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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)

**(1) ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**
(2) FULFILMENT OF RESUMPTION GUIDANCE
(3) CHANGE OF AUTHORISED REPRESENTATIVE
(4) RESUMPTION OF TRADING

HIGHLIGHTS

- For the year ended 31 December 2022, the Group recorded total revenue of approximately RMB1,311.0 million, gross profit of approximately RMB421.2 million, net profit of approximately RMB48.5 million and the net profit attributable to the owners of the Company of approximately RMB31.4 million.
- As at 31 December 2022, the Group's liabilities to assets ratio was approximately 23.8%, which remained steady as compared to that of approximately 23.2% as at 31 December 2021.
- As at 31 December 2022, the Group's interest-bearing debt balance was nil.
- As at 31 December 2022, the Group's Total Contracted GFA was 400.02 million sq.m..
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

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 audited financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>NOTES</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from services	<i>3 & 4</i>	1,311,037	3,123,274
Cost of services		(889,815)	(2,283,944)
Gross profit		421,222	839,330
Other income	<i>5</i>	34,723	60,770
Other gains and losses	<i>5</i>	(10,868)	340,667
Impairment losses under expected credit loss model, net of reversal	<i>6</i>	(146,668)	(544,814)
Selling and distribution expenses		(10,961)	(25,779)
Administrative expenses		(255,581)	(396,411)
Expenses recharged to residential communities under commission basis		34,645	82,947
Finance costs	<i>7</i>	(5,458)	(281,687)
Change in fair value of investment properties		(897)	(12,935)
Share of results of associates		493	928
Share of results of joint ventures		6,408	(9,154)
Profit before tax		67,058	53,862
Income tax expense	<i>8</i>	(18,540)	(35,046)
Profit for the year	<i>9</i>	48,518	18,816

		2022	2021
	<i>NOTE</i>	<i>RMB'000</i>	<i>RMB'000</i>
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”)		(350)	(2,125)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		<u>88</u>	<u>531</u>
Other comprehensive expense for the year, net of income tax		<u>(262)</u>	<u>(1,594)</u>
Total comprehensive income for the year		<u>48,256</u>	<u>17,222</u>
Profit for the year attributable to:			
Owners of the Company		31,358	17,656
Non-controlling interests		<u>17,160</u>	<u>1,160</u>
		<u>48,518</u>	<u>18,816</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		31,096	16,062
Non-controlling interests		<u>17,160</u>	<u>1,160</u>
		<u>48,256</u>	<u>17,222</u>
Earnings per share – basic (RMB cents)	<i>11</i>	<u>2.11</u>	<u>1.19</u>
Earnings per share – diluted (RMB cents)	<i>11</i>	<u>2.11</u>	<u>1.19</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	<i>NOTE</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current Assets			
Property, plant and equipment		34,837	35,485
Right-of-use assets		263,803	283,441
Investment properties		22,325	26,504
Interests in associates		38,601	40,573
Interests in joint ventures		112,846	123,431
Equity instruments designated at FVTOCI		25,139	113,043
Goodwill		890,870	886,270
Intangible assets		1,378	9,806
Other receivables		86,524	86,854
Deferred tax assets		120,327	105,897
Deposits paid for potential acquisition of subsidiaries		122,174	122,262
		<u>1,718,824</u>	<u>1,833,566</u>
Current Assets			
Contract assets		39,878	90,483
Trade receivables	<i>12</i>	565,309	497,894
Other receivables and prepayments		1,669,008	1,512,816
Loan receivables		143,710	101,841
Payments on behalf of residents		838,208	954,514
Amounts due from related parties		58,446	89,353
Restricted bank deposits		34,770	64,343
Bank balances and cash		757,116	600,079
		<u>4,106,445</u>	<u>3,911,323</u>

	<i>NOTE</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current Liabilities			
Trade payables	<i>13</i>	305,269	190,240
Other payables and accruals		153,895	118,548
Contract liabilities		182,678	159,200
Receipts on behalf of residents		295,204	313,972
Lease liabilities due within one year		2,711	7,078
Amounts due to related parties		146,255	69,262
Tax liabilities		289,049	272,038
Borrowings due within one year		–	184,834
		<u>1,375,061</u>	<u>1,315,172</u>
Net Current Assets		<u>2,731,384</u>	<u>2,596,151</u>
Total Assets Less Current Liabilities		<u>4,450,208</u>	<u>4,429,717</u>
Non-current Liabilities			
Deferred tax liabilities		592	8,848
Lease liabilities due after one year		8,734	11,270
		<u>9,326</u>	<u>20,118</u>
Net Assets		<u>4,440,882</u>	<u>4,409,599</u>
Capital and Reserves			
Share capital		120,750	120,750
Reserves		4,132,636	4,098,676
Equity attributable to owners of the Company		4,253,386	4,219,426
Non-controlling interests		187,496	190,173
Total Equity		<u>4,440,882</u>	<u>4,409,599</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL

Colour Life Services Group Co., Limited (the “**Company**”) is a limited liability company incorporated in Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”). Its immediate holding company is Fantasia Holdings Group Co., Limited (“**Fantasia Holdings**”), a company which was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of the SEHK. Its ultimate holding company is Ice Apex Limited, a limited liability company incorporated in the British Virgin Islands (the “**BVI**”). Its ultimate controlling party is Ms. Zeng Jie, Baby. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company.

The consolidated financial statements is presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and the major subsidiaries.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 January 2022 for the preparation of the 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 year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback³</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)¹</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies¹</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates¹</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE FROM SERVICES

Disaggregation of revenue from contracts with customers

For the year ended 31 December 2022

	Property management services <i>RMB'000</i>	Value-added services <i>RMB'000</i>	Engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services				
<i>Property management services</i>				
Lump sum basis	1,066,635	-	-	1,066,635
Pre-delivery services	10,740	-	-	10,740
Commission basis	122,408	-	-	122,408
Consultancy services fee	6,567	-	-	6,567
	<u>1,206,350</u>	<u>-</u>	<u>-</u>	<u>1,206,350</u>
<i>Value-added services</i>				
Online promotion services	-	43,943	-	43,943
Sales and rental assistance	-	28,010	-	28,010
Other value-added services	-	16,054	-	16,054
	<u>-</u>	<u>88,007</u>	<u>-</u>	<u>88,007</u>
<i>Engineering services</i>				
Equipment installation services	-	-	4,337	4,337
Repair and maintenance services	-	-	712	712
Energy-saving service fees	-	-	11,631	11,631
	<u>-</u>	<u>-</u>	<u>16,680</u>	<u>16,680</u>
	<u>1,206,350</u>	<u>88,007</u>	<u>16,680</u>	<u>1,311,037</u>
Timing of revenue recognition				
A point in time	-	28,010	-	28,010
Over time	1,206,350	59,997	16,680	1,283,027
	<u>1,206,350</u>	<u>88,007</u>	<u>16,680</u>	<u>1,311,037</u>

For the year ended 31 December 2021

	Property management services <i>RMB'000</i>	Value-added services <i>RMB'000</i>	Engineering services <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods and services				
<i>Property management services</i>				
Lump sum basis	2,683,596	–	–	2,683,596
Pre-delivery services	34,608	–	–	34,608
Commission basis	158,270	–	–	158,270
Consultancy services fee	9,307	–	–	9,307
	<u>2,885,781</u>	<u>–</u>	<u>–</u>	<u>2,885,781</u>
<i>Value-added services</i>				
Online promotion services	–	99,410	–	99,410
Sales and rental assistance	–	87,398	–	87,398
Other value-added services	–	18,135	–	18,135
	<u>–</u>	<u>204,943</u>	<u>–</u>	<u>204,943</u>
<i>Engineering services</i>				
Equipment installation services	–	–	18,616	18,616
Repair and maintenance services	–	–	6,167	6,167
Energy-saving service fees	–	–	7,767	7,767
	<u>–</u>	<u>–</u>	<u>32,550</u>	<u>32,550</u>
	<u>2,885,781</u>	<u>204,943</u>	<u>32,550</u>	<u>3,123,274</u>
Timing of revenue recognition				
A point in time	–	87,398	–	87,398
Over time	2,885,781	117,545	32,550	3,035,876
	<u>2,885,781</u>	<u>204,943</u>	<u>32,550</u>	<u>3,123,274</u>

4. SEGMENT INFORMATION

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

During the year ended 31 December 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 years ended 31 December 2022 and 2021.

Information about geographical areas

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the years ended 31 December 2022 and 2021.

As at 31 December 2022 and 2021, majority of the non-current assets of the Group were located in the PRC.

5. OTHER INCOME, GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income		
Interest income from		
– loan receivables	7,000	294
– banks	3,476	28,566
– non-current advance to staffs	–	315
Refund of value-added tax	36	15,876
Unconditional government grants	18,348	13,556
Others	5,863	2,163
	<u>34,723</u>	<u>60,770</u>

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other gains and losses		
(Loss) gain on disposal of subsidiaries, net	(5,820)	332,286
Loss on disposal of property, plant and equipment	–	(22)
Exchange gain (loss)	165	(12,549)
Others	(5,213)	20,952
	<u>(10,868)</u>	<u>340,667</u>

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Impairment loss recognised on		
– trade receivables	(62,086)	(81,559)
– other receivables	(23,413)	(20,450)
– contract assets	(847)	(1,438)
– payments on behalf of residents	(39,738)	(152,746)
– amount due from joint venture	(20,452)	(258,535)
– loan receivables	(132)	(30,086)
	<u>(146,668)</u>	<u>(544,814)</u>

7. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interests on:		
– borrowings	(4,157)	(207,128)
– senior note and bond	–	(72,475)
– asset-backed securities issued	–	(408)
– lease liabilities	(1,301)	(1,676)
	<u>(5,458)</u>	<u>(281,687)</u>

8. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax	(38,274)	(141,624)
Deferred tax		
Credit to profit and loss	<u>19,734</u>	<u>106,578</u>
	<u><u>(18,540)</u></u>	<u><u>(35,046)</u></u>

9. PROFIT FOR THE YEAR

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Directors' remuneration	1,658	1,310
Other staffs' salaries and other benefits	340,476	1,056,653
Retirement benefits scheme contributions	47,548	76,343
Share-based payment expenses	<u>–</u>	<u>2,098</u>
Total staff costs	<u><u>389,682</u></u>	<u><u>1,136,404</u></u>
Auditors' remuneration	4,800	4,300
Amortisation of intangible assets	8,428	119,076
Depreciation of property, plant and equipment	19,401	64,895
Depreciation of right-of-use assets	<u><u>19,871</u></u>	<u><u>9,879</u></u>

10. DIVIDENDS

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2022 and 2021.

11. 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:

	2022	2021
Earnings (RMB'000)		
Earning for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u><u>31,358</u></u>	<u><u>17,656</u></u>
Number of shares ('000)		
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 years ended 31 December 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.

12. TRADE RECEIVABLES

	2022	2021
	RMB'000	RMB'000
Trade receivables	767,575	638,074
Less: allowance for credit losses	<u>(202,266)</u>	<u>(140,180)</u>
	<u><u>565,309</u></u>	<u><u>497,894</u></u>

Trade receivables are mainly arisen from property management services income from communities under lump sum basis, pre-delivery services and consultancy service arrangement, value-added services income and engineering services income.

Revenue from property management services from communities under lump sum basis are due for payment by property owners upon the issue of demand note, the receiving pattern is normally within 30 days to 1 year after the issue of demand notes to the residents.

Revenue from property management services for pre-delivery services are received in accordance with the terms of the relevant service agreements with the property developers, normally within 30 to 90 days from the issue of demand note.

Revenue from property management services for consultancy service arrangement are received in accordance with the terms of the relevant service agreements with the property management companies, normally within 30 to 90 days from the issue of demand note.

Revenue from value-added services are received in accordance with the terms of the relevant service agreements, normally within 30 to 90 days from the issue of demand note.

Revenue from engineering services are received in accordance with the terms of relevant service agreements, normally within 30 to 90 days from the issue of payment requests.

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:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	90,198	147,756
31 – 90 days	88,967	113,212
91 – 180 days	108,682	118,104
181 – 365 days	103,986	39,723
Over 1 year	173,476	79,099
	<u>565,309</u>	<u>497,894</u>

13. TRADE PAYABLES

The credit period granted by suppliers to the Group ranges from 30 to 180 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 60 days	137,464	153,028
61 – 180 days	94,892	18,241
181 – 365 days	63,563	11,802
Over 1 year	9,350	7,169
	<u>305,269</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 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 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 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 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.

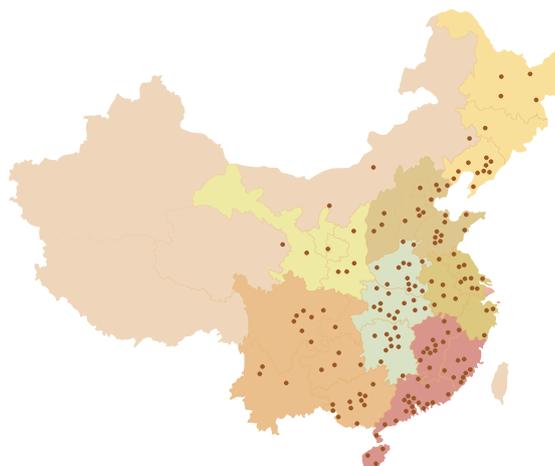
With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, the Group has selectively entered into consultancy service contracts with regional property management companies. The area under the consultancy services contracts will be incorporated into the Group's 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 31 December 2022, the Total Contracted GFA of the Group had reached 400.02 million sq.m. while the number of communities under the Group's management and consultancy services contracts had reached 2,107. As at 31 December 2022, the area of the Group's revenue-bearing Total Contracted GFA reached 209.39 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 31 December 2022, 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 Baotou
- 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 Xinyu
- 47 Xuzhou
- 48 Yantai
- 49 Yancheng
- 50 Yichun
- 51 Changzhou
- 52 Yingtian
- 53 Zaozhuang
- 54 Zhangzhou
- 55 Zhenjiang

Southern China

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

73 Zhuhai

Central China

- 74 An'yang
- 75 Chenzhou
- 76 Ezhou
- 77 Enshizhou
- 78 Huanggang
- 79 Huangshi
- 80 Jingzhou
- 81 Liuyang
- 82 Loudi
- 83 Nanyang
- 84 Shaoyang
- 85 Shiyan
- 86 Suizhou
- 87 Wuhan
- 88 Xiangtan
- 89 Xiangyang
- 90 Yichang
- 91 Yiyang
- 92 Zhangjiajie
- 93 Changsha
- 94 Zhengzhou
- 95 Zhuzhou

Shenzhen

- 96 Shenzhen

Northwestern China

- 97 Baoji
- 98 Lanzhou
- 99 Xi'an
- 100 Xianyang
- 101 Yinchuan
- 102 Yulin

Southwestern China

- 103 Chengdu
- 104 Dali
- 105 Deyang
- 106 Deyun
- 107 Guang'an
- 108 Guangyuan
- 109 Guiyang
- 110 Kunming
- 111 Mianyang
- 112 Neijiang
- 113 Qiannanzhou
- 114 Qingzhen
- 115 Chongqing
- 116 Ziyang
- 117 Zunyi

As at 31 December 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 31 December 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	
	Number of		Number of		Number of		Number of	
	GFA	communities	GFA	communities	GFA	communities	GFA	communities
	('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)	
Shenzhen	4,775	90	41	1	4,874	97	582	14
Southern China (excluding Shenzhen)	68,906	447	-	-	72,252	471	665	2
Eastern China	98,122	701	-	-	94,741	717	2,535	7
Southwestern China	74,726	283	92	1	78,822	292	858	2
Northeastern China	11,451	59	-	-	12,476	64	278	1
Northwestern China	12,907	64	-	-	12,775	66	3,506	2
Northern China	22,681	85	-	-	23,758	89	150	2
Central China	106,318	376	-	-	114,921	393	300	1
Total ⁽¹⁾	<u>399,886</u>	<u>2,105</u>	<u>133</u>	<u>2</u>	<u>414,619</u>	<u>2,189</u>	<u>8,874</u>	<u>31</u>

Note:

(1) As at 31 December 2022, the Group's Total Contracted GFA reached 400.02 million sq.m.

As at 31 December 2022, the Group managed 2,105 communities with an aggregate contracted GFA of approximately 399.89 million sq.m. and entered into consultancy service contracts with 2 communities with an aggregate contracted GFA of approximately 0.13 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 31 December 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		Total		Total		Total	
	Contracted	Number of	Contracted	Number of	Contracted	Number of	Contracted	Number of
GFA	communities	GFA	communities	GFA	communities	GFA	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⁾	9,620	68	-	-	6,305	42	130	1
Acquisition ⁽²⁾	1,466	11	-	-	1,015	15	-	-
Termination ⁽³⁾	(25,819)	(163)	(8,741)	(29)	(144,359)	(665)	(2,983)	(14)
As at the end of the year	<u>399,886</u>	<u>2,105</u>	<u>133</u>	<u>2</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 31 December 2022, the Group employed over 27,539 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 31 December 2022		As at 31 December 2021	
	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	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 year ended 31 December 2022, the total revenue decreased by 58.0% to approximately RMB1,311.0 million from approximately RMB3,123.3 million for last year.

The decrease in revenue was mainly attributable to the decrease in revenue from property management services, value-added services and engineering services as a result of the disposal of a major subsidiary by the Group in 2021.

	For the year ended 31 December				Variance	
	2022		2021		Amount	%
	Amount	% of total	Amount	% of total		
<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue	<i>RMB'000</i>		
Revenue						
Property management services	1,206,350	92.0%	2,885,781	92.4%	(1,679,431)	(58.2%)
Value-added services	88,007	6.7%	204,943	6.6%	(116,936)	(57.1%)
Engineering services	16,680	1.3%	32,550	1.0%	(15,870)	(48.8%)
Total revenue	<u>1,311,037</u>	<u>100.0%</u>	<u>3,123,274</u>	<u>100.0%</u>	<u>(1,812,237)</u>	<u>(58.0%)</u>

Property Management Services

For the year ended 31 December 2022, revenue from property management services decreased by 58.2% to approximately RMB1,206.4 million from approximately RMB2,885.8 million of last year. Breakdown of revenue from property management services are as below:

	For the year ended 31 December				Variance	
	2022		2021		Amount RMB'000	%
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue		
Revenue						
Property management service fees under lump sum basis	1,066,635	81.4%	2,683,596	85.9%	(1,616,961)	(60.3%)
Pre-delivery services	10,740	0.8%	34,608	1.1%	(23,868)	(69.0%)
Property management service fees under commission basis	122,408	9.3%	158,270	5.1%	(35,862)	(22.7%)
Property management consultancy service fees	6,567	0.5%	9,307	0.3%	(2,740)	(29.4%)
Total of property management service fees	1,206,350	92.0%	2,885,781	92.4%	(1,679,431)	(58.2%)

The significant decrease in revenue from property management services as compared to that of last year was attributable to the disposal of a major subsidiary by the Group in 2021:

- (a) A decrease in revenue from property management services under lump sum basis and commission basis by approximately RMB1,617.0 million and RMB35.9 million, respectively;
- (b) A decrease in revenue from pre-delivery services by RMB23.9 million;
- (c) A decrease in revenue from property management services under consultancy services arrangement by approximately RMB2.7 million, which was mainly due to the expiry of certain consultancy services contracts.

Value-added Services

For the year ended 31 December 2022, revenue from value-added services decreased by 57.1% to approximately RMB88.0 million from approximately RMB204.9 million of last year.

Breakdown of revenue from value-added services are as below:

	For the year ended 31 December				Variance	
	2022		2021		Amount RMB'000	%
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue		
Revenue						
Online promotion services	43,943	3.4%	99,410	3.2%	(55,467)	(55.8%)
Sales and rental assistance	28,010	2.1%	87,398	2.8%	(59,388)	(68.0%)
Other value-added services	16,054	1.2%	18,135	0.6%	(2,081)	(11.5%)
Total of value-added service fees	<u>88,007</u>	<u>6.7%</u>	<u>204,943</u>	<u>6.6%</u>	<u>(116,936)</u>	<u>(57.1%)</u>

The significant decrease in revenue from value-added services as compared to that of last year was attributable to the disposal of a major subsidiary by the Group in 2021:

- (a) A decrease in revenue from online promotion services by RMB55.5 million;
- (b) A decrease in revenue from sales and rental assistance by RMB59.4 million;
- (c) A decrease in revenue from other value-added services by RMB2.1 million.

Engineering Services

For the year ended 31 December 2022, revenue from engineering services decreased by approximately RMB15.9 million or 48.8% to approximately RMB16.7 million from that of last year. Breakdown of revenue from engineering services are as below:

	For the year ended 31 December				Variance	
	2022		2021		Amount	%
	Amount	% of total	Amount	% of total		
<i>RMB'000</i>	revenue	<i>RMB'000</i>	revenue	<i>RMB'000</i>		
Revenue						
Equipment installation service fees	4,337	0.3%	18,616	0.6%	(14,279)	(76.7%)
Repair and maintenance service fees	712	0.1%	6,167	0.2%	(5,455)	(88.5%)
Energy-saving service fees	11,631	0.9%	7,767	0.2%	3,864	49.7%
Total of engineering services fees	<u>16,680</u>	<u>1.3%</u>	<u>32,550</u>	<u>1.0%</u>	<u>(15,870)</u>	<u>(48.8%)</u>

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

- (a) A decrease in revenue from equipment installation services by RMB14.3 million, which was mainly due to the decrease in the intelligent improvement services affected by downturn of the real estate industry;
- (b) A decrease in revenue from repair and maintenance services by approximately RMB5.5 million, which was mainly due to the disposal of a major subsidiary by the Group in 2021;
- (c) An increase in revenue from energy-saving services by RMB3.9 million, which was due to the Group's development of energy-saving services after business integration in 2021.

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 year ended 31 December 2022, cost of services decreased by approximately RMB1,394.1 million or approximately 61.0% from approximately RMB2,283.9 million of last year to approximately RMB889.8 million.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2022, the overall gross profit was approximately RMB421.2 million, representing a decrease of approximately RMB418.1 million or approximately 49.8% from approximately RMB839.3 million for last year.

The overall gross profit margin for the year ended 31 December 2022 was approximately 32.1%, representing an increase of 5.2 percentage points as compared to 26.9% of last year.

(i) Property Management Services

For the year ended 31 December 2022, the gross profit of property management services was approximately RMB346.8 million, representing a decrease of approximately RMB322.8 million from approximately RMB669.6 million for last year, and gross profit margin increased by 5.6 percentage points from 23.2% for last year to 28.8%.

(ii) Value-added Services

For the year ended 31 December 2022, the gross profit of value-added services was approximately RMB69.8 million, representing a decrease of approximately RMB92.6 million from approximately RMB162.4 million for last year, and gross profit margin increased by 0.1 percentage point from 79.2% for last year to 79.3%.

(iii) Engineering Services

For the year ended 31 December 2022, the gross profit of engineering services was approximately RMB4.6 million, representing a decrease of approximately RMB2.7 million from approximately RMB7.3 million for last year, and the gross profit margin increased by 4.9 percentage points from 22.6% for last year to 27.5%.

Other Gains and Losses

For the year ended 31 December 2022, the Group's other gains and losses decreased by approximately RMB351.6 million to a loss of approximately RMB10.9 million from a gain of approximately RMB340.7 million of last year. The change was primarily due to the proceeds of approximately RMB345.4 million from the disposal of a major subsidiary by the Group last year.

Other Income

For the year ended 31 December 2022, other income of the Group decreased by approximately RMB26.1 million to approximately RMB34.7 million from approximately RMB60.8 million of last year, which was mainly attributable to (i) a decrease of approximately RMB15.8 million in exemption of VAT; (ii) a decrease of approximately RMB18.7 million in interest income; (iii) an increase of approximately RMB4.8 million in government subsidy.

Selling and Distribution Expenses

For the year ended 31 December 2022, selling and distribution expenses of the Group amounted to approximately RMB11.0 million, representing a decrease of approximately RMB14.8 million or approximately 57.4% from approximately RMB25.8 million of last year, which was mainly due to the decrease in business activities for the period, resulting in the decrease in sales and distribution expenses related thereto.

Administrative Expenses

For the year ended 31 December 2022, the administrative expenses of the Group were approximately RMB255.6 million, representing a decrease of approximately RMB140.8 million from approximately RMB396.4 million of last year, which was mainly due to the disposal of a major subsidiary by the Group in 2021.

Expenses Recharged to Residential Communities under Commission Basis

For the year ended 31 December 2022, the Group's expenses recharged to residential communities under commission basis amounted to approximately RMB34.6 million, representing a decrease of approximately 58.3% as compared to approximately RMB82.9 million of last year. The recharged amount is based on the administrative time cost spent on the communities managed under commission basis.

Finance Costs

For the year ended 31 December 2022, the Group's finance costs were approximately RMB5.5 million, which decreased by approximately 98.0% as compared to approximately RMB281.7 million of last year.

Income Tax Expenses

For the year ended 31 December 2022, the Group's income tax expenses amounted to approximately RMB18.5 million, which decreased by approximately 47.1% as compared to approximately RMB35.0 million of last year.

Intangible Assets

As at 31 December 2022, the carrying amount of intangible assets was approximately RMB1.4 million, representing a decrease of RMB8.4 million from approximately RMB9.8 million as at 31 December 2021. The decrease was due to the amortisation of intangible assets for the year.

Goodwill

As at 31 December 2022, the carrying amount of goodwill was approximately RMB890.9 million, representing an increase of RMB4.6 million from approximately RMB886.3 million as at 31 December 2021. The increase was due to the Group's acquisition of companies for the period.

Bank Balances and Cash

As at 31 December 2022, the Group's bank balances and cash increased by 26.2% to approximately RMB757.1 million from approximately RMB600.1 million as at 31 December 2021.

Trade and Other Receivables and Prepayments

Trade receivables mainly arise from property management services income under lump sum basis, property management services income from pre-sale services, property management service income from consultancy services, engineering services income and value-added services income.

As at 31 December 2022, trade receivables of the Group net of the allowance for credit losses amounted to approximately RMB565.3 million, which increased by approximately RMB67.4 million as compared to approximately RMB497.9 million as at 31 December 2021.

As at 31 December 2022, the Group's other receivables and prepayments amounted to approximately RMB1,755.5 million, which increased by approximately RMB155.8 million as compared to approximately RMB1,599.7 million as at 31 December 2021. The increase was mainly attributable to the receivables from the disposal of equity and the deposit for parking spaces.

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 and accruals primarily comprise amounts payable for subcontracting services, deposits received, accrued staff costs, other taxes payable, provision for retirement benefits contribution and consideration payable for acquisition of subsidiaries.

As at 31 December 2022, trade payables amounted to approximately RMB305.3 million (31 December 2021: RMB190.2 million).

As at 31 December 2022, other payables and accruals amounted to approximately RMB153.9 million (31 December 2021: RMB118.5 million).

Share Capital

As at 31 December 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 31 December 2022, the Group's total cash was approximately RMB791.9 million, representing an increase of approximately 19.2% from approximately RMB664.4 million as at 31 December 2021, of which approximately RMB34.8 million (31 December 2021: approximately RMB64.3 million) were restricted.

As at 31 December 2022, the current ratio (current assets/current liabilities) of the Group was approximately 3.0 (31 December 2021: approximately 3.0).

Net Gearing Ratio

The net gearing ratio was calculated by net debt over the total equity. As at 31 December 2022, the total of bank balances and cash and restricted bank deposits amounted to RMB791.9 million and the interest-bearing liabilities were fully paid up. Therefore, no net gearing ratio was presented as at 31 December 2022. There was also no net gearing ratio as at 31 December 2021.

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 31 December 2022, excluding the employees for communities under commission basis, the Group had approximately 10,465 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 any final dividend for the year ended 31 December 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 year ended 31 December 2022.

EVENTS AFTER THE REPORTING DATE

For details of events after the reporting period, 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 year ended 31 December 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 year ended 31 December 2022.

ANNUAL GENERAL MEETING

The AGM will be held on 8 September 2023 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 4 September 2023 to Friday, 8 September 2023, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 September 2023.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 December 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 the audit committee).

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL 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 annual report along with the AGM circular, the notice of AGM, the proxy form and such documents will be published on the aforementioned websites and despatched Company's shareholders in due course.

FULFILMENT OF RESUMPTION GUIDANCE

Reference is made to the announcements of the Company dated 23 June 2022 and 10 May 2023 in relation to, among others, the resumption guidance. The Company is pleased to announce that it has fulfilled the resumption guidance.

Resumption guidance 1 – publish all outstanding financial results required under the Listing Rules and address any audit modifications

Following publication of the announcements of the Company dated 5 July 2023 for the 2021 annual results, 2022 annual results and the 2022 interim results, there is no outstanding financial results required to be published under the Listing Rules.

Resumption guidance 2 – demonstrate the Company's compliance with Rule 13.24 of the Listing Rules

The Group carries out its business with a sufficient level of operations.

The Group is principally engaged in the provision of property management services and related services in the PRC.

As at 31 December 2022, the Group's total contracted GFA was approximately 400.02 million sq.m..

Please also refer to the section headed “Business Overview” of the 2022 annual results announcement for an overview of the Group’s operations (including the particulars of the property management fee and the geographical locations in which the Group carries out its business).

The Group’s revenue for the year ended 31 December 2022 was approximately RMB1,311 million. The Group carries out its business with assets of sufficient value. The Group’s total assets and net assets value as at 31 December 2022 was approximately RMB4,450 million and RMB4,441 million, respectively.

Resumption guidance 3 – inform the market of all material information for the Company’s shareholders and other investors to appraise the Company’s position

Since the suspension of trading in the shares of the Company, the Company has continued to update the market on its latest developments. It has published updates on a quarterly basis about the status of the preparation of its financial statements and the operations of the Group.

Resumption guidance 4 – to re-comply with Rules 3.10, 3.10A, 3.21, 3.27 and 3.27A of the Listing Rules

Following the changes in the composition of the Board (including each of the nomination committee, the remuneration committee and the audit committee 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.

CHANGE OF AUTHORISED REPRESENTATIVE

Reference is made to the announcement of the Company dated 23 June 2023 in relation to the resignation of Mr. Chen Xinyu as an executive Director.

Effective from the date of his resignation, Ms. Yang Lan has been appointed in replacement of Mr. Chen Xinyu as one of the authorised representatives of the Company under Rule 3.05 of the Listing Rules.

Please refer to the section headed “Appointment of Executive Director” in the announcement of the Company dated 21 June 2023 for the biographical details of Ms. Yang Lan.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 April 2022. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 6 July 2023.

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.