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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 2023**

**HIGHLIGHTS**

For the six months ended 30 June 2023:

- The Group recorded total revenue of approximately RMB758.3 million, gross profit of approximately RMB218.5 million, net profit of approximately RMB33.6 million and the net profit attributable to the owners of the Company of approximately RMB30.7 million.
- As at 30 June 2023, the Group's liabilities to assets ratio was approximately 24.7%, which remained steady as compared to that of approximately 23.8% as at 31 December 2022.
- As at 30 June 2023, the Group's total interest-bearing debt balance was nil.

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 2023 (the “**Period**”) as follows:

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2023*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2023</b>	<b>2022</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from services	<i>3 &amp; 4</i>	<b>758,332</b>	635,323
Cost of services		<b>(539,797)</b>	(448,014)
Gross profit		<b>218,535</b>	187,309
Other income		<b>11,514</b>	13,705
Other gains and losses		<b>(41,451)</b>	(5,660)
Impairment losses under expected credit loss model, net of reversal		<b>(46,766)</b>	(77,726)
Selling and distribution expenses		<b>(1,718)</b>	(3,903)
Administrative expenses		<b>(98,565)</b>	(79,208)
Finance costs		<b>(816)</b>	(4,038)
Change in fair value of investment properties		<b>(787)</b>	(184)
Share of results of associates		<b>700</b>	65
Share of results of joint ventures		<b>5,027</b>	1,573
Profit before tax		<b>45,673</b>	31,933
Income tax expense	<i>5</i>	<b>(12,075)</b>	(8,790)
Profit for the period	<i>6</i>	<b>33,598</b>	23,143

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2023 (Continued)*

		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
	<i>NOTE</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive (expense) income</b>			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income (“ <b>FVTOCI</b> ”)		(4,473)	(1,296)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		<u>1,118</u>	<u>324</u>
Other comprehensive expense for the period, net of income tax		<u>(3,355)</u>	<u>(972)</u>
Total comprehensive income for the period		<u><b>30,243</b></u>	<u>22,171</u>
Profit for the period attributable to:			
Owners of the Company		30,719	16,807
Non-controlling interests		<u>2,879</u>	<u>6,336</u>
		<u><b>33,598</b></u>	<u>23,143</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		27,364	15,835
Non-controlling interests		<u>2,879</u>	<u>6,336</u>
		<u><b>30,243</b></u>	<u>22,171</u>
Earnings per share – basic (RMB cents)	8	<u><b>2.07</b></u>	<u>1.13</u>
Earnings per share – diluted (RMB cents)	8	<u><b>2.07</b></u>	<u>1.13</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>NOTE</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>36,225</b>	34,837
Right-of-use assets		<b>213,990</b>	263,803
Investment properties		<b>21,538</b>	22,325
Interests in associates		<b>41,688</b>	38,601
Interests in joint ventures		<b>117,873</b>	112,846
Equity instruments designated at FVTOCI		<b>22,202</b>	25,139
Goodwill		<b>885,977</b>	890,870
Intangible assets		<b>689</b>	1,378
Other receivables		<b>86,258</b>	86,524
Deferred tax assets		<b>122,821</b>	120,327
Deposits paid for potential acquisition of subsidiaries		<b>121,702</b>	122,174
		<b>1,670,963</b>	1,718,824
<b>Current Assets</b>			
Contract assets		<b>32,848</b>	39,878
Trade receivables	9	<b>731,509</b>	565,309
Other receivables and prepayments		<b>1,797,089</b>	1,669,008
Loan receivables		<b>138,000</b>	143,710
Payments on behalf of residents		<b>739,171</b>	838,208
Amounts due from related parties		<b>55,046</b>	58,446
Restricted bank deposits		<b>31,549</b>	34,770
Bank balances and cash		<b>734,804</b>	757,116
		<b>4,260,016</b>	4,106,445

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2023 (Continued)

	NOTE	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>Current Liabilities</b>			
Trade payables	10	374,839	305,269
Other payables and accruals		188,624	153,895
Contract liabilities		232,404	182,678
Receipts on behalf of residents		116,726	295,204
Lease liabilities due within one year		6,530	2,711
Amounts due to related parties		225,125	146,255
Tax liabilities		298,346	289,049
		<u>1,442,594</u>	<u>1,375,061</u>
<b>Net Current Assets</b>		<u>2,817,422</u>	<u>2,731,384</u>
<b>Total Assets Less Current Liabilities</b>		<u>4,488,385</u>	<u>4,450,208</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		223	592
Lease liabilities due after one year		22,318	8,734
<b>Total Non-current Liabilities</b>		<u>22,541</u>	<u>9,326</u>
<b>Net Assets</b>		<u><u>4,465,844</u></u>	<u><u>4,440,882</u></u>
<b>Capital and Reserves</b>			
Share capital		120,750	120,750
Reserves		4,160,000	4,132,636
Equity attributable to owners of the Company		4,280,750	4,253,386
Non-controlling interests		185,094	187,496
<b>Total Equity</b>		<u><u>4,465,844</u></u>	<u><u>4,440,882</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 that are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

#### **Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)**

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE FROM SERVICES

#### Disaggregation of revenue from contracts with customers

	For the period ended 30 June 2023			
	Property management services <i>RMB'000</i> (Unaudited)	Value-added services <i>RMB'000</i> (Unaudited)	Engineering services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Types of goods and services</b>				
<i>Property management services</i>				
Lump sum basis	672,135	-	-	672,135
Pre-delivery services	3,870	-	-	3,870
Commission basis	50,729	-	-	50,729
Consultancy services fee	1,369	-	-	1,369
	<u>728,103</u>	<u>-</u>	<u>-</u>	<u>728,103</u>
<i>Value-added services</i>				
Online promotion services	-	21,716	-	21,716
Sales and rental assistance	-	5,518	-	5,518
Other value-added services	-	1,530	-	1,530
	<u>-</u>	<u>28,764</u>	<u>-</u>	<u>28,764</u>
<i>Engineering services</i>				
Equipment installation services	-	-	156	156
Repair and maintenance services	-	-	160	160
Energy-saving service fees	-	-	1,149	1,149
	<u>-</u>	<u>-</u>	<u>1,465</u>	<u>1,465</u>
	<u><u>728,103</u></u>	<u><u>28,764</u></u>	<u><u>1,465</u></u>	<u><u>758,332</u></u>
<b>Timing of revenue recognition</b>				
A point in time	-	5,518	-	5,518
Over time	728,103	23,246	1,465	752,814
	<u>728,103</u>	<u>28,764</u>	<u>1,465</u>	<u>758,332</u>

### 3. REVENUE FROM SERVICES (Continued)

#### Disaggregation of revenue from contracts with customers (Continued)

	For the period ended 30 June 2022			
	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Engineering services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods and services</b>				
<i>Property management services</i>				
Lump sum basis	519,575	–	–	519,575
Pre-delivery services	3,395	–	–	3,395
Commission basis	59,781	–	–	59,781
Consultancy services fee	3,210	–	–	3,210
	<u>585,961</u>	<u>–</u>	<u>–</u>	<u>585,961</u>
<i>Value-added services</i>				
Online promotion services	–	26,615	–	26,615
Sales and rental assistance	–	11,078	–	11,078
Other value-added services	–	5,405	–	5,405
	<u>–</u>	<u>43,098</u>	<u>–</u>	<u>43,098</u>
<i>Engineering services</i>				
Equipment installation services	–	–	1,158	1,158
Repair and maintenance services	–	–	45	45
Energy-saving service fees	–	–	5,061	5,061
	<u>–</u>	<u>–</u>	<u>6,264</u>	<u>6,264</u>
	<u>585,961</u>	<u>43,098</u>	<u>6,264</u>	<u>635,323</u>
<b>Timing of revenue recognition</b>				
A point in time	–	11,078	–	11,078
Over time	585,961	32,020	6,264	624,245
	<u>585,961</u>	<u>43,098</u>	<u>6,264</u>	<u>635,323</u>



#### 4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

During the period ended 30 June 2023, the Group is principally engaged in the provision of property management services and related services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is same in different regions.

##### Information about major customer

There were no sales to a single customer which amounted to 10% or more of the Group's revenue during the period ended 30 June 2023 and 2022.

##### Information about geographical areas

The principal operating entities of the Group are domiciled in the PRC and majority of revenue was derived in the PRC during the period ended 30 June 2023 and 2022.

As at 30 June 2023 and 2022, the majority of the non-current assets of the Group was located in the PRC.

#### 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	(13,820)	(19,953)
Deferred tax		
Credit to profit and loss	1,745	11,163
	<u>(12,075)</u>	<u>(8,790)</u>

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	244,670	230,503
Government grant	(3,626)	(5,765)
Partial exemption of PRC Value-added tax	(2,243)	(286)
Exchange (gain) loss	(444)	1,124
Loss on disposal of subsidiaries	15,752	5,820
Loss on early termination of lease contracts	21,984	–
Amortisation of intangible assets	689	7,738
Depreciation of property, plant and equipment	7,438	10,701
Depreciation of right-of-use assets	9,563	9,925

## 7. DIVIDENDS

The directors of the Company do not recommend the payment of interim dividend for both the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

## 8. 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	
	2023	2022
	<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)	<u><u>30,719</u></u>	<u><u>16,807</u></u>
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u><u>1,487,526</u></u>	<u><u>1,487,526</u></u>

For the periods ended 30 June 2023 and 2022, 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.

## 9. TRADE RECEIVABLES

	30 June	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	956,645	767,575
Less: allowance for credit losses	<u>(225,136)</u>	<u>(202,266)</u>
	<u><u>731,509</u></u>	<u><u>565,309</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 2023 <i>RMB'000</i> (Unaudited)</b>	31 December 2022 <i>RMB'000</i> (Audited)
0 to 30 days	<b>103,704</b>	90,198
31 to 90 days	<b>121,954</b>	88,967
91 to 180 days	<b>106,495</b>	108,682
181 to 365 days	<b>191,589</b>	103,986
Over 1 year	<b>207,767</b>	173,476
	<b>731,509</b>	565,309

#### 10. TRADE PAYABLES

	<b>30 June 2023 <i>RMB'000</i> (Unaudited)</b>	31 December 2022 <i>RMB'000</i> (Audited)
0-60 days	<b>206,057</b>	137,464
61-180 days	<b>135,678</b>	94,892
181-365 days	<b>25,296</b>	63,563
Over 1 year	<b>7,808</b>	9,350
	<b>374,839</b>	305,269

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS MODEL**

The Group is a leading property management and community services provider in China, with a focus on setting up offline and online service platform via the internet technology and effectively connecting the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

As communities constitute the most fundamental social units within a city, the services provided by the property management companies are essential in creating a stable and convenient living environment for the residents of the community and promoting the development of the society. The Group strives to meet the basic living needs of the property owners through providing Four Basic Guarantees services (defined as cleaning, greening, security and maintenance services), which constitute the solid cornerstone of community services system.

While meeting the basic living needs of the residents of the community, the Group also promotes smart community construction by proactively utilising emerging technologies such as the Internet of Things, big data and artificial intelligence, and introducing the application of intelligent equipment, so as to enhance the Group's service efficiency in providing high quality property management services for the residents. The Group has established a powerful digitalized "cloud" system in the head office, which minimised the dependency on function and scope of "management" and strengthened the service capacity of the "terminal", so as to organise effective community services. For instance, the Group has upgraded the existing Big Dipper system to a "digital property management platform" by adding an intelligent customer service feature that covers the five basic services including security, cleaning, greening, maintenance and engineering, the order-oriented operation system of the lift, energy and decoration services, as well as the customer complaint platform comprising complaint, repair application, parking, payment, decoration and other services. The Group has divided the entire property management service process into orders, further enhancing the service efficiency of the Group.

In addition to its efforts in refining the basic businesses, the Group has classified its management projects into various service levels based on different charging standards, set standards for equipment modification and services and provided well-oriented service experiences, so as to satisfy customers' demand for performance-price ratio in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardized management system, the Group has realised excellent capacity of cost control under the premise of steadily increasing management areas and securing customer satisfaction.

While focusing on improving service efficiency, the Group is dedicated to building harmonious communities. The Group has taken the initiative to organise a wide range of community activities and proactively established communication channels to strengthen the relationship between the property owners as well as between the property owners and the property management staff and enrich the residents' off-work life and spiritual culture, with ultimate goal of building a better and more caring community. By providing such services, we are able to create a harmonious environment for the property owners, and push forward the establishment of our unique community culture brand, so as to enhance the property owners' trust in the Group. The improvement of our relationship with the residents also laid a solid foundation for our effort to further expand community consumption scenarios.

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 for residents of the communities but also strengthens the interactions and communications between the Group and community property owners living in the communities. In addition, the Group designates a proportional number of customer managers to serve the communities based on the proportion to the number of residents in such communities. The customer managers will carry out following up work and seek feedback relating to customer satisfaction in a timely manner, in order to ensure the quality of the offline community services and efficiently become aware of the services that community property owners need. 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.

## **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 contracts will be incorporated into the Group's Contracted Managed 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 Managed GFA will thus be called the "revenue-bearing GFA". The difference between the Contracted Managed GFA and the revenue-bearing GFA is the "reserved GFA" which will be transferred to the revenue-bearing GFA in future.

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, the Group has selectively entered into consultancy service contracts with regional property management companies. The area agreed in the contracts will be incorporated into the Group's Consultancy GFA. Aforementioned Managed GFA and Consultancy GFA are collectively referred to as Contracted Managed GFA of the Group.

The Group focused on driving its organic growth through reputation and branding. With our outstanding property management experience and expansion capability, as at 30 June 2023, the Contracted Managed GFA of the Group had reached 384.65 million sq.m. while the number of communities under the Group's management and consultancy services contracts had reached 2,030. In which, as at 30 June 2023, the Group's revenue-bearing Contracted Managed GFA reached 201.24 million sq.m.

While proactively expanding service area, the Group made great efforts to establish and upgrade its community service platform, in an effort to meet the daily needs of the property owners and provide them with quality and efficient property management services. In addition to building caring communities, the Group explored various consumption scenarios, product innovation and new business models, with an aim to provide property owners with various value-added services, making property management services a much more important part of the property owners' domestic life.

The Group also continued to explore various value-added services under the community scenario, expanded the property management scenario portfolio, and provided customised products and services for the property owners based on market demands and property owner needs. For instance, based on the extensive property owner base of the Group and the parking lot management scenario, the Group proactively explored the auto insurance sales business. By establishing the headquarter-to-headquarter communication mechanism with the insurance companies, the Group strived to improve service efficiency and reduce the selection costs and purchase costs of the property owners. In addition, the Group continued to develop and strengthen online platform technology, paving the path for connection with the system of the insurance companies, which enabled the Group to have real-time understanding of the business development and claim settlement data and monitor the quality of community-based products in a dynamic manner, so as to provide property owners with quality customer services and claim settlement services. Also, the Group joined hands with Eternal Asia Starlink, a leading supply chain enterprise, to build a community online shopping platform – Colour Life Select, which offers property owners all sorts of goods and services and a light entrepreneurial platform. In doing so, the Group was able to increase the interaction frequency between the property management company and the property owners, enhance the royalty between the property management company and the property owners, and improve the recognition of the property owners towards its basic property management services and value-added services.



As at 30 June 2023, the locations of communities where the Group provided management and consultancy services are set out as follows:



**Northeastern China**

- 1 Huludao
- 2 Tieling

**Northern China**

- 3 Langfang
- 4 Baoding
- 5 Beijing
- 6 Cangzhou
- 7 Chengde
- 8 Qinhuangdao
- 9 Shijiazhuang
- 10 Taiyuan
- 11 Tianjin
- 12 Xingtai

**Eastern China**

- 13 Changshu
- 14 Dongying
- 15 Fuzhou
- 16 Fuzhou
- 17 Fuyang
- 18 Ganzhou
- 19 Gaoyou
- 20 Hangzhou
- 21 Huai'an
- 22 Ji'an
- 23 Jinan
- 24 Jiaxing
- 25 Jiangyin

- 26 Jingdezhen
- 27 Jiujiang
- 28 Jurong
- 29 Kunshan
- 30 Linyi
- 31 Longyan
- 32 Nanchang
- 33 Nantong
- 34 Qingdao
- 35 Quanzhou
- 36 Sanming
- 37 Xiamen
- 38 Shanghai
- 39 Shangrao
- 40 Suzhou
- 41 Suqian
- 42 Tai'an
- 43 Taizhou
- 44 Weifang
- 45 Wuxi
- 46 Xinyi
- 47 Xuzhou
- 48 Yantai
- 49 Yancheng
- 50 Yichun
- 51 Changzhou
- 52 Yingtan
- 53 Zaozhuang
- 54 Zhangzhou
- 55 Zhenjiang
- 56 Nanjing
- 57 Jining

**Southern China**

- 58 Beihai
- 59 Chongzuo
- 60 Dongguan
- 61 Foshan
- 62 Guangzhou
- 63 Guigang
- 64 Guilin
- 65 Heyuan
- 66 Huizhou
- 67 Liuzhou
- 68 Nanning
- 69 Qingyuan
- 70 Shantou
- 71 Shaoguan
- 72 Yangjiang
- 73 Zhaoqing
- 74 Zhongshan
- 75 Zhuhai

**Central China**

- 76 Luoyang
- 77 Chenzhou
- 78 Ezhou
- 79 Enshizhou
- 80 Huanggang
- 81 Huangshi
- 82 Jingzhou
- 83 Liuyang
- 84 Loudi
- 85 Nanyang

**86 Shaoyang**

- 87 Shiyan
- 88 Suizhou
- 89 Wuhan
- 90 Xiangtan
- 91 Xiangtan
- 92 Yichang
- 93 Yiyang
- 94 Zhangjiajie
- 95 Changsha
- 96 Zhengzhou
- 97 Zhuzhou

**Shenzhen**

- 98 Shenzhen

**Northwestern China**

- 99 Baoji
- 100 Lanzhou
- 101 Xi'an
- 102 Xianyang
- 103 Yinchuan
- 104 Yulin
- 105 Hanzhong

**Southwestern China**

- 106 Chengdu
- 107 Dali
- 108 Deyang
- 109 Duyun
- 110 Guang'an
- 111 Guangyuan
- 112 Guiyang
- 113 Kunming
- 114 Mianyang
- 115 Neijiang
- 116 Qiannanzhou
- 117 Qingzhen
- 118 Chongqing
- 119 Ziyang
- 120 Zunyi
- 121 Gejiu

As at 30 June 2023, the following table sets out GFA and the number of communities where the Group provided management and consultancy services in different regions as at the dates indicated below:

	As at 30 June 2023				As at 31 December 2022			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	GFA ( <i>'000 sq.m.</i> )	Number of communities	GFA ( <i>'000 sq.m.</i> )	Number of communities	GFA ( <i>'000 sq.m.</i> )	Number of communities	GFA ( <i>'000 sq.m.</i> )	Number of communities
Shenzhen	5,187	88	41	1	4,775	90	41	1
Southern China (excluding Shenzhen)	66,145	425	-	-	68,906	447	-	-
Eastern China	97,374	676	-	-	98,122	701	-	-
Southwestern China	71,135	281	-	-	74,726	283	92	1
Northeastern China	10,728	56	-	-	11,451	59	-	-
Northwestern China	12,935	63	-	-	12,907	64	-	-
Northern China	21,531	83	-	-	22,681	85	-	-
Central China	99,571	357	-	-	106,318	376	-	-
<b>Total</b>	<b>384,606</b>	<b>2,029</b>	<b>41</b>	<b>1</b>	<b>399,886</b>	<b>2,105</b>	<b>133</b>	<b>2</b>

*Note:*

(1) As at 30 June 2023, the Group's Contracted Managed GFA reached 384.65 million sq.m.

As at 30 June 2023, the Group managed 2,029 communities with an aggregate contracted GFA of approximately 384.61 million sq.m. and entered into consultancy service contracts with 1 community with an aggregate GFA of consultancy service arrangements of approximately 0.041 million sq.m. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the movements of contracted GFA and the number of communities where the Group provided management and consultancy services during the reporting period:

	As at 30 June 2023				As at 31 December 2022			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	Contracted Managed GFA ( <i>'000 sq.m.</i> )	Number of communities	Contracted Managed GFA ( <i>'000 sq.m.</i> )	Number of communities	Contracted Managed GFA ( <i>'000 sq.m.</i> )	Number of communities	Contracted Managed GFA ( <i>'000 sq.m.</i> )	Number of communities
As at the beginning of the year	399,886	2,105	133	2	414,619	2,189	8,874	31
New engagements <sup>(1)</sup>	2,935	39	0	0	9,620	68	-	-
Acquisition <sup>(2)</sup>	-	-	-	-	1,466	11	-	-
Termination <sup>(3)</sup>	(18,215)	(115)	(92)	(1)	(25,819)	(163)	(8,741)	(29)
<b>As at the end of the reporting period</b>	<b>384,606</b>	<b>2,029</b>	<b>41</b>	<b>1</b>	<b>399,886</b>	<b>2,105</b>	<b>133</b>	<b>2</b>

*Notes:*

- (1) In relation to communities 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 the Group provided consultancy services for, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.
- (2) The Group expanded its Managed GFA through acquisitions and gained synergy after the acquisition.
- (3) The Contracted Managed 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 for communities under lump sum basis; (ii) provision of services for communities under commission basis; (iii) provision of pre-delivery services for property developers; and (iv) provision of consultancy services for property management companies; and
- Value-added services, which primarily include: (i) online promotion services; (ii) sales and rental assistance services; (iii) other value-added services; and
- Engineering services, which primarily include: (i) equipment installation services; (ii) repair and maintenance services; (iii) energy-saving renovation services.

## Scope of Services for Property Management Services

As at 30 June 2023, the Group employed over 26,931 on-site personnel (including staffs employed by the Group and the staffs outsourced from 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 under commission basis and 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 2023		As at 31 December 2022	
	Under commission basis (RMB/sq.m./ month)	Under lump sum basis (RMB/sq.m./ month)	Under commission basis (RMB/sq.m./ month)	Under lump sum basis (RMB/sq.m./ month)
Shenzhen	<b>0.4-11.4</b>	<b>1.8-16.9</b>	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	<b>0.5-6</b>	<b>0.7-16.9</b>	0.5-5.9	0.7-16.9
Eastern China	<b>0.4-17.0</b>	<b>1.1-16.0</b>	0.4-17.0	1.1-16.0
Southwestern China	<b>0.5-6.1</b>	<b>0.3-25.0</b>	0.5-6.1	0.3-25.0
Northeastern China	<b>0.4-3.3</b>	<b>2.0-18.0</b>	0.4-3.3	2.0-18.0
Northwestern China	<b>0.5-4.0</b>	<b>1.4-22.7</b>	0.5-4.0	1.4-22.7
Northern China	<b>0.7-5.5</b>	<b>1.2-25.0</b>	0.7-5.5	1.2-25.0
Central China	<b>0.6-5.3</b>	<b>0.9-16.9</b>	0.6-5.3	0.9-16.9

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

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

Under lump sum basis, the Group is entitled to recognise all property management fees charged from 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.

### ***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 the 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.

### ***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 for the property developers in preparation for the presale 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 and making its brand more widely known, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, the property management companies are contracted to provide property management services in the relevant communities. The Group provides consultation and advice for these regional property management companies such that they can leverage on 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 value-added services in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future.

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

Adhering to the value and concept of “Service to Your Family”, the Group has been focusing on providing diversified value-added services for community property owners. With 19 years of experience in community management and services, the Group has established a comprehensive online and offline service system. The Group has employed on-site personnel such as customer managers and community stewards to provide more convenient community services for property owners. Through paying frequent visits to and communicating with property owners by customer managers, the Group has built up trust with residents living in communities and has a more comprehensive understanding on the demands of them. Leveraging on the in-depth understanding about the residents of the communities for which the Group provides management and consultancy, the Group works with third-party professional goods and service providers to create a safer, more convenient and more comfortable living environment for residents.

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 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 for projects that it provides management and consultancy services for, 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 in completing the rental and the sale of the property. The Group charges the agent on every successful referral and generates revenue from authorizing property agent’s rights to use our online leasing data platform; (ii) helps property developers sell their parking lots under Colour Life Parking Lots model and receives commissions in accordance with the agency sales agreement; (iii) assists communities in renting 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 for 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 for 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 digital property management platform.

In recent years, the Group continued to carry out the internet-based smart transformation to the projects under its management. Focusing on the property owners’ multi-dimension needs for easy community life, we strengthened 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 license recognition system in car park etc., so as to realise central management control, replace labour with equipment, save energy and posts, and enhance 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 promptly assign rectification tasks for areas with potential problem and follow up the results.

The Group’s engineering services primarily include (i) equipment installation services; (ii) repair and maintenance services; and (iii) energy-saving renovation services.

### ***Equipment installation 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 for 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 offers intelligent improvement services to property developers' parking lots which improves the quality of properties delivered to property owners.

### ***Provide 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.

### ***Energy-saving renovation services***

The Group renders energy-saving services to communities that it provides management, consultancy services or which it cooperates with, 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 Period, total revenue increased by 19.4% from approximately RMB635.3 million for the corresponding period of 2022 to approximately RMB758.3 million.

	For the six months ended 30 June					
	2023		2022		Variance	
	Amount	% of total	Amount	% of total	Amount	% of total
	<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue
<b>Revenue</b>						
Property management services	<b>728,103</b>	<b>96.0%</b>	585,961	92.2%	142,142	24.3%
Value-added services	<b>28,764</b>	<b>3.8%</b>	43,098	6.8%	(14,334)	(33.3%)
Engineering services	<b>1,465</b>	<b>0.2%</b>	6,264	1.0%	(4,799)	(76.6%)
Total revenue	<b><u>758,332</u></b>	<b><u>100.0%</u></b>	<u>635,323</u>	<u>100.0%</u>	<u>123,009</u>	<u>19.4%</u>

## Property Management Services

For the Period, revenue from property management services increased by approximately 24.3% from approximately RMB586.0 million for the corresponding period of 2022 to approximately RMB728.1 million for the Period. Breakdown of revenue from property management services are as below:

	For the six months ended 30 June					
	2023		2022		Variance	
	% of total		% of total		Amount	%
	Amount	revenue	Amount	revenue		
<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		
<b>Revenue</b>						
Property management service						
fees under lump sum basis	<b>672,135</b>	<b>88.6%</b>	519,575	81.8%	152,560	29.4%
Pre-delivery services	<b>3,870</b>	<b>0.5%</b>	3,395	0.5%	475	14.0%
Property management service						
fees under commission basis	<b>50,729</b>	<b>6.7%</b>	59,781	9.4%	(9,052)	(15.1%)
Property management						
consultancy service fees	<b>1,369</b>	<b>0.2%</b>	3,210	0.5%	(1,841)	(57.4%)
Total of property management						
service fees	<b>728,103</b>	<b>96.0%</b>	585,961	92.2%	142,142	24.3%

The changes are mainly due to:

- (a) Revenue from property management services provided on a lump-sum basis increased by approximately RMB152.6 million;
- (b) Revenue from property management service fees under commission basis and revenue from consultancy services decreased by approximately RMB9.1 million and RMB1.8 million, respectively, which was mainly due to the expiration of certain fee-based service contracts and consultancy service contracts;
- (c) Revenue from pre-delivery services increased slightly by approximately RMB0.5 million.

## Value-added Services

For the Period, revenue from value-added services decreased by 33.3% from approximately RMB43.1 million for the corresponding period of 2022 to approximately RMB28.8 million. Breakdown of revenue from value-added services are as below:

	For the six months ended 30 June					
	2023		2022		Variance	
	% of total		% of total			
	Amount	revenue	Amount	revenue	Amount	%
<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		
<b>Revenue</b>						
Online promotion services	21,716	2.9%	26,615	4.2%	(4,899)	(18.4%)
Sales and rental assistance	5,518	0.7%	11,078	1.7%	(5,560)	(50.2%)
Other value-added services	1,530	0.2%	5,405	0.9%	(3,875)	(71.7%)
Total of value-added service fees	<u>28,764</u>	<u>3.8%</u>	<u>43,098</u>	<u>6.8%</u>	<u>(14,334)</u>	<u>(33.3%)</u>

The decrease in revenue from value-added services was mainly due to:

- (a) A decrease in revenue from online promotion services by RMB4.9 million;
- (b) A decrease in revenue from sales and rental assistance by RMB5.6 million; and
- (c) A decrease in revenue from other value-added services by RMB3.9 million.

## Engineering Services

For the Period, revenue from engineering services was approximately RMB1.5 million, representing a decrease of approximately RMB4.8 million or 76.6% as compared to that of the corresponding period of 2022. Breakdown of revenue from engineering services are as below:

	For the six months ended 30 June					
	2023		2022		Variance	
	% of total		% of total			
	Amount	revenue	Amount	revenue	Amount	%
<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		
<b>Revenue</b>						
Equipment installation						
service fees	156	0.02%	1,158	0.2%	(1,002)	(86.5%)
Repair and maintenance						
service fees	160	0.02%	45	0.01%	115	255.6%
Energy-saving service fees	1,149	0.2%	5,061	0.8%	(3,912)	(77.3%)
Total of engineering services fees	<u>1,465</u>	<u>0.2%</u>	<u>6,264</u>	<u>1.0%</u>	<u>(4,799)</u>	<u>(76.6%)</u>

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

- (a) A decrease in revenue from equipment installation services by approximately RMB1.0 million, which was mainly due to the decrease in the intelligent improvement services affected by the downturn of real estate industry;
- (b) An increase in revenue from repair and maintenance services for the Period by approximately RMB0.1 million;
- (c) A decrease in revenue from energy-saving services for the Period by approximately RMB3.9 million.

## **Cost of Services**

Cost of 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, rental cost and others. For the Period, cost of services increased by approximately RMB91.8 million or approximately 20.5% from approximately RMB448.0 million for the corresponding period of 2022 to approximately RMB539.8 million. The increase in cost of services was in line with the increase in revenue.

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

For the Period, the overall gross profit was approximately RMB218.5 million, representing an increase of approximately 16.7% as compared to approximately RMB187.3 million for the corresponding period of 2022.

The overall gross profit margin for the Period was 28.8%, decreased slightly from 29.5% for the corresponding period of 2022.

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

For the Period, the gross profit of property management services was approximately RMB192.5 million, representing an increase of approximately 30.4% or RMB44.9 million as compared to approximately RMB147.6 million for the corresponding period of 2022. Gross profit margin increased from 25.2% for the corresponding period of 2022 to 26.4% for the Period.

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

For the Period, the gross profit of value-added services was approximately RMB25.5 million, representing a decrease of approximately 30.5% or RMB11.2 million as compared to approximately RMB36.7 million for the corresponding period of 2022. Gross profit margin increased from 85.1% for the corresponding period of 2022 to 88.5% for the Period.

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

For the Period, the gross profit of engineering services was approximately RMB0.5 million, representing a decrease of approximately RMB2.5 million from approximately RMB3.0 million for the corresponding period of 2022.

### **Other Gains and Losses**

For the Period, the Group recorded other losses of approximately RMB41.5 million, representing an increase in loss of approximately RMB35.8 million from a loss of approximately RMB5.7 million for the corresponding period of 2022. The change was primarily due to (i) the increase in loss of approximately RMB11.8 million from the disposal of a subsidiary for the Period; and (ii) the increase in loss of approximately RMB22.0 million from the early termination of land leasing for the Period.

### **Other Income**

For the Period, the Group's other income amounted to approximately RMB11.5 million, representing a decrease of approximately RMB2.2 million from approximately RMB13.7 million for the corresponding period of 2022. Decrease in other income was primarily attributable to (i) a decrease of approximately RMB5.1 million in interest income during the Period; and (ii) an increase in value-added tax refunds of approximately RMB2.2 million during the Period.

### **Selling and Distribution Expenses**

For the Period, the Group's selling and distribution expenses amounted to approximately RMB1.7 million, representing a decrease of 56.4% as compared to approximately RMB3.9 million for the corresponding period of 2022. Such decrease was mainly due to a decrease in selling and leasing business conducted during the Period.

### **Administrative Expenses**

The Group's administrative expenses increased by approximately 24.5% from approximately RMB79.2 million for the corresponding period of 2022 to approximately RMB98.6 million for the Period.

## **Finance Costs**

For the Period, the Group's finance costs amounted to approximately RMB0.8 million, representing a significant decrease of approximately 80.0% as compared to approximately RMB4.0 million for the corresponding period of 2022. The finance costs were attributable to the lease liabilities for the Period.

## **Income Tax Expenses**

The Group's income tax expenses increased from approximately RMB8.8 million for the corresponding period of 2022 to approximately RMB12.1 million for the Period, which was in line with the increase in profit before taxation.

## **Intangible Assets**

As at 30 June 2023, the carrying amount of intangible assets held by the Group was approximately RMB0.7 million (31 December 2022: approximately RMB1.4 million). The decrease was due to the amortisation of intangible assets for the Period.

## **Goodwill**

As at 30 June 2023, the carrying amount of goodwill was approximately RMB886.0 million, representing a decrease of RMB4.9 million from approximately RMB890.9 million as at 31 December 2022. The decrease was due to the Group's disposal of subsidiaries for the period.

## **Bank Balances and Cash**

As at 30 June 2023, the Group's total cash balance amounted to approximately RMB734.8 million (31 December 2022: approximately RMB757.1 million).

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

Trade receivables were mainly from the management and services income in respect of property management services, engineering services and value-added services.

As at 30 June 2023, trade receivables of the Group net of the allowance for credit losses amounted to approximately RMB731.5 million, representing an increase of 29.4% as compared to approximately RMB565.3 million as at 31 December 2022. Such increase was mainly due to the seasonality of the property management industry that the collection record of the unsettled property management fees are usually better in the second half of the year than the first half of the year.

Other receivables and prepayments increased by approximately RMB127.8 million from approximately RMB1,755.5 million as at 31 December 2022 to approximately RMB1,883.3 million as at 30 June 2023.

### **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 under 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.

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

Trade and other payables primarily comprise of payables to payables for sub-contracted services, deposits received, accrued staff costs, other tax payables and other payables and accruals, details of which are as follows:

- (1) As at 30 June 2023, trade payables amounted to approximately RMB374.8 million (31 December 2022: RMB305.3 million).
- (2) As at 30 June 2023, other payables and accruals amounted to approximately RMB188.6 million (31 December 2022: approximately RMB153.9 million).

### **Share Capital**

As at 30 June 2023, the total number of issued shares of the Company was approximately 1,487,526,000 (31 December 2022: approximately 1,487,526,000) and the share capital was approximately RMB120.8 million (31 December 2022: approximately RMB120.8 million).



## **Cash Position**

As at 30 June 2023, the Group's total cash (including pledged bank deposits) amounted to approximately RMB766.4 million (31 December 2022: approximately RMB791.9 million), among which approximately RMB31.5 million (31 December 2022: approximately RMB34.8 million) were pledged or restricted.

As at 30 June 2023, the current ratio (current assets/current liabilities) of the Group was approximately 3.0 (31 December 2022: approximately 3.0).

## **Net Gearing Ratio**

The net gearing ratio was calculated by net debt (being the total of borrowings after deduction of bank balances and cash and pledged and restricted bank deposits) over the total equity. As at 30 June 2023, the total of bank balances and cash and pledged/restricted bank deposits amounting to RMB766.4 million and the interest-bearing liabilities were fully paid up. Therefore, no net gearing ratio was presented as at 30 June 2023. There was also no net gearing ratio as at 31 December 2022.

## **Currency Risk**

As the Group mainly operates its business in China, there is no material direct exposure to foreign exchange fluctuations risk.

## **Employees and Remuneration Policies**

As at 30 June 2023, the Group had approximately 11,011 employees (31 December 2022: approximately 10,465 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

Apart from salary payments, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for employees in the PRC) and a discretionary bonus program.

## **DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2023.

## **EVENTS AFTER THE REPORTING DATE**

For details of events after the reporting date, please refer to the section headed "Events After the Reporting Date" in the Company's annual results announcement for the year ended 31 December 2021 published on the same date as this announcement.

## **CORPORATE GOVERNANCE CODE**

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Mr. Pan Jun is the chairman of the Board and was appointed as the acting chief executive officer of the Company upon resignation of Mr. Huang Wei on 26 March 2021. Pursuant to code provision C.2.1 of the Corporate Governance Code in Appendix 14 to the Listing Rules, the role of chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. Pan Jun, being the chairman of the Board, serves as the acting chief executive officer of the Company, despite deviating from code provision C.2.1 of the Listing Rules, the Board believes that, Mr. Pan Jun, being the chairman and the executive director of the Company, is familiar with the Company's business operation and has superior knowledge and experience of the Company's business, vesting the roles of both the chairman and the acting chief executive officer in the same person has the benefit of ensuring consistent leadership with the Company and improving the efficiency of overall strategic planning for the Company. Under the supervision of the Board which comprises of three executive director, three non-executive directors and three independent non-executive directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Reference is made to the announcement of the Company dated 12 November 2021 in relation to the resignation of Mr. Tam Chun Hung, Anthony. Since his resignation, the Company has not complied with Rules 3.10, 3.10A, 3.21, 3.27 and 3.27A of the Listing Rules. Following the change in the composition of the Board as disclosed in the announcements of the Company dated 14 June 2023, 21 June 2023 and 23 June 2023, the Company has re-complied with Rules 3.10, 3.10A, 3.21, 3.27 and 3.27A of the Listing Rules.

Save as disclosed above, the Company has complied with all code provisions set out in the CG Code for the six months ended 30 June 2023.

## **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 set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

## **REVIEW OF INTERIM RESULTS**

The interim results of the Company for the six months ended 30 June 2023 had been reviewed by the Audit Committee, which consists of three independent non-executive directors, namely Mr. Xu Xinmin, Mr. Zhu Wuxiang and Mr. Lee Yan Fai (chairman of audit committee).

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

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.colourlife.hk](http://www.colourlife.hk)). The Company's 2023 interim report will be published on the aforementioned websites and despatched to the Company's shareholders 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  
**PAN Jun**  
*Chairman*

Hong Kong, 25 August 2023

*As at the date of this announcement, the board of directors of the Company comprises Mr. Pan Jun, Mr. Liu Hongcai and Ms. Yang Lan as executive directors; Mr. Wu Qingbin, Mr. Zheng Hongyan and Ms. Sun Dongni as non-executive directors; and Mr. Xu Xinmin, Mr. Zhu Wuxiang and Mr. Lee Yan Fai as independent non-executive directors.*