of approximately 22.7% from approximately RMB82.8 million for the six months ended 30 June 2018 to approximately RMB101.6 million for the Period.

## **Trade and Other Receivables and Prepayments**

Trade receivables mainly consist of management and service income on a lump sum basis from property management services, engineering services and value-added services.



As at 30 June 2019, total trade receivables of the Group amounted to approximately RMB804.5 million, representing an increase of approximately RMB174.8 million from approximately RMB629.7 million as at 31 December 2018, an increase of 27.8%, which was primarily attributable to (i) the significant increase in revenue-bearing GFA from which the Group effectively generated incomes during the Period; (ii) the property company's payment in the second half of the year was generally better than that in the first half of the year under the influence of seasonality of the property management industry, the settlement of property management fee, resulting in a significant increase in the trade receivable at 30 June 2019 compared with the balance at 31 December 2018.

Other receivables and prepayments decreased by approximately RMB121.8 million from approximately RMB720.9 million as at 31 December 2018 to approximately RMB599.1 million as at 30 June 2019. The decrease was primarily attributable to: (i) a decrease in deposits paid to business partners and suppliers of approximately RMB73.4 million; (ii) a decrease in prepayments to suppliers of approximately RMB53.6 million which was mainly due to the utilisation of prepayments during the Period.

### **Payments/Receipts on Behalf of Residents**

Payments/receipts on behalf of residents represent the current accounts with the property management offices of residential communities managed by the Group on a commission basis. These property management offices of residential communities usually have no separate bank accounts because they have no separate legal identity status. For the daily management of these property management offices of residential communities, all transactions of these management offices, including the collection of property management fees and the settlement of daily expenses, are settled through the treasury function of the Group. A net receivable balance from the property management office of the residential community represents expenses paid by the Group on behalf of the residential community in excess of the property management fees collected from the residents of the residential community. A net payable balance to the property management office of the residential community represents property management fees collected from residents of the residential community in excess of the expenses paid by the Group on behalf of the residential community.

Increase in balance of payment on behalf of residents and decrease in balance of receipt on behalf of residents are primarily due to the growth in revenue-bearing GFA under the Group's management coupled with the time lag between the dates of collecting property management fees involved in new projects of the Group's management system and that of incurring discretionary costs by the projects.

## **Trade and Other Payables and Accruals**

Trade and other payables primarily comprise items such as payables to sub-contractors of the Group's property management services and engineering services, advances from customers, deposits received, accrued staff costs, other tax payables and other payables and accruals, details of which are as follows:

- (1) Trade payables decreased from approximately RMB504.4 million as at 31 December 2018 to approximately RMB414.1 million as at 30 June 2019, which was primarily due to the Group accelerated settlement to the suppliers during the Period.
- (2) Other payables and accruals increased from approximately RMB967.7 million as at 31 December 2018 to approximately RMB1,044.3 million as at 30 June 2019, which was primarily due to (i) an increase in deposits received and other payable and accruals of approximately RMB36.2 million and RMB38.6 million, respectively, due to the increase in revenue-bearing GFA under management on a lump sum basis for the Period; (ii) an increase in other tax payables of approximately RMB23.7 million due to the Group's business expansion; and (iii) an increase in consideration payables due to the completion of acquisition of Darwin and part of consideration of RMB29.3 million was not settled by 30 June 2019.

## **Cash Position**

As at 30 June 2019, the Group's total cash (including pledged bank deposits) decreased by approximately 46.9% from approximately RMB3,012.9 million as at 31 December 2018 to approximately RMB1,599.7 million. Among the Group's total cash, pledged bank deposits of approximately RMB202.9 million (31 December 2018: RMB346.0 million) were pledged to guarantee the drawdown of loans by the Group.

The financial position remained stable. As at 30 June 2019, the current ratio of the Group was 1.4 (31 December 2018: 1.3).

## **Exchange Rate Risk**

The Group mainly operates its business in China. Other than borrowings denominated in foreign currency, the Group does not have any other material direct exposure to foreign exchange fluctuations. For the six months ended 30 June 2019, the exchange rates of RMB against U.S. dollar and Hong Kong dollar slightly decreased, resulting in an exchange loss of RMB1.6 million.

## **Employee and Remuneration Policies**

As at 30 June 2019, excluding employees for communities on a commission basis, the Group had approximately 13,805 employees (31 December 2018: approximately 14,161 employees). Remuneration is determined with reference to the performance, skills, qualifications and experience of employees concerned and the prevailing industry practices.

Apart from salary payments, other employee benefits include contributions to the Mandatory Provident Fund scheme (for employees of Hong Kong Special Administrative Region) and the state-managed pension fund scheme (for employees of Mainland China) and a discretionary bonus scheme.

## **INTERIM DIVIDEND**

The Board had resolved that no interim dividend shall be paid for the Period (six months ended 30 June 2018: nil).

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of shareholders' transparency and accountability. It is the belief of the board of directors of the Company that shareholders can maximise their benefits from good corporate governance. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the six months ended 30 June 2019, the Board has complied with all the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules on the Stock Exchange.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors and employees (the “**Securities Dealing Code**”). The Company has made specific enquiry to all Directors and all Directors confirmed that they have complied with the requirements set out in the Model Code for the six months ended 30 June 2019.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee (the “**Audit Committee**”) in compliance with the Listing Rules 3.21 and 3.22 to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the CG Code, the Board adopted the terms of reference of the Audit Committee on 27 June 2014 and thereafter adopted the revised terms of references of the Audit Committee on 15 December 2015 and 27 March 2019, respectively. All of them are available for reference on the websites of the Company and the Stock Exchange.

The Audit Committee of the Company currently comprises three Independent Non-executive Directors, namely Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin, while Mr. Tam Chun Hung, Anthony is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results for the Period. In addition, the independent auditors of the Company, Deloitte Touche Tohmatsu, have reviewed the unaudited interim results for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

The Board of Directors of the Company has adopted a share award scheme (the “Share Award Scheme”) on 4 July 2016 for certain employees of the Group and consultants to the Group as incentives or rewards for their contribution or potential contribution to the Group by way of the Company’s shares acquired by and held through an independent trustee (the “Trustee”) appointed by the Company until fulfilment of special conditions before vesting.

At 31 December 2018, a total of 1,597,000 Company's shares were held for the Share Award Scheme and the aggregate consideration paid for these shares in an amount of RMB5,585,000 was deducted from shareholders' equity.

During the Period, a total of 236,000 Company's shares were acquired by the Trustee for the Share Award Scheme at a consideration of RMB853,000.

During the Period, 1,833,000 shares held for the Share Award Scheme were awarded to eligible employees or consultants of the Group for their performance and contribution of the Group. The fair value of the awarded shares at the date of grant of RMB6,567,000 were recognised as expenses and the difference between the consideration paid and the fair value of the awarded shares of RMB129,000 was credited to retained profits.

As at 30 June 2019, no share was held under the Share Award Scheme.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.colourlife.hk](http://www.colourlife.hk)). The 2019 interim report of the Company will be available at the aforesaid websites and will be dispatched to the Company's shareholders thereafter in due course.

By Order of the Board  
**Colour Life Services Group Co., Limited**  
彩生活服務集團有限公司  
**TANG Xuebin**  
*Executive Director and Chief Executive Officer*

Hong Kong, 20 August 2019

*As at the date of this announcement, the board of directors of the Company comprises Mr. TANG Xuebin, Mr. DONG Dong and Mr. HUANG Wei as Executive Directors; Mr. PAN Jun and Mr. ZHOU Hongyi as Non-executive Directors; and Mr. TAM Chun Hung, Anthony, Dr. LIAO Jianwen and Mr. XU Xinmin as Independent Non-executive Directors.*