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 2018

HIGHLIGHTS

— For the period, total revenue increased by approximately 135.3% from approximately RMB746.6 million for the six months ended 30 June 2017 to approximately RMB1,756.9 million.

— For the Period, profit attributable to owners of the Company increased by approximately 74.1% to approximately RMB175.3 million as compared to that of approximately RMB100.7 million for the same period in 2017.

— For the period, the overall gross profit increased by approximately RMB280.1 million from approximately RMB339.5 million for the six months ended 30 June 2017 to approximately RMB619.6 million.

— During the Period, basic earnings per share increased by approximately 40.6% to approximately RMB14.2 cents from approximately RMB10.1 cents for the same period in 2017.

— As at 30 June 2018, the Group's total bank balances and cash was approximately RMB2,990.1 million (31 December 2017: approximately RMB1,847.5 million), representing an adequate cash reserve.

— As at 30 June 2018, the Group's platform service area increased by approximately 81.2 million sq.m. to approximately 981.4 million sq.m from approximately 900.2 million sq.m. as at 31 December 2017.

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 2018 (the "**Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	2017
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue			
Goods and services		**1,689,379**	717,189
Rental		**67,477**	29,439
Total revenue	*3*	**1,756,856**	746,628
Cost of sales and services		**(1,137,266)**	(407,080)
Gross profit		**619,590**	339,548
Other gains and losses		**(22,624)**	2,479
Other income		**26,209**	18,516
Impairment losses, net of reversal		**(24,962)**	(16,561)
Selling and distribution expenses		**(20,408)**	(11,424)
Administrative expenses		**(211,659)**	(147,200)
Expenses recharged to residential communities under commission basis		**38,981**	37,765
Finance costs		**(156,663)**	(49,183)
Change in fair value of investment properties		**4,765**	(2,867)
Share of results of associates		**(908)**	213
Share of results of joint ventures		**1,273**	(45)
Profit before tax		**253,594**	171,241
Income tax expense	*4*	**(62,459)**	(55,903)
Profit for the period	*5*	**191,135**	115,338
Other comprehensive income (expense):			
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**")		**9,258**	–
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		**(2,315)**	–
		6,943	–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018 — continued

		Six months ended 30 June	
		2018	2017
	NOTE	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		**–**	505
Deferred taxation effect on change in fair value of available-for-sale investments		**–**	(126)
		–	379
Other comprehensive income for the period, net of income tax		**–**	379
Total comprehensive income for the period		**198,078**	115,717
Profit for the period attributable to:			
Owners of the Company		**175,296**	100,669
Non-controlling interests		**15,839**	14,669
		191,135	115,338
Total comprehensive income for the period attributable to:			
Owners of the Company		**182,239**	101,048
Non-controlling interests		**15,839**	14,669
		198,078	115,717
Earnings per share — basic (RMB cents)	7	**14.21**	10.09
Earnings per share — diluted (RMB cents)	7	**14.20**	10.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	NOTE	**30 June 2018 *RMB'000* (Unaudited)**	31 December 2017 *RMB'000* (Restated)
Non-current Assets			
Property, plant and equipment		**291,611**	239,873
Investment properties		**71,946**	70,554
Interests in associates		**41,622**	23,692
Interests in joint ventures		**61,296**	45,645
Available-for-sale investments		**–**	148,457
Equity instruments designated at FVTOCI		**120,245**	–
Intangible assets		**1,205,887**	1,274,453
Goodwill		**2,211,701**	2,208,089
Contract assets		**13,459**	–
Trade receivables	*8*	**–**	10,983
Other receivables and prepayments	*8*	**6,767**	6,989
Loan receivables		**34,210**	44,794
Deferred tax assets		**44,963**	37,342
Amount due from a director		**307**	323
Deposits paid for acquisition of subsidiaries		**85,326**	52,793
		4,189,340	4,163,987
Current Assets			
Inventories		**252,391**	7,331
Contract assets		**64,692**	–
Amounts due from customers for contract works		**–**	43,693
Trade receivables	*8*	**625,513**	538,312
Other receivables and prepayments	*8*	**467,220**	471,590
Loan receivables		**18,701**	39,550
Payments on behalf of residents		**669,143**	522,495
Amounts due from fellow subsidiaries		**163,660**	447,001
Amounts due from non-controlling shareholders of the subsidiaries		**128,231**	113,153
Amounts due from related parties		**21,194**	15,477
Amounts due from associates		**9,245**	27,567
Amounts due from joint ventures		**7,123**	5,292
Amount due from a director		**60**	60
Financial assets at fair value through profit or loss ("**FVTPL**")		**69,358**	191,898
Pledged bank deposits		**377,175**	377,175
Bank balances and cash		**2,990,052**	1,847,528
		5,863,758	4,648,122

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018 — continued

	NOTE	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Restated)
Current Liabilities			
Contract liabilities		**468,791**	–
Amounts due to customers for contract works		**–**	13,778
Trade payables	*9*	**482,473**	284,159
Other payables and accruals	*9*	**758,656**	1,207,825
Receipts on behalf of residents		**262,015**	382,355
Amounts due to fellow subsidiaries		**443,806**	12,740
Amounts due to non-controlling shareholders of the subsidiaries		**26,120**	16,472
Amounts due to associates		**12,512**	13,513
Amounts due to joint ventures		**11,017**	7,153
Amounts due to related parties		**22,709**	–
Tax liabilities		**131,248**	179,000
Borrowings due within one year		**1,619,260**	674,030
Corporate bonds due within one year		**129,267**	16,300
Assets backed securities issued due within one year		**50,028**	42,533
		4,417,902	2,849,858
Net Current Assets		**1,445,856**	1,798,264
Total Assets Less Current Liabilities		**5,635,196**	5,962,251
Non-current Liabilities			
Deferred tax liabilities		**325,088**	338,125
Amount due to a fellow subsidiary		**1,796**	2,271
Borrowings due after one year		**1,681,853**	1,395,170
Corporate bonds due after one year		**438,461**	536,302
Assets backed securities issued due after one year		**252,988**	185,204
Total Non-current Liabilities		**2,700,186**	2,457,072
Net Assets		**2,935,010**	3,505,179
Capital and Reserves			
Share capital		**106,587**	78,945
Reserves		**2,705,939**	3,320,026
Equity attributable to owners of the Company		**2,812,526**	3,398,971
Non-controlling interests		**122,484**	106,208
Total Equity		**2,935,010**	3,505,179

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIS OF PREPARATION

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

Merger Accounting For Business Combination Involving Entities Under Common Control

Pursuant to a series of agreements dated 14 November 2017 entered into between the Group, Fantasia Holdings and certain subsidiaries of Fantasia Holdings other than the Group (together with Fantasia Holdings, referred to as "Fantasia Group"), transferred the 100% beneficial interest in 深圳市幸福萬象投資合夥企業(有限合夥) Shenzhen Xingfu Wanxiang Investment Partnership (Limited Partnership) ("Shenzhen Wanxiang") and the 100% equity interest in 萬象美物業管理有限公司 Wanxiangmei Property Management Co., Ltd. ("Wanxiangmei") (collectively referred to as the "Target Group") to the Group (the "Transaction").

On 29 December 2017, Fantasia Group obtained 100% beneficial interest in Shenzhen Wanxiang and 100% equity interest in Wanxiangmei. The directors of the Company have determined that the application of merger accounting to the Transaction, being a business combination involving entities under common control under Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by HKICPA, will provide more relevant and useful information to financial statement users as it better reflects the economic substance of the Transaction.

The condensed consolidated statement of financial position as at 31 December 2017 has been restated to adjust the carrying amounts of the assets and liabilities of the entities or business acquired from certain subsidiaries of Fantasia Group other than the Group as if those entities or business were combined from 29 December 2017, the date when they first came under the control of Fantasia Group.

The effect of restatements described above on the condensed consolidated statement of financial position as at 31 December 2017 has resulted an increase in the Group's total net assets by RMB1,678,171,000.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group engages in provision of property management services, value-added services and engineering services. Revenue from providing services is recognised in the accounting period in which the performance obligations are satisfied.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Difference at the date of initial application, if any, is recognised in the opening retained profits and comparative information has not been restated and only applied to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

2. PRINCIPAL ACCOUNTING POLICIES — continued

2.1 Impacts and changes in accounting policies of application on HKFRS 15 — continued

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. PRINCIPAL ACCOUNTING POLICIES — continued

2.2. Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instrument* ("HKFRS 9")

In the current period, the Group has applied HKFRS 9 the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and other items (for example, contract assets and lease receivables and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivables, amounts due from a director, fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates and joint ventures, payments on behalf of residents, other receivables, pledged bank deposits, bank balances, lease receivables included in trade receivables and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables arisen from HKFRS 15 without significant financing component, lease receivables included in trade receivables and contract assets. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. PRINCIPAL ACCOUNTING POLICIES — continued

2.2. Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instrument* ("HKFRS 9") — continued

Impairment under ECL model — continued

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 *Leases*.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, lease receivables included in trade receivables, payments on behalf of residents and contract assets, where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

2. PRINCIPAL ACCOUNTING POLICIES — continued

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening condensed consolidated statement of financial position had to be adjusted. The following table summarise the impacts of applying all the new standards on the Group's condensed consolidated financial statement of financial position as at 1 January 2018 for each of line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (After merger accounting restatement) *RMB'000*	HKFRS 15 *RMB'000*	HKFRS 9 *RMB'000*	**1 January 2018 (Restated)** ***RMB'000***
Non-current Assets				
Equity instruments designated at FVTOCI	–	–	148,457	**148,457**
Available-for-sale investments	148,457	–	(148,457)	**–**
Contract assets	–	10,983	–	**10,983**
Trade receivables	10,983	(10,983)	–	**–**
Deferred tax assets	37,342	–	2,623	**39,965**
Current Assets				
Contract assets	–	54,258	(2,009)	**52,249**
Amounts due from customers for contract works	43,693	(43,693)	–	**–**
Trade receivables	538,312	(10,565)	(1,557)	**526,190**
Payments on behalf of residents	522,495	–	(6,927)	**515,568**
Current Liabilities				
Contract liabilities	–	473,928	–	**473,928**
Amounts due to customers for contract works	13,778	(13,778)	–	**–**
Other payables and accruals	1,207,825	(460,150)	–	**747,675**
Capital and Reserves				
Reserves	3,320,026	–	(7,607)	**3,312,419**
Non-controlling interests	106,208	–	(263)	**105,945**

3. SEGMENT INFORMATION

Segment revenues and results

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

Six months ended 30 June 2018 (unaudited)

	Property management services *RMB'000*	Community leasing, sales and other value-added services *RMB'000*	Engineering services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
External revenue	**1,467,080**	**212,328**	**77,448**	**–**	**1,756,856**
Inter-segment revenue	**395**	**55,746**	**8,703**	**(64,844)**	**–**
Segment revenue	**1,467,475**	**268,074**	**86,151**	**(64,844)**	**1,756,856**
Segment profit	**248,820**	**150,245**	**20,107**		**419,172**
Changes in fair value of investment properties					**4,765**
Changes in fair value of financial assets at FVTPL					**4,284**
Share of results of associates					**(908)**
Share of results of joint ventures					**1,273**
Finance costs					**(156,663)**
Interest income					**15,523**
Exchange loss					**(21,223)**
Share-based payment expense					**(6,548)**
Other unallocated expenses					**(6,081)**
Profit before tax					**253,594**

3. **SEGMENT INFORMATION — continued**

Segment revenues and results — continued

Six month ended 30 June 2017 (unaudited)

	Property management services *RMB'000*	Community leasing, sales and other value-added services *RMB'000*	Engineering services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
External revenue	576,277	110,776	59,575	–	746,628
Inter-segment revenue	452	9,688	4,615	(14,755)	–
Segment revenue	576,729	120,464	64,190	(14,755)	746,628
Segment profit	130,607	69,582	31,014		231,203
Changes in fair value of investment properties					(2,867)
Changes in fair value of financial assets at FVTPL					2,250
Share of results of associates					213
Share of result of a joint venture					(45)
Finance costs					(49,183)
Interest income					15,986
Share-based payment expense					(22,397)
Other unallocated expenses					(3,919)
Profit before tax					171,241

Segment assets and liabilities

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

4. **INCOME TAX EXPENSE**

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
PRC EIT	**82,809**	62,091
Deferred tax	**(20,350)**	(6,188)
	62,459	55,903

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	**609,766**	309,996
Loss on disposal of property, plant and equipment, net	**437**	3,313
Amortisation of intangible assets	**68,566**	14,033
Depreciation for property, plant and equipment	**31,794**	15,433
Minimum lease payments under operating leases in rented premises	**22,409**	21,139
Net gain arising on financial assets at FVTPL	**(4,284)**	(2,250)
Impairment loss on goodwill (included in other gains and losses)	**4,162**	–
Impairment loss in respect of trade receivables and contract assets	**6,750**	8,712
Impairment loss in respect of payments on behalf of residents	**18,212**	7,849

6. DIVIDENDS

During the current interim period, a final dividend of HK15.00 cents, equivalent to RMB12.26 cents (2016: HK10.00 cents, equivalent to RMB8.95 cents) per share in respect of the year ended 31 December 2017 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to RMB166,237,000 (2017: RMB86,718,000).

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

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**175,296**	100,669
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earning per share	**1,233,626**	997,737
Effect of dilutive potential ordinary shares:Share options	**1,011**	–
Weighted average number of ordinary shares for the purpose of diluted earning per share	**1,234,637**	997,737

For the six months ended 30 June 2017, the computation of diluted earnings per share does not assume the exercise of the Company's share options as the exercise prices of the options were higher than the average market price per share.

For the six months ended 30 June 2018, the computation of diluted earnings per share does not assume the exercise of certain share options granted by the Company as the exercise prices of the respective options were higher than the average market price per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Restated)
Trade receivables	**669,002**	567,188
Retention receivables	**–**	679
Invoices to be issued	**–**	20,869
	669,002	588,736
Less: allowance for doubtful debts	**(43,489)**	(39,441)
	625,513	549,295
Other receivables and prepayments		
Deposits	**108,922**	62,453
Advances to staffs	**57,635**	40,787
Prepayments to suppliers	**158,662**	258,323
Receivables from customers for residential and retail units rental and sales assistance services on behalf of Shenzhen Caizhijia Real Estate Planning Co., Ltd. ("**Caizhijia**")	**34,895**	25,418
Receivables from former shareholders of subsidiaries	**5,248**	13,870
Others	**108,625**	77,728
	473,987	478,579
	1,099,500	1,027,874
Classified as:		
Non-current		
Trade receivables	**–**	10,983
Other receivables and prepayments	**6,767**	6,989
	6,767	17,972
Current		
Trade receivables	**625,513**	538,312
Other receivables and prepayments	**467,220**	471,590
	1,092,733	1,009,902
	1,099,500	1,027,874

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS — continued

The following is an aging analysis of gross 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 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Restated)
0–30 days	**242,295**	201,062
31–90 days	**175,136**	134,940
91–180 days	**130,069**	104,620
181–365 days	**62,560**	57,666
Over 1 year	**58,942**	68,900
	669,002	567,188

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Restated)
Trade payables	**482,473**	284,159
Other payables and accruals		
Receipts on behalf of online platform merchants	**16,388**	3,055
Advances from customers	**–**	460,150
Deposits received	**319,525**	302,347
Other tax payable	**66,730**	70,480
Rental payable	**3,225**	1,273
Accrued staff costs	**130,095**	173,162
Provision for retirement benefit contributions	**140,902**	130,861
Consideration payables for acquisition of subsidiaries	**4,669**	4,937
Other payables and accruals	**77,122**	61,560
	758,656	1,207,825
	1,241,129	1,491,984

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

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Restated)
0–60 days	**346,005**	177,014
61–180 days	**108,120**	79,717
181–365 days	**26,649**	18,395
Over 1 year	**1,699**	9,033
	482,473	284,159

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Group is a leading community service platform in the People's Republic of China (the "**PRC**" or "**China**"). The Group focuses on setting up offline and online service platform via the internet and effectively linking residents of the community with different commodities and service providers, so as to provide the best residential service for the residents of the community.

The Group has three main business segments:

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

- Community leasing, sales and other value-added services (also referred to as "value-added services"), which primarily include: (i) provision of common area rental assistance services; (ii) provision of online promotion services and leasing information system software; (iii) provision of sales and rental assistance services; and (iv) provision of office sublet and other value-added services; and,

- Engineering services, which primarily include: (i) provision of equipment installation services to property developers in accordance with their requirements; (ii) provision of repair and maintenance services to the communities it manages, provides consultancy services to and cooperates with; (iii) automation and other equipment upgrade services through the Group's equipment leasing program; and (iv) provision of energy-saving services through the construction implementation, equipment installation and equipment leasing.

Along with the diversified development of Colour Life's business in the recent two years, some business segments underwent name changes of their business divisions and a new business division was added, the specific details are as follows: (i) the division "platform usage fee" is renamed as "Usage fees from online promotion services and leasing information system software", mainly attributable to the change in service models and income sources of Colour Life's online platform; (ii) the division "office sublet and other value-added services" under the segment "community leasing, sales and other value-added services" includes office sublet business, the offline on-site promotion business of the division "purchase assistance" in previous years and the community energy general modification business under E-Energy; (iii) the "sales and rental assistance" under the segment "community leasing, sales and other value-added services" includes the "residential and retail units sales and rental assistance" in previous years and the sales assistance of Colour Life Parking Lots which is a newly added business in recent years; and (iv) the "energy-saving services" under the segment "engineering services" is the new services added in recent years, which was primarily businesses related to the construction implementation, equipment installation and equipment leasing in the course of provision of energy-saving modification services by E-Energy for communities.

Property Management Services

Usually, property developers are required to engage property management companies before they obtain the pre-sale permits. At this stage, property developers usually identify qualified property management companies by way of tender offer, where the Group arranges its marketing department to submit tenders. Once the Group wins the bid, the area under the property management contract will be integrated into the Group's contracted GFA under management. Property developers will issue a move-in notification to home buyers after the properties are sold. Upon receipt of such notification, the home buyers will be obliged to settle property management fees. This part of contracted GFA under management will thus be called the revenue-bearing GFA. The difference between the total contract GFA and the revenue-bearing GFA is the reserved GFA which will be transferred to the revenue-bearing GFA in future. On the other hand, the Group adhered to its strategy of rapid expansion in recent years. It started to cooperate with other enterprises in the industry in the underlying technology of Caizhiyun APP. Today, Caizhiyun APP serves not only the communities managed by the Group, but also those of its collaborative partners. The aggregate area of Caizhiyun platform's coverage over communities is collectively referred to as the platform service area.

The Group adheres to its strategy of rapid expansion of the service area of the platform. On 28 February 2018, the Group held an extraordinary general meeting at which the proposed resolution relating to the acquisition of Wanxiangmei Property Management Co., Ltd. ("**WXM**", formerly known as Wanda Property Management Co., Ltd.) was passed by the independent shareholders. The total consideration included the cash consideration of RMB1,014,174,000 and the issue of 231,500,000 ordinary shares of the Company to Fantasia Holdings. WXM became a wholly-owned subsidiary of the Group. WXM is a comprehensive community services operator, whose projects include ordinary residences, luxury residences and such commercial properties as office buildings and SOHO. After completing the consolidation of WXM's financial statements, Colour Life can not only expand the area under management, but also further enrich the portfolio of management projects, thus creating stronger scale economies effects and synergy effects. At the same time, the Group also focused on driving its organic growth through reputation and brand. As at 30 June 2018, the communities under the Group's management cover 249 cities in China and was well-received by the local markets. Newly engaged management area reached 20.2 million sq.m. in the first half of 2018, demonstrating Colour Life's core competitive strengths on brand reputation, service quality and market expansion.

As at 30 June 2018, GFA under management contracts and consultancy service arrangements of the Group (hereafter referred to as the "**Contracted GFA**") reached 484.0 million sq.m. and the number of communities under the Group's management and consultancy services contracts reached 2,555, representing a year-on-year growth of 15.2% and 9.4%, respectively. As at 30 June 2018, the number of the Group's revenue-bearing GFA reached 333.6 million sq.m. and the number of communities reached 2,062. The Group's management projects cover 249 cities in China and an overseas country (i.e Singapore), achieving rapid expansion of the Contracted GFA.

On the other hand, the transformation of the Group's business structure became more secure with supporting business and financial data. In the first half of 2018, contribution of the community leasing, sales and other value-added services to the Group's segment profit further rose to 35.8%, representing a year-on-year growth of 5.7 percentage points. This stems from the richer portfolios of product companies in the ecosystem as well as better recognition of value-added services by property owners. Under the encouraging development trend of the value-added services, the Group formulated platform output strategy in a timely manner. Through providing the platform to collaborative partners, the Group's online platform could serve more communities and families not managed by Colour Life. As at 30 June 2018, the service area of Colour Life's platform was 981.4 million sq. m., which included 484.0 million sq. m. for the Contracted GFA and 497.4 million sq. m. for cooperation area.

Meanwhile, the Group's "Colour Life Property (彩生活住宅)" model is designed to provide quality property services and facilitate the effective sales of property developers' assets, in turn bringing the Group with better chance of obtaining property management contracts. "Colour Life Property" model mainly targets the real estates that are difficult for property developers to sell, and part of the purchase price paid by home buyers is returned to their Caizhiyun accounts in the form of "meal coupons", which can be used to pay for all the consumption on the Caizhiyun platform, thereby offering cost saving to the home buyers in the future. At the same time, the Group developed an innovative product of "Colour Life Parking Lots (彩車位)", and facilitate the destocking of existing car parking spaces for property developers. For the six months ended 30 June 2018, the accumulated sales of products of "Colour Life Parking Lots" amounted to 2,370 units. The products of "Colour Life Property" and "Colour Life Parking Lots" facilitated good interactions between the Group and property developers, helping the Group to gain the property service resources. On the other hand, it facilitated the accumulation of a large amount of meal coupons returned by property developers to buyers on the Caizhiyun platform. The bonding between products and services, resulted in a strong purchasing power formed by meal coupons on the platform, which attracted more quality providers and business starters to join the platform and in turn drove positive circulation in the ecosystem.

Business Process of Property Management Services

Geographical Presence

As at 30 June 2018, the locations of communities where the Group managed, provided consultancy services and cooperated with were as follows:

Southern China
1 Shenzhen
2 Dongguan
3 Foshan
4 Fuzhou
5 Ganzhou
6 Guangzhou
7 Heyuan
8 Huizhou
9 Jingdezhen
10 Nanchang
11 Nankang
12 Putian
13 Qingyuan
14 Shangrao
15 Yangjiang
16 Yichun
17 Yingtan
18 Zhongshan
19 Zhuhai
20 Xiamen
21 Shaoguan
22 Heshan
23 Quanzhou
24 Sanming
25 Zhangzhou
26 Nanxiong
27 Longyan
28 Jiujiang
29 Nanping
30 Xinyu
31 Zhaoqing
32 Haikou
33 Danzhou
34 Fuzhou
35 Shantou
36 Zhanjiang
37 Jinggangshan
38 Fengcheng
39 Ji'an
40 Meizhou
41 Zhangping
42 Sanya
43 Ruijin
44 Wenchang
45 Pingxiang
46 Zhangshu
47 Jinjiang
48 Fuqing
49 Jiangmen

Eastern China
50 Changzhou
51 Dongtai
52 Gaoyou
53 Huai'an
54 Jiangyin
55 Jurong
56 Lianyungang
57 Nanjing
58 Nantong
59 Shanghai
60 Suzhou
61 Wuxi
62 Wuhu
63 Yancheng
64 Yangzhou
65 Changshu
66 Kunshan
67 Xuzhou
68 Hangzhou
69 Chuzhou
70 Huzhou
71 Fuyang
72 Jiaxing
73 Linyi
74 Yantai
75 Zhenjiang
76 Zibo
77 Bengbu
78 Hefei
79 Jining
80 Lu'an
81 Qingdao
82 Shaoxing
83 Taicang
84 Wenzhou
85 Haining
86 Jinan
87 Suqian
88 Tai'an
89 Heze
90 Huaibei
91 Jinhua
92 Liaocheng
93 Taizhou
94 Taihe
95 Zaozhuang
96 Weifang
97 Dongying
98 Dezhou
99 Ningbo
100 Shouguang
101 Xinyi
102 Rizhao
103 Qufu
104 Maanshan
105 Yixing
106 Taizhou
107 Yuyao
108 Zhuji

Southwestern China
109 Chengdu
110 Liuzhou
111 Dali
112 Guilin
113 Nanning
114 Zigong
115 Chongzuo
116 Baise
117 Guigang
118 Zunyi
119 Guiyang
120 Fangchenggang
121 Deyang
122 Guang'an
123 Laibin
124 Lijiang
125 Mianyang
126 Pingnan
127 Suining
128 Tongren
129 Yizhou
130 Chongqing
131 Ziyang
132 Anshun
133 Beihai
134 Guanghan
135 Kunming
136 Guangyuan
137 Neijiang
138 Duyun
139 Fuquan
140 Longli
141 Majiang
142 Bazhong
143 Wuzhou
144 Bijie
145 Emeishan
146 Leshan
147 Liupanshui
148 Qiandongnan Miao and Dong Autonomous Prefecture
149 Qinzhou
150 Wenshan
151 Yulin
152 Yibin
153 Meitan
154 Xishuangbanna

Northeastern China
155 Gaizhou
156 Harbin
157 Huludao
158 Shenyang
159 Tieling
160 Yingkou
161 Diaobingshan
162 Benxi
163 Changchun
164 Panjin
165 Dalian
166 Mudanjiang
167 Jixi
168 Qiqihar
169 Daqing
170 Jiamusi
171 Fusong
172 Fushun
173 Dandong
174 Chifeng

Northwestern China
175 Xi'an
176 Yinchuan
177 Lanzhou
178 Hancheng
179 Xining
180 Yulin
181 Baoji
182 Ankang
183 Pingliang
184 Hanzhong
185 Weinan
186 Urumqi
187 Bayannur

Northern China
188 Beijing
189 Qinhuangdao
190 Tianjin
191 Shijiazhuang
192 Baotou
193 Tongliao
194 Wuhai
195 Taiyuan
196 Tangshan
197 Hulunbuir
198 Ulanqab
199 Langfang
200 Datong
201 Baoding
202 Changzhi
203 Hohhot

Central China
204 Changsha
205 Xinxiang
206 Yiyang
207 Zhengzhou
208 Wuhan
209 Chenzhou
210 Kaifeng
211 Anyang
212 Xiangyang
213 Jingmen
214 Puyang
215 Yichang
216 Yueyang
217 Zhangjiajie
218 Zhuzhou
219 Huixian
220 Luohe
221 Xiangtan
222 Huanggang
223 Changde
224 Jingzhou
225 Loudi
226 Luoyang
227 Wugang
228 Suizhou
229 Nanyang
230 Xingyang
231 Shangqiu
232 Enshi
233 Jiaozuo
234 Xiangfan
235 Hengyang
236 Jiyuan
237 Qianjiang
238 Zhoukou
239 Zhumadian
240 Xiaogan
241 Shaoyang
242 Pingdingshan
243 Shiyan
244 Huaihua
245 Yihua
246 Jishou
247 Yongzhou
248 Ruzhou

Non-Mainland China
249 Hong Kong

Overseas
250 Singapore

As at 30 June 2018, the Group recorded a sustained growth in total platform service area. The following table sets out the total contracted GFA and the number of communities where the Group managed, provided consultancy services and entered into cooperation in respect of platform service in different regions across China and overseas country as at the dates indicated below:

	As at 30 June 2018						As at 31 December 2017					
	Managed by the Group		**Under the Group's consultancy service arrangements**		**Cooperated with the Group**		Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group	
	Total Contracted GFA *('000 sq.m.)*	**Number**	**Total Contracted GFA** *('000 sq.m.)*	**Number**	**Total Contracted GFA** *('000 sq.m.)*	**Number**	Total Contracted GFA *('000 sq.m.)*	Number	Total Contracted GFA *('000 sq.m.)*	Number	Total Contracted GFA *('000 sq.m.)*	Number
Shenzhen	**9,644**	**130**	**753**	**18**	**–**	**–**	9,644	130	754	18	–	–
Southern China (excluding Shenzhen)(1)	**84,062**	**535**	**1,693**	**7**	**44,670**	**292**	75,153	508	7,621	23	44,403	288
Eastern China(2)	**136,626**	**823**	**2,019**	**7**	**36,182**	**367**	115,318	744	11,357	31	27,534	290
Southwestern China(3)	**96,944**	**398**	**968**	**3**	**84,237**	**357**	83,778	352	2,163	6	82,609	352
Northeastern China(4)	**19,875**	**98**	**1,216**	**8**	**881**	**5**	11,358	59	3,758	17	881	5
Northwestern China(5)	**15,618**	**82**	**76**	**1**	**37,062**	**386**	14,594	68	275	2	35,313	359
Northern China	**27,608**	**108**	**2**	**1**	**7,622**	**50**	17,853	79	2,585	7	1,942	19
Central China(6)	**85,584**	**295**	**300**	**1**	**36,717**	**270**	75,543	277	3,202	9	21,548	157
Non-Mainland China	**5**	**2**	**–**	**–**	**–**	**–**	40	16	–	–	–	–
Singapore	**987**	**38**	**–**	**–**	**–**	**–**	988	38	–	–	–	–
Total(7)	**476,953**	**2,509**	**7,026**	**46**	**247,370**	**1,727**	404,269	2,271	31,715	113	214,230	1,470

Notes:

(1) The Group newly entered Jinjiang, Fuqing and Jiangmen as at 30 June 2018.

(2) The Group newly entered Shouguang, Xinyi, Rizhao, Qufu, Maanshan, Yixing, Taizhou, Yuyao and Zhuji as at 30 June 2018.

(3) The Group newly entered Meitan and Xishuangbanna as at 30 June 2018.

(4) The Group newly entered Jixi, Qiqihar, Daqing, Jiamusi, Fusong, Fushun, Dandong and Chifeng as at 30 June 2018.

(5) The Group newly entered Bayannur as at 30 June 2018.

(6) The Group newly entered Yihua, Jishou, Yongzhou and Ruzhou as at 30 June 2018.

(7) As at 30 June 2018, the Group's platform service area reached 981.4 million sq.m., including the contracted GFA managed by the Group 477.0 million sq.m., the contracted GFA under the Group's consultancy service arrangement 7.0 million sq.m., the contracted GFA cooperated with the Group 247.4 million sq.m. and the GFA under alliance agreement 250.0 million sq.m..

As at 30 June 2018, the Group extended its total contracted GFA coverage to 249 cities in China and 1 overseas country, namely Singapore. As at 30 June 2018, the Group was contracted to manage 2,509 communities with an aggregate contracted GFA of approximately 477.0 million sq.m. and entered into consultancy service contracts with 46 communities with an aggregate contracted GFA of approximately 7.0 million sq.m. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the movements of total contracted GFA and the number of communities where the Group managed, provided consultancy services to and cooperated with during first half year of 2018:

	As at 30 June 2018						As at 31 December 2017					
	Managed by the Group		**Under the Group's consultancy service arrangements**		**Cooperated with the Group**		Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group	
	Total Contracted GFA ***('000 sq.m.)***	**Number of residential communities**	**Total Contracted GFA** ***('000 sq.m.)***	**Number of residential communities**	**Total Contracted GFA** ***('000 sq.m.)***	**Number of residential communities**	Total Contracted GFA *('000 sq.m.)*	Number of residential communities	Total Contracted GFA *('000 sq.m.)*	Number of residential communities	Total Contracted GFA *('000 sq.m.)*	Number of residential communities
As at the beginning of the year	**404,269**	**2,271**	**31,715**	**113**	**214,230**	**1,470**	357,521	2,172	37,599	167	124,445	836
New engagements[1]	**20,221**	**72**	**–**	**–**	**–**	**–**	51,159	133	1,027	3	–	–
Acquisitions[2]	**36,773**	**165**	**–**	**–**	**–**	**–**	6,827	54	–	–	–	–
New cooperation[3]	**–**	**–**	**–**	**–**	**33,140**	**257**	–	–	–	–	84,080	603
Transfer from consultancy service to self-management[4]	**23,547**	**65**	**(23,547)**	**(65)**	**–**	**–**	5,362	40	(5,362)	(40)	–	–
Transfer from self-management to consultancy service[5]	**–**	**–**	**–**	**–**	**–**	**–**	(454)	(1)	454	1	–	–
Transfer from self-management to cooperation[6]	**–**	**–**	**–**	**–**	**–**	**–**	(5,705)	(31)	–	–	5,705	31
Terminations[7]	**(7,856)**	**(64)**	**(1,143)**	**(2)**	**–**	**–**	(10,441)	(96)	(2,003)	(18)	–	–
As at the end of the year	**476,953**	**2,509**	**7,026**	**46**	**247,370**	**1,727**	404,269	2,271	31,715	113	214,230	1,470

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 to, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.

(2) The Group acquired WXM and some other companies in the property management industry in order to expand its managed GFA and gain synergy after the acquisition.

(3) Through cooperation in platform service, the Group gained minority interests of targeted partners and output its online platform and vertical application services to the partners.

(4) The Group managed to acquire some of the property management companies to which it provided consultancy service previously, through acquisition of subsidiaries or revision of the service agreement, resulting in the relevant communities under the Group's consultancy service arrangements transferred into those the Group managed. During the reporting period, the Group acquired WXM, so those GFA of WXM under the Group's consultancy services were transferred to the GFA under the Group's self-management.

(5) The Group ceased to renew certain property management contracts when these contracts expired. However, developers or residents committees may still want to enjoy the Group's services, then the Group can sign an consultant contract with them.

(6) The Group sold majority of interests to targeted partners, transferring self-management services to online platform service, while keeping minority interests.

(7) Including the contracted GFA and the number of communities which the Group ceased to renew certain property management contracts and manage primarily due to commercial factors.

Nature of the Property Developers

The properties that the Group manages, provides consultancy services to or cooperates with, are predominantly constructed by independent property developers other than Fantasia Holdings Group Co., Limited ("Fantasia Holdings") and its subsidiaries (collectively, the "Fantasia Group"), the controlling shareholder of the Company. The table below sets forth a breakdown of the contracted GFA and the number of properties the Group managed, provided with consultancy services or cooperated which were developed by independent property developers and Fantasia Group as at the dates indicated below:

	As at 30 June 2018				As at 31 December 2017			
	Total Contracted GFA ***('000 sq.m)***	**% of total Contracted GFA**	**Number of Properties**	**% of total number of properties**	Total Contracted GFA *('000 sq.m)*	% of total Contracted GFA	Number of Properties	% of total number of properties
Properties constructed by independent property developers other than the Fantasia Group	**725,107**	**99.1%**	**4,251**	**99.3%**	644,126	99.1%	3,824	99.2%
Properties constructed by the Fantasia Group	**6,242**	**0.9%**	**31**	**0.7%**	6,088	0.9%	30	0.8%
Total	**731,349**	**100.00%**	**4,282**	**100.00%**	650,214	100.0%	3,854	100.0%

Colour Life Property Management Services Model

While the substance of property management services of the Group is the same as those of other companies in the industry, the way of organising property management services is very different. Following the in-depth implementation of smart community construction, the Group is undergoing transformation into a technology service-oriented modern service enterprise. Such transformation was primarily embodied in the fact that the Group actively acquires new technology brought on by the development of the internet and focuses on the investment in intelligent equipment. On the other hand, the Group enhances management efficiency to provide better service experience for communities. The Group has established a solid information "cloud" system at the headquarter, which strengthened the service capacity of the "terminal" and weakened the function and scope of "management", so as to organise effective community services. The Group has also classified communities managed by it into various service levels based on different charging standards and set standards for equipment modification and service packages to ensure consistency of customer experience in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, the Group has realised excellent capacity of cost control under the premise of increasing management areas and securing customer satisfaction.

The Group also optimized community services with innovative use of mobile internet. Through functions such as E-Repair, E-Lift, E-Cleaning, E-Security and E-Gardening, the Group initially realized the order-orientation of fundamental property services which further enhanced the efficiency of the Group's services. For instance, with repair expenses of unit area remained unchanged, E-Repair realized the increase of equipment availability by 10 percent. With 10% reduction in cleaning expenses of unit area, E-Cleaning raised customer satisfaction rate by 5 percent.

Meanwhile, the Group is actively building up an online platform Caizhiyun for its community services, and migrating functions such as paying property management fees, ordering repair and maintenance services, issuing notices and submitting complaints from a traditional offline approach to the online platform, which not only provides convenience to the residents of the communities but also strengthens the interactions and communications between the Group and property owners living in the residential communities. Meanwhile, the Group designates customer managers to serve the communities based on the proportion to the number of the residents in such communities. The customer managers will schedule visits with the residents through the Caizhiyun platform for following up works and feedbacks 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 the property owners are demanding. The Group will grow the corresponding value-added services and organically integrate the community's online and offline businesses, which will further enhance the Group's competitive edges.

As at 30 June 2018, the Group employed over 53,608 on-site personnel (including staffs employed by the Group and the staffs outsource to third parties) to provide property management services. The table below sets forth the property management fee range for residential area within the residential communities the Group managed on a commission basis and a lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 30 June 2018		As at 31 December 2017	
	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	**0.35–10.0**	**1.0–8.0**	0.35–10.0	1.0–8.0
Southern China (excluding Shenzhen)(1)	**0.45–5.57**	**0.68–8.0**	0.45–5.57	0.68–8.0
Eastern China(2)	**0.36–9.36**	**0.75–6.5**	0.36–9.36	0.75–6.5
Southwestern China(3)	**0.39–6.14**	**0.3–6.29**	0.39–6.14	0.3–6.29
Northeastern China(4)	**0.40–3.27**	**2.0–5.0**	0.40–3.27	2.0–5.0
Northwestern China(5)	**0.45–3.9**	**1.1–5**	0.45–3.9	1.1–5
Northern China	**0.6–4.49**	**1.0–7.87**	0.6–4.49	1.0–7.87
Central China(6)	**0.55–2.73**	**0.85–4.8**	0.55–2.73	0.85–4.8
Singapore	**1.23**	**–**	1.23	–
Hong Kong	**4.18–20.9**	**–**	4.18–20.9	–

Notes:

(1) The Group newly entered Jinjiang, Fuqing and Jiangmen as at 30 June 2018.

(2) The Group newly entered Shouguang, Xinyi, Rizhao, Qufu, Maanshan, Yixing, Taizhou, Yuyao and Zhuji as at 30 June 2018.

(3) The Group newly entered Meitan and Xishuangbanna as at 30 June 2018.

(4) The Group newly entered Jixi, Qiqihar, Daqing, Jiamusi, Fushun, Dandong and Chifeng as at 30 June 2018.

(5) The Group newly entered Bayannur as at 30 June 2018.

(6) The Group newly entered Yihua, Jishou, Yongzhou and Ruzhou as at 30 June 2018.

Scope of Services for Property Management Services

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

Property Management Services under Commission Basis

Under commission basis, the Group is essentially acting as an agent of the property owners. The Group reserves the right to retain 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 fee will be used as operating funds to cover the expenses associated with the management of the property.

Property Management Services under Lump Sum Basis

Under lump sum basis, the Group is entitled to recognize 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 recognized as the Group's cost of sales.

Pre-sale 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-sale services to the property developers in preparation for the pre-sale activities and recognizes the proceeds based on the fees charged. The relevant expenses are calculated based on the number of employees and positions deployed by the Group, and the related staff costs incurred are the sales costs incurred in providing the services.

Consultancy Services

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, making its brand more widely known and expanding the customer base for its community leasing, sales and other value-added services, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, the property management companies are contracted to provide property management services in the relevant communities. The Group provides consultation and advice to these regional property management companies such that they can leverage 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 community leasing, sales and other value-added services in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future.

As at 30 June 2018, the Group provided consultancy services to 46 residential communities and the area of consultancy services was 7.0 million sq.m.. In the reporting period, the Group has completed the acquisition of WXM and the area previously included in the consultancy services has been converted to contracted area managed by the Group.

Community leasing, sales and other value-added services

Adhering to the value and concept of "Service to Your Family", the Group has been focusing on the extension of its diversified value-added services to community property owners. With sixteen 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 to property owners. Through paying frequent visits to and communication with owners by customer managers, the Group had 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, consultancy or platform services, the Group works with third-party professional goods and service providers to create a safer, more convenient and more comfortable living environment for residents.

As at 30 June 2018, accumulated registered users of Colour Life's online platform increased to approximately 14,510,000, of which 3,798,000 were active users, representing a year-on-year increase of 252.1% and 56.0% respectively. For the six months ended 30 June 2018, the accumulated Gross Merchandise Volume ("GMV") of Caizhiyun APP reached approximately RMB4,357.8 million, representing a year-on-year increase of 82.1%. In the first half of 2018, the value-added services revenue was accumulated RMB212.3 million, a year-on-year increase of 91.7%. The gross profit margin remained at a relatively high level of 71.8%, contributing a segment profit 35.8%. Specifically, the accumulated GMV of Colour Wealth Life Value-added Plan reached approximately RMB1,518.3 million. For the six months ended 30 June 2018, the average investment period of Colour Wealth Life has been extended from 0.47 year to 0.78 year as compared to the same period of last year, thus contributing RMB25.3 million in revenue. At the same time, the Group sold 2,370 units of Colour Life Parking Lots during the first half of 2018, driving the revenue of sales and rental assistance increased by 342.4% to RMB46.9 million.

At the same time, on 31 March 2018, the Group combined the Community new retail model with the scene of paying property management fees to launch the new platform "Colour Benefit Life" ("彩惠人生"). Purchasing goods and services required for daily life through "Colur Benefit Life", community residents can deduct the property fees that they need to pay. Due to the accurate grasp of the demands of residents by first-line employees of the Group and the trust of the residents to the Group, the marketing expenses of the goods and service suppliers are reduced, and these suppliers will return the partially reduced marketing expenses to the household as property management fee. "Colour Benefit Life" ("彩惠人生") allows property owners to enjoy the benefit of reduction of property fees, so that quality merchants can directly access the community market channels, and property management companies can improve the collection rate and service efficiency so as to achieve a win-win situation for all parties involved. After three months of its launch, as at 30 June 2018, the accumulated transactions was 325,400 and the accumulated GMV of "Colour Benefit Life" ("彩惠人生") was RMB28,646,900. The accumulated offset to property management fees was RMB12,811,200 and 44,026 families were relieved of property management fees.

On the other hand, the Group constructs an open ecosystem and works with partners to explore value-added business development based on diverse community scenarios. At present, the entire ecosystem platform has more than 40 ecosystem companies participating in community service in different dimensions. Among them, E-Lift builds SaaS (Software-as-a-Service) platform covering the whole life cycle of lifts, and enters 209 cities nationwide. The number of lifts on E-Lift platform has exceeded 128 thousand units, including over 100 thousand lifts in communities not managed by the Group. The E-Advertising creates a community media platform for docking small and micro merchants, and entered 5 cities in the country, covering over 15,000 advertising boards in lifts 50% of which are not in communities managed by the Group. In the future, with the enhancement of the Group's ability to explore and build community access and community scenarios, the Group will further improve its ecosystem and build a comprehensive community service platform.

Scope of Services for Community Leasing, Sales and Other Value-added Services

The Group's community leasing, sales and other value-added services primarily include (i) common area rental assistance; (ii) usage fees from online promotion services and leasing information system software; (iii) sales and rental assistance; and (iv) office sublet and other value-added services.

Common area rental assistance

Advertising spaces in a residential community, such as those on lift walls or in common spaces, are the properties of the property developers or property owners. The Group assists them to lease out such spaces and receives a commission in return. The Group also provides such services with regard to extra space at a residential community, which is rented out as storage space.

Usage fees from online promotion services and leasing information system software

The Group collaborates with providers of various products and services and promotes products or services to property owners through the Caizhiyun APP, the online platform run by the Group. Product and service providers pay certain amount of commission according to their sales ordered through the Caizhiyun APP to the Group. Further, the Group leases system or software to projects it provides management, consultant services and platform collaboration to in order to improve service quality and efficiency.

Sales and rental assistance

The Group (i) refers a property owner, who intends to lease out property, to an independent third-party property agent, who rents the unit from the property owner as the primary tenant, and then sub-leases the unit to an appropriate tenant; (ii) refers the case to a third-party property agent, who assists the property owner to complete the sale of the property. The Group charges the property agent on every successful referral and generates revenue from authorising property agents rights to use our online leasing data platform; and (iii) helps property developers sell their assets under Colour Life Property or Colour Life Parking Lots model and charges certain amount of money on every successful deal.

Office sublet and other value-added services

Office sublet and other value-added services include (i) office sublet services; (ii) purchase assistance; (iii) energy management services; (iv) other value-added services.

Engineering Service

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

Engineering services provide a safe and comfortable environment to property owners of the communities. It also laid the foundation of hardware for accelerating the transformation of intelligent generalization and implementation of E-services in the communities which the Group serves.

For the six months ended 30 June 2018, the Group continued to carry out the Internet-based transformation to the projects under its management, pushing forward the optimization and upgrade of Smart Community Model from Version 3.3 to Version 4.0. Version 4.0 focuses on the property owners satisfying multi-dimension needs for easy community life. It strengthens the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, QR Code/face recognition access control, vehicle license recognition system in car park etc., so as to realise centralized management control, replacing labour with equipment, saving energy and duty, enhancing efficiency and service quality. Moreover, a community service platform is established through connecting communities to the Group's headquarter cloud system. For example, real-time picture of the operation condition in the community under the Group's management will be sent to the headquarter of the Group using remote monitoring technology. The Group's headquarter cloud system will assign correction task for area with potential problem and follow up the results.

Scope of Services for Engineering Services

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

Installation service fees from provision of engineering services

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

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

Services fee from provision of repair and maintenance services

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

Equipment leasing services

The Group provides automation and other equipment upgrade services to communities it manages or provides consultancy services to, including car park security systems, building access systems and remote surveillance cameras. These equipments were invested by Shenzhen Kaiyuan Tongji and provided for the use of each community through the Group's equipment leasing program.

Services fee from provision of energy-saving services

The Group provides energy-saving services to communities it manages, provides consultancy services to or cooperates with. These services include energy-saving devices installation and equipment leasing services. By installing and using cutting-edge energy saving equipment, the Group help communities to reduce energy consumption.

2. Financial Review

2.1 Revenue

The Group's revenue mainly arises from (i) property management services; (ii) community leasing, sales and other value-added services; and (iii) engineering services. For the six months ended 30 June 2018, the total revenue increased by approximately 135.3% to approximately RMB1,756.9 million from approximately RMB746.6 million for the six months ended 30 June 2017.

The increase in revenue was primarily driven by (i) the significant increase in the total revenue-bearing GFA resulted from the acquisition of WXM; and (ii) the expansion of the Group's community leasing, sales and other value-added services and engineering services.

— *Property Management Services*

For the Period, revenue from property management services increased by approximately 154.6% from approximately RMB576.3 million for the six months ended 30 June 2017 to approximately RMB1,467.1 million.

Such increase was primarily attributable to:

(a) An increase in revenue of approximately RMB776.9 million to approximately RMB1,203.8 million from service fees charged under lump sum basis which in turn was driven by the growth of revenue-bearing GFA mainly through the acquisition of WXM. As at 30 June 2018, the revenue-bearing GFA under lump sum basis increased by approximately 59.2 million sq.m. to approximately 111.8 million sq.m. from approximately 52.6 million sq.m. as at the same date in 2017;

(b) The revenue from property management services under commission basis increased slightly by RMB1.0 million. As at 30 June 2018, the revenue-bearing GFA under commission basis slightly increased by approximately 0.1 million sq.m., from approximately 214.7 million sq.m. as at the same date in 2017 to approximately 214.8 million sq.m.;

(c) An increase in revenue of approximately RMB135.1 million to approximately RMB177.8 million from service fee charged for rendering pre-delivery related services for the six months ended 30 June 2018 as compared to that charged for the six months ended 30 June 2017 mainly resulting from the pre-delivery services contracts bought in upon acquisition of WXM;

(d) A decrease in revenue of approximately RMB22.3 million to approximately RMB2.6 million from fees charged under consultancy services contracts, which is due to the consultancy contract between Shenzhen Kaiyuan International Property Management Co., Ltd. 深圳市開元國際物業管理有限公司 and WXM was eliminated and the revenue-bearing GFA of WXM were transferred to the revenue-bearing GFA under lump sum basis or pre-delivery services upon the completion of acquisition of WXM.

— *Community Leasing, Sales and Other Value-added Services*

For the Period, revenue from community leasing, sales and other value-added services increased by approximately 91.6% from approximately RMB110.8 million for the same period in 2017 to approximately RMB212.3 million.

The growth in community leasing, sales and other value-added services was primarily attributable to:

(a) A growth in usage fees from online promotion services and leasing information system software of approximately RMB38.2 million for the six months ended 2018 was driven by the rapid expansion of the user base on the Caizhiyun Platform. As a result, the revenue from online promotion services and leasing information system software increased by approximately 62.5% to approximately RMB99.1 million for the six months ended 30 June 2018 from approximately RMB61.0 million of that in the six months ended 30 June 2017;

(b) An increase in sales and rental assistance income of approximately RMB36.3 million to approximately RMB46.9 million for the six months ended 30 June 2018 from approximately RMB10.6 million for the six months ended 30 June 2017, which mainly arised from the sales assistance services regarding Colour Life Parking Lots.

(c) An increase in other value-added services revenue of approximately RMB26.5 million to approximately RMB46.7 million for the six months ended 30 June 2018 from approximately RMB20.2 million for the six months ended 30 June 2017, which arised from the Eastern Colour Life Community Ecosystem Center's office sublet services.

(d) A slight increase in common area rental assistance services revenue of approximately RMB0.7 million from approximately RMB19.0 million for the six months ended 30 June 2017 to approximately RMB19.7 million for the Period.

— *Engineering Services*

For the Period, revenue from engineering services increased by approximately 29.9% from approximately RMB59.6 million for the six months ended 30 June 2017 to approximately RMB77.4 million.

(a) An increase in the revenue from equipment installation services of approximately RMB29.5 million to approximately RMB44.6 million for the six months ended 30 June 2018 from approximately RMB15.1 million for the six months ended 30 June 2017, which is mainly due to the stronger business performance of carpark upgrade program in relation to Colour Life Parking Lots.

(b) A slight increase in the revenue of approximately RMB1.9 million to approximately RMB7.8 million for the period in services fee from leasing energy-saving devices and energy management platform from RMB5.9 million for the six months ended 30 June 2017.

(c) A decrease in repair and maintenance services by approximately RMB12.5 million from RMB20.4 million for the six months ended 30 June 2017 to RMB7.9 million for the Period, which is due to the Group's gradually outsourcing its repair and maintenance services.

(d) A slight decrease of approximately RMB1.0 million to approximately RMB17.2 million in equipment leasing income.

Cost of Sales and Services

The Group's cost of sales and services primarily comprise labour costs, sub-contracting costs, costs of raw materials which mainly consist of energy saving light bulbs, intercommunication devices, security camera wires, pipes and others, utility costs, depreciation and amortisation and others. Most of the cost is charged with the property management services under lump sum basis and pre-sale services contracted with property developers. For the Period, cost of sales and services increased by approximately 179.4% from approximately RMB407.1 million for the six months ended 30 June 2017 to approximately RMB1,137.3 million. The increase was primarily attributable to the acquisition of WXM, which provided property management services on lump sum basis and pre-delivery services .

Gross Profit and Gross Profit Margin

For the Period, the overall gross profit increased by approximately RMB280.1 million from approximately RMB339.5 million for the six months ended 30 June 2017 to approximately RMB619.6 million. The increase in gross profit was in line with the growth of revenue in all segments.

The overall gross profit margin decreased by 10.2 percentage points to approximately 35.3% for the Period from that of approximately 45.5% for the six months ended 30 June 2017, which is mainly due to the change in the composition of the Group's services provision resulting from the acquisition of WXM, and WXM mainly engages in provision of property management services under lump sum basis and pre-delivery services with a relatively lower gross profit margin.

(i) Property Management Services

For the Period, the gross profit margin of property management services decreased by 6.1 percentage points from approximately 36.4% for the six months ended 30 June 2017 to approximately 30.3% primarily influenced by the property management services under lump sum basis with lower gross profit margin, 25.7% during the reporting period. And also,the revenue proportion of property management service under lump sum basis increased from 74.1% to 82.1% in the total property management services revenue. Gross profit on lump sum basis increased from RMB94.4 million for the six months ended 30 June 2017 to RMB309.7 million for the Period.

(ii) Community Leasing, Sales and Other Value-added Services

For the Period, the gross profit from the community leasing, sales and other value-added services segment increased by approximately 62.8% to approximately RMB152.4 million from approximately RMB93.6 million for the six months ended 30 June 2017. The usage fees from online promotion services and leasing information system software,which accounts for 46.7% in the revenue from community leasing, sales and other value-added services, increased by approximately 65.9% from gross profit approximately RMB59.5 million for the six months ended 30 June 2017 to approximately RMB98.7 million for the Period which was mainly attributable to the fast expansion of user base.

The gross profit margin decreased by 12.7 percentage points from 84.5% for the period ended 30 June 2017 to 71.8% for the Period. The decrease was primarily attributable to a relatively lower gross profit margin for some new and diversified businesses.

(iii) Engineering Services

For the Period, the gross profit margin for the engineering services segment decreased by 30.5 percentage points from approximately 60.8% for the six months ended 30 June 2017 to approximately 30.3%. The decrease was primarily attributable to the composition of installation services with lower gross profit has increase in total engineering services revenue.

Other Gains and Losses

The Group's other net loss for the Period was approximately RMB22.6 million (30 June 2017: net gain of RMB2.5 million). This is mainly due to the exchange loss of RMB21.2 million resulting from the foreign loans dominated in U.S. dollar and Hong Kong dollar.

Other Income

For the Period, the Group's other income was approximately RMB26.2 million, which increased by approximately 41.6% from approximately RMB18.5 million for the six months ended 30 June 2017, which was primarily attributable to the interest income of approximately RMB15.5 million.

Selling and Distribution Expenses

Selling and distribution expenses for the Period was approximately RMB20.4 million, which increased by approximately 78.9% from approximately RMB11.4 million for the six months ended 30 June 2017. The increase was mainly due to the increase in promotion expenses for Colour Life Parking Lots and Colour Benefit Life.

Administrative Expenses

The Group continues to tighten its cost control measures. The Group's administrative expenses increased by approximately 43.8% from approximately RMB147.2 million for the six months ended 30 June 2017 to approximately RMB211.7 million for the Period. The increase in administrative expenses was primarily attributable to (i) an increase of RMB54.6 million in amortisation of intangible assets from approximately RMB14.0 million for the six months ended 30 June 2017 to approximately RMB68.6 million for the Period, mainly resulted from the acquisition of WXM; (ii) with the expansion of the Group's business scale which was in line with the Group's growing GFA under its management resulted from acquisition of WXM and the development of its community leasing, sales and other value-added services, more management function personnel were retained for headquarter management function as well as synergy effect and other centralized controlling functions, resulting into an increase of approximately RMB25.9 million; (iii) a decrease of approximately RMB15.9 million in share-based payment expenses from approximately RMB22.4 million for the six months ended 30 June 2017 to approximately RMB6.5 million for the Period.

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 RMB39.0 million, representing an increase of approximately 3.2% as compared to approximately RMB37.8 million for the six months ended 30 June 2017. The increase was primarily attributable to the increase in the cost recovery in line with the growing GFA under the Group's management, the Group's centralised services of financial accounting, human resources, operation, legal services, etc. as such the re-charge of such expenses back to the community level increased consistently.

Finance Costs

The Group's finance costs was approximately RMB156.7 million for the Period, which was an increase of approximately 218.5% as compared to approximately RMB49.2 million for the six months ended 30 June 2017, mainly due to the issuance of assets backed securities and the increase in other borrowings, including the loan of RMB1,000.0 million provided by a former joint venture partner of Shenzhen Wanxiang and assumed upon acquisition of Shenzhen Wanxiang and WXM.

Share Options

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

On 29 September 2014, 30 April 2015 and 18 March 2016, the Company granted 45,000,000, 25,000,000 and 34,247,488 share options to its employees, Directors, and certain minority shareholders of the Company's subsidiaries for which the exercise price is HK$6.66 each, HK$11.00 each and HK$5.76 each, respectively. The share option expense charged to the statement of profit or loss for the six months ended 30 June 2018 was approximately RMB6.5 million.

Changes in Fair Value of Investment Properties

The Group's changes in fair value of investment properties increased to a gain of approximately RMB4.8 million for the Period from a loss of approximately RMB2.9 million for the six months ended 30 June 2017, which was primarily due to the addition of and the growth in market value of the respective investment properties.

Income Tax Expenses

The Group's income tax expenses increased by approximately 11.8% to approximately RMB62.5 million for the Period from approximately RMB55.9 million for the six months ended 30 June 2017. The increase was primarily due to an increase of current tax for enterprise income tax by approximately 33.3% from approximately RMB62.1 million for the six months ended 30 June 2017 to approximately RMB82.8 million.

Trade and Other Receivables and Prepayments

Trade receivables mainly arose from management and service income under lump sum basis from property management services, equipment installation income from engineering services and service income from community leasing, sales and other value added services.

As at 30 June 2018, total trade receivables of the Group amounted to approximately RMB625.5 million, representing an increase of approximately RMB76.2 million compared to approximately RMB549.3 million as at 31 December 2017. The increase was attributable to the significant increase in revenue-bearing GFA from which the Group effectively generated income during the Period.

Other receivables and prepayments slightly decreased by RMB4.6 million from approximately RMB478.6 million as at 31 December 2017 to approximately RMB474.0 million as at 30 June 2018. The decrease was primarily attributable to: (i) an increase of approximately RMB46.5 million in deposits paid for cooperators and suppliers; (ii) a decrease of approximately RMB99.7 million in prepayment to suppliers mainly due to the utilisation of prepayment during the Period; (iii) an increase of approximately RMB9.5 million in receivables from customers for residential and retail units rental assistance services on behalf of Caizhijia; (iv) a decrease of approximately RMB8.6 million in receivables from former shareholders of subsidiaries mainly due to the repayment from former shareholders; (v) an increase of approximately RMB47.7 million in other receivables due to the Group's business expansion.

Payments/Receipts on Behalf of Residents

Payments/receipts on behalf of residents represent the current accounts with the property management offices and property owners of residential communities managed by the Group. 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 the residential communities, all transactions of these property management offices, including the collection of property management fees and the settlement of daily expenditures, were settled through the treasury function of the Group. A net receivable balance from the property management office and property owners of the residential community represents utility costs and expenditures paid by the Group on behalf of the residential community and residents in excess of the property management fees collected from the residents of that residential community and utility costs reinbursed by residents. A net payable balance to the property management office of the residential community represents property management fees and utility costs collected from residents of the residential community and the utility costs advanced by the residents in excess of the expenditures paid by the Group on behalf of the residential community.

Increase in balance of payment on behalf of residents and increase in balance of receipt on behalf of residents are primarily due to the fact that, in line with the growing revenue-bearing GFA under the Group's management, projects newly entered into the Group's management system have difference in timing between property management fee and utility costs collection dates and project optional cost spending.

Trade and Other Payables and Accruals

Trade and other payables primarily comprised items such as payables to sub-contractors of the Group's property management services and engineering services, receipts on behalf of online platform merchants arrangement, deposits received, accrued staff costs, provision for retirement benefit contribution, other tax payable and other payable and accruals, details of which are as follows:

(1) trade payables increased from approximately RMB284.2 million as at 31 December 2017 to approximately RMB482.5 million as at 30 June 2018. This was primarily due to growth of the Group's Colour Life Parking Lots.

(2) other payables and accruals decreased from approximately RMB1,207.8 million as at 31 December 2017 to approximately RMB758.7 million as at 30 June 2018, primarily attributable to (i) advances from customers of RMB453.7 million was accounted for as "contract liabilities" upon the application of HKFRS 15 since 1 January 2018; (ii) a decrease of approximately RMB43.1 million in accrued staff costs due to settlement of performance bonus to staff during the Period.

Cash Position

As at 30 June 2018, the Group's total cash (including restricted bank deposits) increased by approximately 51.4% from approximately RMB2,224.7 million as at 31 December 2017 to approximately RMB3,367.2 million. Among the Group's total cash, approximately RMB377.2 million (31 December 2017: approximately RMB377.2 million) of restricted bank deposits was pledged to guarantee the drawdown of loans by the Group.

The financial position remained stable. As at 30 June 2018, the current ratio (current asset/current liabilities) of the Group was 1.3 (31 December 2017: 1.6).

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated borrowings, the Group does not have any other material direct exposure to foreign exchange fluctuations. For the six months ended 30 June 2018, the exchange rates of RMB against U.S. dollars and the Hong Kong dollars decreased significantly, therefore an exchange loss of RMB21.2 million was incurred.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, excluding the employees for communities under commission basis, the Group had approximately 13,096 employees (31 December 2017: approximately 7,213 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 of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for employees in the PRC) and a discretionary bonus program.

INTERIM DIVIDEND

The Board had resolved that no interim dividend shall be paid for the Period (six months ended 30 June 2017: nil).

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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). For the period throughout the six months ended 30 June 2018, the Board is of the view that the Company has complied with all code provisions under the CG Code save for the following deviation:

In respect of the code provision E.1.2 of the CG Code, the Chairman of the Remuneration Committee and the member of Audit Committee and Nomination Committee were not present at the annual general meeting ("**AGM**") of the Company held on 29 May 2018 due to other business commitment and no delegate was appointed to attend the AGM.

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 and employees (the "**Securities Dealing Code**"). The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard as set out in the Model Code for the Period and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Period.

AUDIT COMMITTEE

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

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2018.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.colourlife.hk). The interim report of the Company for the Period containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 22 August 2018

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