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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 2022**

HIGHLIGHTS

For the six months ended 30 June 2022:

- The Group recorded total revenue of approximately RMB635.3 million, gross profit of approximately RMB187.3 million, net profit of approximately RMB23.1 million and the net profit attributable to the owners of the Company of approximately RMB16.8 million.
- As at 30 June 2022, the Group's liabilities to assets ratio was approximately 23.4%, which remained steady as compared to that of approximately 23.2% as at 31 December 2021.
- As at 30 June 2022, the Group's Total Contracted GFA was 415.3 million square meters.
- The Board do not recommend the payment of an interim dividend.

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 2022 (the “**Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<i>NOTES</i>	Six months ended 30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue from services	<i>3 & 4</i>	635,323	1,792,202
Cost of services		(448,014)	(1,208,263)
Gross profit		187,309	583,939
Other income		13,705	26,012
Other gains and losses		(5,660)	14,233
Impairment losses under expected credit loss model, net of reversal		(77,726)	(13,319)
Selling and distribution expenses		(3,903)	(15,465)
Administrative expenses		(93,528)	(188,498)
Expenses recharged to residential communities under commission basis		14,320	34,672
Finance costs		(4,038)	(96,371)
Change in fair value of investment properties		(184)	1,791
Share of results of associates		65	1,268
Share of results of joint ventures		1,573	(1,657)
Profit before tax		31,933	346,605
Income tax expense	<i>5</i>	(8,790)	(93,132)
Profit for the period	<i>6</i>	23,143	253,473

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

FOR THE SIX MONTHS ENDED 30 JUNE 2022 (Continued)

		Six months ended 30 June	
		2022	2021
	<i>NOTE</i>	RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive (expense) income			
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 (“FVTOCI”)		(1,296)	(7,173)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		324	1,793
		<u> </u>	<u> </u>
Other comprehensive income (expense) for the period, net of income tax		(972)	(5,380)
		<u> </u>	<u> </u>
Total comprehensive income for the period		22,171	248,093
		<u> </u>	<u> </u>
Profit for the period attributable to:			
Owners of the Company		16,807	250,165
Non-controlling interests		6,336	3,308
		<u> </u>	<u> </u>
		23,143	253,473
		<u> </u>	<u> </u>
Total comprehensive income for the period attributable to:			
Owners of the Company		15,835	244,785
Non-controlling interests		6,336	3,308
		<u> </u>	<u> </u>
		22,171	248,093
		<u> </u>	<u> </u>
Earnings per share – basic (RMB cents)	8	1.13	17.20
		<u> </u>	<u> </u>
Earnings per share – diluted (RMB cents)	8	1.13	17.20
		<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

		30 June 2022	31 December 2021
	<i>NOTE</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
Non-current Assets			
Property, plant and equipment		36,096	35,485
Right-of-use assets		273,749	283,441
Investment properties		23,038	26,504
Interests in associates		38,536	40,573
Interests in joint ventures		108,055	123,431
Equity instruments designated at FVTOCI		45,862	113,043
Goodwill		886,270	886,270
Intangible assets		2,068	9,806
Other receivables		86,756	86,854
Deferred tax assets		114,246	105,897
Deposits paid for potential acquisition of subsidiaries		122,262	122,262
		1,736,938	1,833,566
Current Assets			
Contract assets		32,735	90,483
Trade receivables	9	604,448	497,894
Other receivables and prepayments		1,750,186	1,512,816
Loan receivables		143,769	101,841
Payments on behalf of residents		866,469	954,514
Amounts due from related parties		102,567	89,353
Restricted bank deposits		21,566	64,343
Bank balances and cash		519,453	600,079
		4,041,193	3,911,323

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022 (Continued)

		30 June 2022	31 December 2021
	NOTE	RMB'000 (Unaudited)	RMB'000 (Audited)
Current Liabilities			
Trade payables	10	350,619	190,240
Other payables and accruals		122,151	118,548
Contract liabilities		184,154	159,200
Receipts on behalf of residents		258,103	313,972
Lease liabilities due within one year		6,156	7,078
Amounts due to related parties		60,744	69,262
Tax liabilities		258,903	272,038
Borrowings due within one year		100,000	184,834
		<u>1,340,830</u>	<u>1,315,172</u>
Net Current Assets		<u>2,700,363</u>	<u>2,596,151</u>
Total Assets Less Current Liabilities		<u>4,437,301</u>	<u>4,429,717</u>
Non-current Liabilities			
Deferred tax liabilities		2,842	8,848
Lease liabilities due after one year		8,734	11,270
Total Non-current Liabilities		<u>11,576</u>	<u>20,118</u>
Net Assets		<u><u>4,425,725</u></u>	<u><u>4,409,599</u></u>
Capital and Reserves			
Share capital		120,750	120,750
Reserves		4,117,379	4,098,676
Equity attributable to owners of the Company		4,238,129	4,219,426
Non-controlling interests		187,596	190,173
Total Equity		<u><u>4,425,725</u></u>	<u><u>4,409,599</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

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, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018-2020</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 2022			
	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)
Types of goods and services				
<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>
Timing of revenue recognition				
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>

3. REVENUE FROM SERVICES (Continued)

Disaggregation of revenue from contracts with customers (Continued)

	For the period ended 30 June 2021			
	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)
Types of goods and services				
<i>Property management services</i>				
Lump sum basis	1,501,578	–	–	1,501,578
Pre-delivery services	18,062	–	–	18,062
Commission basis	90,528	–	–	90,528
Consultancy services fee	2,702	–	–	2,702
	<u>1,612,870</u>	<u>–</u>	<u>–</u>	<u>1,612,870</u>
<i>Value-added services</i>				
Online promotion services	–	39,400	–	39,400
Sales and rental assistance	–	86,318	–	86,318
Other value-added services	–	19,497	–	19,497
	<u>–</u>	<u>145,215</u>	<u>–</u>	<u>145,215</u>
<i>Engineering services</i>				
Equipment installation services	–	–	18,196	18,196
Repair and maintenance services	–	–	8,848	8,848
Energy-saving service fees	–	–	7,073	7,073
	<u>–</u>	<u>–</u>	<u>34,117</u>	<u>34,117</u>
	<u><u>1,612,870</u></u>	<u><u>145,215</u></u>	<u><u>34,117</u></u>	<u><u>1,792,202</u></u>
Timing of revenue recognition				
A point in time	–	86,318	–	86,318
Over time	1,612,870	58,897	34,117	1,705,884
	<u><u>1,612,870</u></u>	<u><u>145,215</u></u>	<u><u>34,117</u></u>	<u><u>1,792,202</u></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 2022, 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 2022 and 2021.

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 2022 and 2021.

As at 30 June 2022 and 2021, the majority of the non-current assets of the Group was located in the PRC.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	(19,953)	(114,135)
Deferred tax		
Credit to profit and loss	11,163	21,003
	<u>(8,790)</u>	<u>(93,132)</u>

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	230,503	638,472
Government grant	(5,765)	(6,121)
Partial exemption of PRC value-added tax	(286)	(11,273)
Exchange loss (gain)	1,124	(19,937)
Loss on disposal of subsidiaries	5,820	13,088
Loss on disposal of property, plant and equipment, net	–	128
Amortisation of intangible assets	7,738	68,887
Depreciation of property, plant and equipment	10,701	32,424
Depreciation of right-of-use assets	9,925	5,588

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<u>16,807</u>	<u>250,165</u>
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,487,526</u>	<u>1,454,868</u>

For the periods ended 30 June 2022 and 2021, 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
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	769,799	638,074
Less: allowance for credit losses	<u>(165,351)</u>	<u>(140,180)</u>
	<u>604,448</u>	<u>497,894</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:

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
0 – 30 days	98,194	147,756
31 – 90 days	99,117	113,212
91 – 180 days	107,122	118,104
181 – 365 days	201,553	39,723
Over 1 year	98,462	79,099
	<u>604,448</u>	<u>497,894</u>

10. TRADE PAYABLES

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	<u>350,619</u>	<u>190,240</u>

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

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
0 – 60 days	133,110	153,028
61 – 180 days	154,767	18,241
181 – 365 days	53,652	11,802
Over 1 year	9,090	7,169
	<u>350,619</u>	<u>190,240</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS MODEL

The Group is a prominent 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 head office digital "cloud" system, 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 built a new customer service platform based on the existing Big Dipper system to upgrade as "digital property management platform" which 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 the projects managed by it 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 standardised 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 organize a wide range of community activities and proactively established communication channels to strengthen the relationships 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 Managed 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 Managed GFA will thus be called the "revenue-bearing GFA". The difference between the Total Contracted GFA and the revenue-bearing GFA is the "reserved GFA" which will be transferred to the revenue-bearing GFA in future.

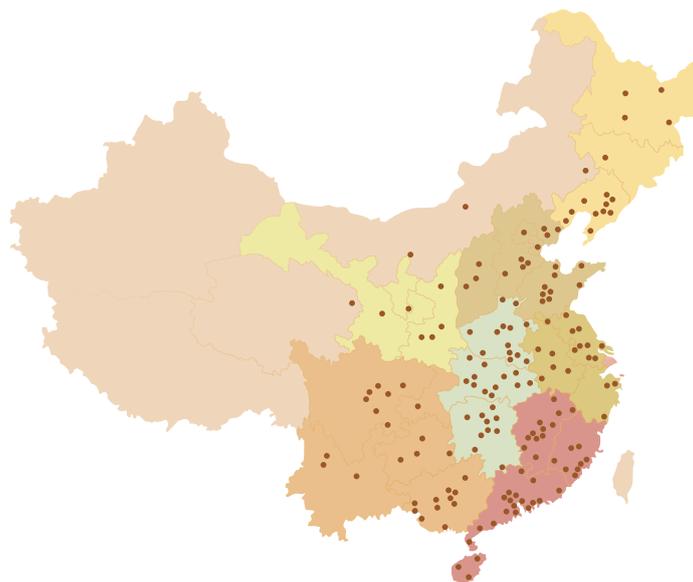
With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, the Group has selectively entered into consultancy service contracts with regional property management companies. The area under the consultancy services contracts will be incorporated into the Group's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

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 2022, the Total Contracted GFA of the Group had reached 415.32 million sq.m. while the number of communities under the Group's management and consultancy services contracts had reached 2,186. As at 30 June 2022, the area of the Group's revenue-bearing Total Contracted GFA reached 223.14 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 2022, the locations of communities where the Group provided management and consultancy services are set out as follows:



Northeastern China	25 Jiaxing	Southern China	83 Loudi	Southwestern China
1 Huludao	26 Jiangyin	56 Beihai	84 Nanyang	106 Anning
2 Tieling	27 Jingdezhen	57 Chongzuo	85 Shaoyang	107 Chengdu
	28 Jiujiang	58 Dongguan	86 Shiyan	108 Dali
	29 Jurong	59 Foshan	87 Suizhou	109 Deyang
Northern China	30 Kunshan	60 Guangzhou	88 Wuhu	110 Duyun
3 Baotou	31 Linyi	61 Guigang	89 Wuhan	111 Guang'an
4 Baoding	32 Longyan	62 Guilin	90 Xiangtan	112 Guangyuan
5 Beijing	33 Nanchang	63 Haikou	91 Xiangyang	113 Guiyang
6 Cangzhou	34 Nanjing	64 Heyuan	92 Yichang	114 Kunming
7 Chengde	35 Nantong	65 Huizhou	93 Yiyang	115 Mianyang
8 Qinhuangdao	36 Quanzhou	66 Liuzhou	94 Yueyang	116 Neijiang
9 Shijiazhuang	37 Sanming	67 Nanning	95 Zhangjiajie	117 Qiannanzhou
10 Taiyuan	38 Xiamen	68 Qingyuan	96 Changsha	118 Qingzhen
11 Tianjin	39 Shanghai	69 Shantou	97 Zhengzhou	119 Chongqing
12 Xingtai	40 Shangrao	70 Shaoguan	98 Zhuzhou	120 Ziyang
	41 Suzhou	71 Yangjiang		121 Zunyi
	42 Suqian	72 Zhaoqing	Shenzhen	
Eastern China	43 Tai'an	73 Zhongshan	99 Shenzhen	
13 Changshu	44 Taizhou	74 Zhuhai		
14 Dongying	45 Wuxi			
15 Fuzhou	46 Xinyu	Central China	Northwestern China	
16 Fuzhou	47 Xuzhou	75 An'yang	100 Baoji	
17 Fuyang	48 Yantai	76 Chenzhou	101 Lanzhou	
18 Ganzhou	49 Yancheng	77 Ezhou	102 Xi'an	
19 Gaoyou	50 Yichun	78 Enshizhou	103 Xianyang	
20 Hangzhou	51 Yingtan	79 Huanggang	104 Yinchuan	
21 Huai'an	52 Zaozhuang	80 Huangshi	105 Yulin	
22 Ji'an	53 Zhangzhou	81 Jingzhou		
23 Jinan	54 Zhenjiang	82 Liuyang		
24 Jining	55 Changzhou			

As at 30 June 2022, 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 2022				As at 31 December 2021			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	GFA	Number of communities	GFA	Number of communities	GFA	Number of communities	GFA	Number of communities
	('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)	
Shenzhen	4,847	95	350	3	4,874	97	582	14
Southern China (excluding Shenzhen)	71,438	465	383	1	72,252	471	665	2
Eastern China	95,927	716	2,312	5	94,741	717	2,535	7
Southwestern China	77,896	292	240	1	78,822	292	858	2
Northeastern China	12,191	62	-	-	12,476	64	278	1
Northwestern China	12,945	66	-	-	12,775	66	3,506	2
Northern China	24,007	89	150	2	23,758	89	150	2
Central China	112,633	389	-	-	114,921	393	300	1
Total ⁽¹⁾	<u>411,884</u>	<u>2,174</u>	<u>3,435</u>	<u>12</u>	<u>414,619</u>	<u>2,189</u>	<u>8,874</u>	<u>31</u>

Note:

(1) As at 30 June 2022, the Group's Total Contracted GFA reached 415.32 million sq.m.

As at 30 June 2022, the Group managed 2,174 communities with an aggregate contracted GFA of approximately 411.88 million sq.m. and entered into consultancy service contracts with 12 communities with an aggregate contracted GFA of approximately 3.44 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 2022				As at 31 December 2021			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	Total Contracted GFA	Number of communities	Total Contracted GFA	Number of communities	Total Contracted GFA	Number of communities	Total Contracted GFA	Number of communities
	('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)	
As at the beginning of the year	414,619	2,189	8,874	31	551,658	2,797	11,727	44
New engagements ⁽¹⁾	4,426	36	-	-	6,305	42	130	1
Acquisition ⁽²⁾	-	-	-	-	1,015	15	-	-
Termination ⁽³⁾	(7,161)	(51)	(5,439)	(19)	(144,359)	(665)	(2,983)	(14)
As at the end of the year	<u>411,884</u>	<u>2,174</u>	<u>3,435</u>	<u>12</u>	<u>414,619</u>	<u>2,189</u>	<u>8,874</u>	<u>31</u>

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 Total 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 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; and (iii) other value-added services; and
- Engineering services, which primarily include: (i) equipment installation services; (ii) repair and maintenance services; and (iii) energy-saving renovation services.

Scope of Services for Property Management Services

As at 30 June 2022, the Group employed over 28,121 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 2022		As at 31 December 2021	
	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	0.4-11.4	1.8-16.9	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	0.5-6	0.7-16.9	0.5-5.9	0.7-16.9
Eastern China	0.4-17.0	1.1-16.0	0.4-17.0	1.1-16.0
Southwestern China	0.5-6.1	0.3-25.0	0.5-6.1	0.3-25.0
Northeastern China	0.4-3.3	2.0-18.0	0.4-3.3	2.0-18.0
Northwestern China	0.5-4.0	1.4-22.7	0.5-4.0	1.4-22.7
Northern China	0.7-5.5	1.2-25.0	0.7-5.5	1.2-25.0
Central China	0.6-5.3	0.9-16.9	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 pre-sale 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 licence 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.

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 decreased by 64.6% from approximately RMB1,792.2 million for the corresponding period of 2021 to approximately RMB635.3 million due to the disposal of a major subsidiary in the second half of 2021.

	For the six months ended 30 June					
	2022		2021		Variance	
	Amount	% of total	Amount	% of total	Amount	%
	<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue	<i>RMB'000</i>	
Revenue						
Property management services	585,961	92.2%	1,612,870	90.0%	(1,026,909)	(63.7%)
Value-added services	43,098	6.8%	145,215	8.1%	(102,117)	(70.3%)
Engineering services	6,264	1.0%	34,117	1.9%	(27,853)	(81.6%)
Total revenue	<u>635,323</u>	<u>100.0%</u>	<u>1,792,202</u>	<u>100.0%</u>	<u>(1,156,879)</u>	<u>(64.6%)</u>

Property Management Services

For the Period, revenue from property management services decreased by approximately 63.7% from approximately RMB1,612.9 million for the corresponding period of 2021 to approximately RMB586.0 million for the Period. Breakdown of revenue from property management services are as below:

	For the six months ended 30 June					
	2022		2021		Variance	
	% of total		% of total		Amount	%
	Amount	revenue	Amount	revenue		
<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		
Revenue						
Property management service fees under lump sum basis	519,575	81.8%	1,501,578	83.8%	(982,003)	(65.4%)
Pre-delivery services	3,395	0.5%	18,062	1.0%	(14,667)	(81.2%)
Property management service fees under commission basis	59,781	9.4%	90,528	5.0%	(30,747)	(34.0%)
Property management consultancy service fees	3,210	0.5%	2,702	0.2%	508	18.8%
Total of property management service fees	<u>585,961</u>	<u>92.2%</u>	<u>1,612,870</u>	<u>90.0%</u>	<u>(1,026,909)</u>	<u>(63.7%)</u>

The significant decrease in revenue from property management services as compared to that for the corresponding period of 2021 comprised:

- (a) A decrease in revenue from property management services under lump sum basis and commission basis by approximately RMB982.0 million and approximately RMB30.7 million, respectively;
- (b) A decrease in revenue from pre-delivery services by approximately RMB14.7 million.

The decrease in revenue from property management services was mainly attributable to the disposal of a major subsidiary by the Group in the second half of 2021.

Value-added Services

For the Period, revenue from value-added services decreased by 70.3% from approximately RMB145.2 million for the corresponding period of 2021 to approximately RMB43.1 million. Breakdown of revenue from value-added services are as below:

	For the six months ended 30 June					
	2022		2021		Variance	
	Amount	% of total	Amount	% of total	Amount	%
	<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue	<i>RMB'000</i>	
Revenue						
Online promotion services	26,615	4.2%	39,400	2.2%	(12,785)	(32.4%)
Sales and rental assistance	11,078	1.7%	86,318	4.8%	(75,240)	(87.2%)
Other value-added services	5,405	0.9%	19,497	1.1%	(14,092)	(72.3%)
Total of value-added service fees	<u>43,098</u>	<u>6.8%</u>	<u>145,215</u>	<u>8.1%</u>	<u>(102,117)</u>	<u>(70.3%)</u>

The significant decrease in revenue from value-added services as compared to that for the corresponding period of 2021 comprised:

- (a) A decrease in revenue from online promotion services by RMB12.8 million;
- (b) A decrease in revenue from sales and rental assistance by RMB75.2 million; and
- (c) A decrease in revenue from other value-added services by RMB14.1 million.

The decrease in revenue from value-added services was mainly attributable to the disposal of a major subsidiary by the Group in the second half of 2021.

Engineering Services

For the Period, revenue from engineering services was approximately RMB6.3 million, representing a decrease of approximately RMB27.8 million or 81.6% as compared to that of the corresponding period of 2021. Breakdown of revenue from engineering services are as below:

	For the six months ended 30 June					
	2022		2021		Variance	
	% of total		% of total			
	Amount	revenue	Amount	revenue	Amount	%
<i>RMB'000</i>		<i>RMB'000</i>		<i>RMB'000</i>		
Revenue						
Equipment installation						
service fees	1,158	0.2%	18,196	1.0%	(17,038)	(93.6%)
Repair and maintenance						
service fees	45	0.01%	8,848	0.5%	(8,803)	(99.5%)
Energy-saving service fees	5,061	0.8%	7,073	0.4%	(2,012)	(28.4%)
Total of engineering services fees	<u>6,264</u>	<u>1.0%</u>	<u>34,117</u>	<u>1.9%</u>	<u>(27,853)</u>	<u>(81.6%)</u>

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

- (a) A decrease in revenue from equipment installation services by approximately RMB17.0 million, which was mainly due to the decrease in the intelligent improvement services affected by the real estate industry;
- (b) A decrease in revenue from repair and maintenance services for the Period by approximately RMB8.8 million, which was mainly due to the disposal of a major subsidiary in the second half of 2021;
- (c) A decrease in revenue from energy-saving services for the Period by approximately RMB2.0 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 decreased by approximately RMB760.3 million or approximately 62.9% from approximately RMB1,208.3 million for the corresponding period of 2021 to approximately RMB448.0 million. The decrease in cost of services was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

For the Period, the overall gross profit was approximately RMB187.3 million, representing a decrease of approximately 67.9% as compared to approximately RMB583.9 million for the corresponding period of 2021.

The overall gross profit margin for the Period was 29.5% decreased from 32.6% for the corresponding period of 2021.

(i) Property Management Services

For the Period, the gross profit of property management services was approximately RMB147.6 million, representing a decrease of approximately 67.1% or RMB300.5 million as compared to approximately RMB448.1 million for the corresponding period of 2021. Gross profit margin decreased from 27.8% for the corresponding period of 2021 to 25.2% for the Period.

(ii) Value-added Services

For the Period, the gross profit of value-added services was approximately RMB36.7 million, representing a decrease of approximately 71.1% as compared to approximately RMB127.1 million for the corresponding period of 2021. Gross profit margin decreased from 87.5% for the corresponding period of 2021 to 85.1% for the Period.

(iii) Engineering Services

For the Period, the gross profit of engineering services was approximately RMB3.0 million, representing a decrease of 65.9% as compared to approximately RMB8.8 million for the corresponding period of 2021, which was mainly attributable to the disposal of a major subsidiary of the Group in the second half of 2021.

Other Gains and Losses

For the Period, the Group recorded other losses of approximately RMB5.7 million, compared to a gain of approximately RMB14.2 million for the corresponding period of 2021. Such turnaround was primarily due to the decrease in exchange gain of approximately RMB16.1 million for the Period.

Other Income

For the Period, the Group's other income amounted to approximately RMB13.7 million, representing a decrease of approximately 47.3% from approximately RMB26.0 million for the corresponding period of 2021. Decrease in other income was primarily attributable to the decrease in value-added tax refunds of approximately RMB11.3 million during the Period.

Selling and Distribution Expenses

For the Period, the Group's selling and distribution expenses amounted to approximately RMB3.9 million, representing a decrease of 74.8% as compared to approximately RMB15.5 million for the corresponding period of 2021. Such decrease was mainly due to a decrease in business conducted during the Period, resulting in a decrease in sales and distribution expenses related thereto.

Administrative Expenses

The Group's administrative expenses decreased by approximately 50.4% from approximately RMB188.5 million for the corresponding period of 2021 to approximately RMB93.5 million for the Period, which was mainly due to the disposal of a major subsidiary by the Group in the second half of 2021.

Expenses Recharged to Residential Communities under Commission Basis

For the Period, the Group's expenses recharged to residential communities under commission basis amounted to approximately RMB14.3 million, representing a decrease of approximately 58.8% as compared to approximately RMB34.7 million for the corresponding period of 2021. The recharged amount is based on the administrative time cost spent on the communities managed under commission basis.

Finance Costs

For the Period, the Group's finance costs amounted to approximately RMB4.0 million, representing a significant decrease of approximately 95.9% as compared to approximately RMB96.4 million for the corresponding period of 2021.

Income Tax Expenses

The Group's income tax expenses decreased from approximately RMB93.1 million for the corresponding period of 2021 to approximately RMB8.8 million for the Period.

Intangible Assets

As at 30 June 2022, the carrying amount of intangible assets held by the Group was approximately RMB2.1 million (31 December 2021: approximately RMB9.8 million). The decrease was due to the amortisation of intangible assets.

Goodwill

As at 30 June 2022 and 31 December 2021, the carrying amount of goodwill remained at RMB886.3 million.

Bank Balances and Cash

As at 30 June 2022, the Group's total cash balance amounted to approximately RMB519.5 million (31 December 2021: RMB600.1 million).

Trade and Other Receivables and Prepayments

Trade receivables primarily comprise of the management and services income in respect of property management services, engineering services and value-added services.

As at 30 June 2022, trade receivables of the Group net of the allowance for credit losses amounted to approximately RMB604.4 million, representing an increase of 21.4% as compared to approximately RMB497.9 million as at 31 December 2021. 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 RMB237.2 million from approximately RMB1,599.7 million as at 31 December 2021 to approximately RMB1,836.9 million as at 30 June 2022. The increase in other receivables and prepayments was mainly attributable to the amount receivables from the disposal of equity interest and payment of deposits for parking lots.

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 the Group's sub-contractors for property management services and engineering services, advance from customers, deposits received, accrued staff costs, other tax payables and other payables and accruals, details of which are as follows:

- (1) As at 30 June 2022, trade payables amounted to approximately RMB350.6 million (31 December 2021: RMB190.2 million).
- (2) As at 30 June 2022, other payables and accruals amounted to approximately RMB122.2 million (31 December 2021: approximately RMB118.5 million).

Share Capital

As at 30 June 2022, the total number of issued shares of the Company was approximately 1,487,526,000 (31 December 2021: approximately 1,487,526,000) and the share capital was approximately RMB120.8 million (31 December 2021: approximately RMB120.8 million).

Cash Position

As at 30 June 2022, the Group's total cash amounted to approximately RMB541.0 million (31 December 2021: approximately RMB664.4 million), among which approximately RMB21.6 million (31 December 2021: approximately RMB64.3 million) were restricted.

The financial position remained stable. As at 30 June 2022, the current ratio (current assets/current liabilities) of the Group was approximately 3.0 (31 December 2021: approximately 3.0).

Borrowings and Charges on the Group's Assets

As at 30 June 2022, the Group had bank and other borrowings of approximately RMB100.0 million (31 December 2021: approximately RMB184.8 million), among which the borrowings of approximately RMB80.0 million were secured by equity interests in certain subsidiaries and approximately RMB20.0 million were pledged by the Group's utility model patents and guaranteed by certain subsidiaries.

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 restricted bank deposits) over the total equity. As at 30 June 2022, the total of bank balances and cash and restricted bank deposits amounting to RMB541.0 million exceeded the total interest-bearing debt amounting to RMB100.0 million, thus no net gearing ratio was presented as at 30 June 2022 and 31 December 2021.

Currency Risk

The Group mainly operates its business in China. The Group does not have any other material direct exposure to foreign exchange fluctuations risk.

During the Period, the Group recorded a net exchange loss of approximately RMB1.1 million.

Employees and Remuneration Policies

As at 30 June 2022, excluding the employees for communities under commission basis, the Group had approximately 10,853 employees (31 December 2021: approximately 10,568 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 2022.

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 2022.

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.

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 2022.

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 2022.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 30 June 2022 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) as well as the website of the Company (www.colourlife.hk). The Company’s 2022 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, 5 July 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.