



Colour Life Services Group Co., Limited

Stock code: 1778



POWER IGNITE



Interim Report 2023

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Corporate Information



BOARD OF DIRECTORS

Executive Directors

Mr. Pan Jun (*Chairman*)

Mr. Liu Hongcai

Ms. Yang Lan (*Chief Financial Officer*)

Non-executive Directors

Mr. Wu Qingbin (*Vice Chairman*)

Mr. Zheng Hongyan

Ms. Sun Dongni

Independent Non-executive Directors

Mr. Xu Xinmin

Mr. Zhu Wuxiang

Mr. Lee Yan Fai

AUDIT COMMITTEE

Mr. Lee Yan Fai (*Chairman*)

Mr. Xu Xinmin

Mr. Zhu Wuxiang

REMUNERATION COMMITTEE

Mr. Zhu Wuxiang (*Chairman*)

Mr. Xu Xinmin

Mr. Lee Yan Fai

NOMINATION COMMITTEE

Mr. Pan Jun (*Chairman*)

Mr. Xu Xinmin

Mr. Zhu Wuxiang

COMPANY SECRETARY

Ms. Yeung Lee

AUTHORISED REPRESENTATIVES

Ms. Yang Lan

Ms. Yeung Lee

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS IN THE PRC

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The Platinum Tower

No. 1 Tairan 7th Road

Futian District

Shenzhen, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21/F., CMA Building

64 Connaught Road Central

Hong Kong

LISTING INFORMATION

Share Listing

The Stock Exchange of Hong Kong
Limited

Stock Code: 1778

COMPANY'S WEBSITE

www.colourlife.hk

AUDITOR

Prism Hong Kong and Shanghai Limited

Registered Public Interest

Entity Auditors

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman)
Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited

17M Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

PRINCIPAL BANKERS

(In alphabetical order)

Bank of China Limited

Hang Seng Bank Limited

Industrial and Commercial Bank
of China Limited



Management Discussion and Analysis

BUSINESS MODEL

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

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

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

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

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

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

Management Discussion and Analysis



BUSINESS DEVELOPMENT

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

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

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

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

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



Management Discussion and Analysis

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



Northeastern China

- 1 Huludao
- 2 Tieling

Northern China

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

Eastern China

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

Central China

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

Southern China

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

Central China

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

Southern China

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

Shenzhen

- 98 Shenzhen

Northwestern China

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

Southwestern China

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

Management Discussion and Analysis



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

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

Note:

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



Management Discussion and Analysis

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

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

Notes:

- (1) In relation to communities the Group managed, new engagements primarily include service engagements for new property developments constructed by property developers and to a much lesser extent, service engagements for residential communities replacing their previous property management companies. In relation to communities the Group provided consultancy services for, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.
- (2) The Group expanded its Managed GFA through acquisitions and gained synergy after the acquisition.
- (3) The Contracted Managed GFA and the number of communities which the Group ceased to renew certain property management contracts due to commercial factors.

Management Discussion and Analysis



BUSINESS OVERVIEW

The Group has three main business lines:

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

Scope of Services for Property Management Services

As at 30 June 2023, the Group employed over 26,931 on-site personnel (including staffs employed by the Group and the staffs outsourced from third parties) to provide property management services. The table below sets forth the property management fee range for area within the communities the Group managed under commission basis and lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 30 June 2023		As at 31 December 2022	
	Under commission basis (RMB/sq.m./month)	Under lump sum basis (RMB/sq.m./month)	Under commission basis (RMB/sq.m./month)	Under lump sum basis (RMB/sq.m./month)
Shenzhen	0.4-11.4	1.8-16.9	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	0.5-6.0	0.7-16.9	0.5-6.0	0.7-16.9
Eastern China	0.4-17.0	1.1-16.0	0.4-17.0	1.1-16.0
Southwestern China	0.5-6.1	0.3-25.0	0.5-6.1	0.3-25.0
Northeastern China	0.4-3.3	2.0-18.0	0.4-3.3	2.0-18.0
Northwestern China	0.5-4.0	1.4-22.7	0.5-4.0	1.4-22.7
Northern China	0.7-5.5	1.2-25.0	0.7-5.5	1.2-25.0
Central China	0.6-5.3	0.9-16.9	0.6-5.3	0.9-16.9

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



Management Discussion and Analysis

Property Management Services under Lump Sum Basis

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

Property Management Services under Commission Basis

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

Pre-delivery Services

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

Consultancy Services

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience and making its brand more widely known, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, the property management companies are contracted to provide property management services in the relevant communities. The Group provides consultation and advice for these regional property management companies such that they can leverage on the Group's experience and platform to improve various aspects of them such as property management, quality control and human resources management. In addition, the Group provides value-added services in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future.

Scope of Services for Value-added Services

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

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

Management Discussion and Analysis



Online promotion services

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

Sales and rental assistance

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

Other value-added services

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

Scope of Services for Engineering Services

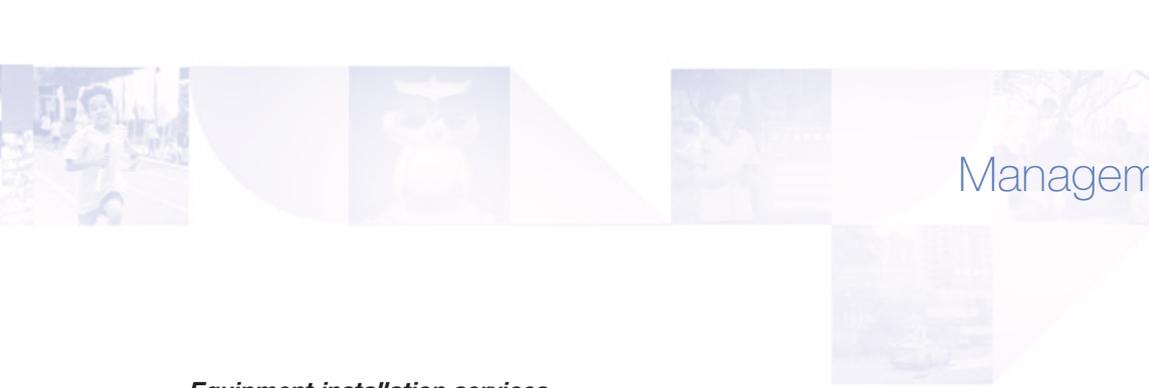
The Group provides engineering services for property developers (including primarily independent property developers and to a lesser extent, the Fantasia Group) and communities which the Group manages through sub-contracting and cooperation with qualified third-party contractors and through its subsidiaries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

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

In recent years, the Group continued to carry out the internet-based smart community transformation to the projects under its management. Focusing on the property owners' multi-dimension needs for easy community life, we strengthened the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, QR code/face recognition access control, vehicle license recognition system in car park etc., so as to realise central management control, replace labour with equipment, save energy and posts, and enhance efficiency and service quality. Secondly, a community service platform is established through connecting communities to the Group's cloud system at its head office. For example, real-time picture of the operation condition in the community under the Group's management will be sent to its head office using remote monitoring technology, and it will promptly assign rectification tasks for areas with potential problem and follow up the results.

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





Management Discussion and Analysis

Equipment installation services

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

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

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

Provide repair and maintenance services

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

Energy-saving renovation services

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

Management Discussion and Analysis



REVIEW AND ANALYSIS

Revenue

The Group's revenue mainly arises from (i) property management services; (ii) value-added services; and (iii) engineering services. For the Period, total revenue increased by 19.4% from approximately RMB635.3 million for the corresponding period of 2022 to approximately RMB758.3 million.

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

Property Management Services

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

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



Management Discussion and Analysis

The changes are mainly due to:

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

Value-added Services

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

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

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

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

Management Discussion and Analysis



Engineering Services

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

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

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

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



Management Discussion and Analysis

Cost of Services

Cost of services primarily comprises labour costs, subcontracting costs, costs of raw materials which mainly consist of energy-saving light bulbs, intercommunication devices, security camera wires, pipes and others, utility costs, depreciation and amortisation, rental cost and others. For the Period, cost of services increased by approximately RMB91.8 million or approximately 20.5% from approximately RMB448.0 million for the corresponding period of 2022 to approximately RMB539.8 million. The increase in cost of services was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

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

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

(i) *Property Management Services*

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

(ii) *Value-added Services*

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

(iii) *Engineering Services*

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

Other Gains and Losses

For the Period, the Group recorded other losses of approximately RMB41.5 million, as compared to a loss of approximately RMB5.7 million for the corresponding period of 2022. The change was primarily due to (i) the loss of approximately RMB15.8 million for the disposal of a subsidiary for the Period as compared to the loss of approximately RMB5.8 million for the corresponding period of 2022; and (ii) the loss of approximately RMB22.0 million for the early termination of a lease contract for the Period.

Other Income

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

Management Discussion and Analysis



Selling and Distribution Expenses

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

Administrative Expenses

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

Finance Costs

For the Period, the Group's finance costs amounted to approximately RMB0.8 million, representing a significant decrease of approximately 80.0% as compared to approximately RMB4.0 million for the corresponding period of 2022. The decrease was mainly due to the fact that the Group fully repaid the interest-bearing loan in 2022 and the remaining finance costs for the Period are arising from the lease liabilities.

Income Tax Expenses

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

Intangible Assets

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

Goodwill

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

Bank Balances and Cash

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



Management Discussion and Analysis

Trade and Other Receivables and Prepayments

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

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

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

Payments/Receipts on Behalf of Residents

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

Trade and Other Payables and Accruals

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

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

Share Capital

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

Management Discussion and Analysis



Cash Position

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

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

Net Gearing Ratio

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

Currency Risk

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

Employees and Remuneration Policies

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

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



Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximise their benefits from good corporate governance. The Company has adopted the code provisions as 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 of Hong Kong Limited.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors and employees (the "Securities Dealing Code"). The Company has made specific enquiry to all Directors and all Directors confirmed that they have complied with the requirements set out in the Model Code for the six months ended 30 June 2023.

Corporate Governance and Other Information



AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three Independent Non-executive Directors, namely, Mr. Xu Xinmin, Mr. Zhu Wuxiang and Mr. Lee Yan Fai (Chairman of the Audit Committee). The Audit Committee has reviewed the unaudited interim results for the Period.

REMUNERATION COMMITTEE

The Company has established the remuneration committee (the “Remuneration Committee”) in compliance with the Listing Rules 3.25 and 3.26. In order to comply with the CG Code, the Board adopted the terms of reference of the Remuneration Committee on 27 June 2014. The terms of reference of the Remuneration Committee is available for reference on the websites of the Company and the Stock Exchange.

The Remuneration Committee of the Company currently comprises three Independent Non-executive Directors, namely, Mr. Xu Xinmin, Mr. Zhu Wuxiang (Chairman of the Remuneration Committee) and Mr. Lee Yan Fai. The primary duties of the Remuneration Committee include (but not limited to): (i) making recommendations to the Board regarding the Company’s policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; and (iii) reviewing and approving the management’s remuneration proposals with reference to the Board’s corporate goals and objectives.

NOMINATION COMMITTEE

The Company has established the Nomination Committee (the “Nomination Committee”) in compliance with the Listing Rules to fulfill the functions of determining the procedures and criteria to be adopted for purposes of selecting candidates for directorship. In order to comply with the CG Code, the Board adopted the terms of reference of the Nomination Committee on 27 June 2014 and thereafter adopted the revised terms of references of the Nomination Committee on 27 March 2019. All of them are available for reference on the websites of the Company and the Stock Exchange.

The Nomination Committee of the Company currently comprises one Executive Director, Mr. Pan Jun (Chairman of the Nomination Committee), and two Independent Non-executive Directors, namely, Mr. Xu Xinmin and Mr. Zhu Wuxiang. The primary function of the nomination committee is to review the structure, size and composition of the Board.



Corporate Governance and Other Information

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) by the written resolutions of the shareholders of the Company passed on 11 June 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

During the six months ended 30 June 2023, details of movements in the share option under the Share Option Scheme are as follows:

Name of grantee	Date of grant	Exercise price HK\$	Balance as at 1 January 2023	Number of share options			Balance as at 30 June 2023	Notes
				Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period		
Directors								
Mr. Pan Jun	29 September 2014	6.66	547,790	-	-	-	547,790	(1)
			347,650	-	-	-	347,650	(2)
	30 April 2015	11.00	180,000	-	-	-	180,000	(3)
	18 March 2016	5.764	180,000	-	-	-	180,000	(4)
Mr. Liu Hongcai	27 November 2018	4.11	500,000	-	-	-	500,000	(6)
	29 September 2014	6.66	450	-	-	-	450	(1)
			300	-	-	-	300	(2)
	30 April 2015	11.00	168,400	-	-	-	168,400	(3)
Mr. Xu Xinmin	18 March 2016	5.764	122,000	-	-	-	122,000	(4)
	29 September 2014	6.66	150,000	-	-	-	150,000	(1)
	30 April 2015	11.00	180,000	-	-	-	180,000	(3)
	18 March 2016	5.764	180,000	-	-	-	180,000	(4)
	27 November 2018	4.11	200,000	-	-	-	200,000	(6)
Sub-total			2,756,590	-	-	-	2,756,590	
Employees of the Group								
	29 September 2014	6.66	5,152,650	-	-	(193,730)	4,958,920	(1)
			6,561,121	-	-	(128,900)	6,432,221	(2)&(5)
	30 April 2015	11.00	9,492,635	-	-	(300,737)	9,191,898	(3)
	18 March 2016	5.764	10,049,000	-	-	(269,100)	9,779,900	(4)
	27 November 2018	4.11	16,664,720	-	-	-	16,664,720	(6)
Sub-total			47,920,126	-	-	(892,467)	47,027,659	
Total			50,676,716	-	-	(892,467)	49,784,249	

Corporate Governance and Other Information



Notes:

- (1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date of grant; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.
- (2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.
- (3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.
- (4) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.
- (5) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive Director on 21 April 2015, has been extended at the discretion of the Board.
- (6) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 27 November 2019; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 27 November 2020; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 27 November 2021. The exercise period of these share options will expire on 17 March 2028.

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

Senior Notes

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SHARE AWARD SCHEME

The Company has adopted a share award scheme (the "Share Award Scheme") on 4 July 2016 to provide incentives or rewards for certain employees and consultants of the Group for their contribution to the Group.

The Share Award Scheme has a term of five years from the adoption date. Pursuant to the Share Award Scheme, the Company will entrust an independent trustee (the "Trustee") to purchase existing Shares in the open market and award such Shares to the selected participants as based on the Company's overall remuneration incentive plan. The Trustee will hold such Shares on behalf of the relevant selected participants on trust, until such Shares are vested with the relevant selected participants in accordance with the vesting conditions of the award and the rules of the Share Award Scheme.

During the six months ended 30 June 2023, the Trustee had not acquired any Shares in accordance with the Share Award Scheme. For the six months ended 30 June 2023, no share award were granted under the Share Award Scheme.



Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests and short positions of the directors of the Company (the "Directors") and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

(i) Long positions in the shares and underlying shares of the Company

Name of director	Capacity/Nature of interest	Number of shares held	Number of underlying shares held	Approximate percentage of issued share capital	
				Total	capital
Mr. Pan Jun	Beneficial owner	–	1,755,440 ⁽¹⁾	1,755,440	0.12%
Mr. Liu Hongcai	Beneficial owner	–	291,150 ⁽¹⁾	291,150	0.00%
Ms. Yang Lan	Beneficial owner	10,000	–	10,000	0.00%
Mr. Xu Xinmin	Beneficial owner	–	710,000 ⁽¹⁾	710,000	0.05%

Notes:

- (1) The relevant interests are unlisted physically settled options granted pursuant to the share option scheme of the Company.
- (2) As at 30 June 2023, the total number of issued shares of the Company is 1,487,525,754.

Corporate Governance and Other Information



(ii) Long positions in the shares and underlying shares of the associated corporations of the Company

Name of director	Name of associated corporation	Capacity/ Nature of interest	Number of shares/ underlying shares/equity interest held	Approximate percentage of interest
Mr. Pan Jun	Fantasia Holdings Group Co., Limited ("Fantasia Holdings")	Beneficial owner	9,980,000 ⁽¹⁾	0.17%
	Shenzhen Cai Yun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network")	Beneficial owner	RMB7,000,000	70% ⁽²⁾
	Fantasy Pearl International Limited ("Fantasy Pearl")	Interest of controlled corporation	20 shares	20% ⁽³⁾

Notes:

- (1) These underlying shares are unlisted physically settled options granted pursuant to the share option scheme of Fantasia Holdings.
- (2) Shenzhen Caizhiyun Network is owned as to 70% by Mr. Pan Jun. The financial results of Shenzhen Caizhiyun Network have been consolidated and accounted for as a subsidiary of the Company by virtue of various structured contracts, details of which are disclosed in the section headed "History, Reorganisation and the Group Structure" in the Company's prospectus dated 17 June 2014.
- (3) Fantasy Pearl is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"), which is wholly owned by Mr. Pan Jun.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.



Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2023, so far as the Directors are aware and as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position in the shares and underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholders	Capacity	Number of Shares held	Approximate percentage of issued share capital
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽²⁾	1,013,643,318 (L) ⁽¹⁾	68.14%
Ice Apex	Interest of controlled corporation ⁽²⁾	1,013,643,318 (L) ⁽¹⁾	68.14%
Fantasy Pearl	Interest of controlled corporation ⁽²⁾ Beneficial owner	1,011,340,522 (L) ⁽¹⁾ 2,302,796 (L) ⁽¹⁾	67.99% 0.15%
Fantasia Holdings	Beneficial owner ⁽²⁾	780,104,676 (L) ⁽¹⁾	52.44%
Jovial New Limited	Interest of controlled corporation	231,235,846 (L)	15.54%
Delight Vision Holdings Limited	Interest of controlled corporation	231,235,846 (L)	15.54%
Splendid Fortune Enterprise Limited ("Splendid Fortune")	Beneficial owner ⁽²⁾	231,235,846 (L)	15.54%

Notes:

(L) – Long position, (S) – Short position

- (1) These shares comprises (i) 780,104,676 shares held by Fantasia Holdings; (ii) 2,302,796 shares beneficially owned by Fantasy Pearl and (iii) 231,235,846 shares beneficially owned by Splendid Fortune.
- (2) Fantasia Holdings is owned as to 57.41% by Fantasy Pearl, which is owned as to 80% by Ice Apex. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. By virtue of the SFO, Ms. Zeng Jie, Baby, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings.
- (3) Splendid Fortune is owned as to 67.36% by Delight Vision Holdings Limited and 32.64% by Colour Success Limited. Delight Vision Holdings Limited is wholly-owned by Jovial New Limited which is owned as to 100% by Ms. Zeng Jie, Baby. By virtue of the SFO, Ms. Zeng Jie, Baby, Jovial New Limited and Delight Vision Holdings Limited are deemed to be interested in the shares of the Company held by Fantasia Splendid Fortune.

Save as disclosed above, as at 30 June 2023, no other persons (other than the Directors and chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Report on Review of Condensed Consolidated Financial Statements



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF COLOUR LIFE SERVICES GROUP CO., LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Colour Life Services Group Co., Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 27 to 52, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Prism Hong Kong and Shanghai Limited
Certified Public Accountants

Lee Kwok Lun
Practising Certificate Number: P06294

Hong Kong
25 August 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from services	3	758,332	635,323
Cost of services		(539,797)	(448,014)
Gross profit		218,535	187,309
Other income		11,514	13,705
Other gains and losses		(41,451)	(5,660)
Impairment losses under expected credit loss model, net of reversal	18	(46,766)	(77,726)
Selling and distribution expenses		(1,718)	(3,903)
Administrative expenses		(98,565)	(79,208)
Finance costs		(816)	(4,038)
Change in fair value of investment properties		(787)	(184)
Share of results of associates		700	65
Share of results of joint ventures		5,027	1,573
Profit before tax		45,673	31,933
Income tax expense	5	(12,075)	(8,790)
Profit for the period	6	33,598	23,143
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		(4,473)	(1,296)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		1,118	324
Other comprehensive expense for the period, net of income tax		(3,355)	(972)
Total comprehensive income for the period		30,243	22,171

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2023

	NOTES	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		30,719	16,807
Non-controlling interests		2,879	6,336
		33,598	23,143
Total comprehensive income for the period attributable to:			
Owners of the Company		27,364	15,835
Non-controlling interests		2,879	6,336
		30,243	22,171
Earnings per share – basic (RMB cents)	8	2.07	1.13
Earnings per share – diluted (RMB cents)	8	2.07	1.13

Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	9	36,225	34,837
Right-of-use assets	10	213,990	263,803
Investment properties	11	21,538	22,325
Interests in associates		41,688	38,601
Interests in joint ventures		117,873	112,846
Equity instruments designated at FVTOCI		22,202	25,139
Goodwill	12	885,977	890,870
Intangible assets	13	689	1,378
Other receivables	14	86,258	86,524
Deferred tax assets		122,821	120,327
Deposits paid for potential acquisition of subsidiaries		121,702	122,174
		1,670,963	1,718,824
Current Assets			
Contract assets		32,848	39,878
Trade receivables	14	731,509	565,309
Other receivables and prepayments	14	1,797,089	1,669,008
Loan receivables	15	138,000	143,710
Payments on behalf of residents	16	739,171	838,208
Amounts due from related parties	25(b)	55,046	58,446
Restricted bank deposits	17	31,549	34,770
Bank balances and cash		734,804	757,116
		4,260,016	4,106,445

Condensed Consolidated Statement of Financial Position

At 30 June 2023



	NOTES	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Current Liabilities			
Trade payables	19	374,839	305,269
Other payables and accruals	19	188,624	153,895
Contract liabilities		232,404	182,678
Receipts on behalf of residents	16	116,726	295,204
Lease liabilities due within one year		6,530	2,711
Amounts due to related parties	25(b)	225,125	146,255
Tax liabilities		298,346	289,049
		1,442,594	1,375,061
Net Current Assets			
		2,817,422	2,731,384
Total Assets Less Current Liabilities			
		4,488,385	4,450,208
Non-current Liabilities			
Deferred tax liabilities		223	592
Lease liabilities due after one year		22,318	8,734
Total Non-current Liabilities			
		22,541	9,326
Net Assets			
		4,465,844	4,440,882
Capital and Reserves			
Share capital	20	120,750	120,750
Reserves		4,160,000	4,132,636
Equity attributable to owners of the Company			
		4,280,750	4,253,386
Non-controlling interests			
		185,094	187,496
Total Equity			
		4,465,844	4,440,882



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note a)	Share options reserve RMB'000	Shares held for share award scheme RMB'000	Revaluation reserve RMB'000	Other reserve RMB'000 (note b)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (Audited)	120,750	1,738,865	253,499	243,034	(6,795)	17,388	(420,656)	2,273,341	4,219,426	190,173	4,409,599
Profit for the period	-	-	-	-	-	-	-	16,807	16,807	6,336	23,143
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(1,296)	-	-	(1,296)	-	(1,296)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	324	-	-	324	-	324
Other comprehensive expense for the period	-	-	-	-	-	(972)	-	-	(972)	-	(972)
Total comprehensive (expense) income for the period	-	-	-	-	-	(972)	-	16,807	15,835	6,336	22,171
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(834)	(834)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(8,079)	(8,079)
Disposal of equity instruments designated at FVTOCI	-	-	-	-	-	(8,604)	-	11,472	2,868	-	2,868
Transfer	-	-	4,834	-	-	-	-	(4,834)	-	-	-
At 30 June 2022 (Unaudited)	120,750	1,738,865	258,333	243,034	(6,795)	7,812	(420,656)	2,296,786	4,238,129	187,596	4,425,725
At 1 January 2023 (Audited)	120,750	1,738,865	260,379	243,034	(6,795)	8,534	(420,656)	2,309,275	4,253,386	187,496	4,440,882
Profit for the period	-	-	-	-	-	-	-	30,719	30,719	2,879	33,598
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(4,473)	-	-	(4,473)	-	(4,473)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	1,118	-	-	1,118	-	1,118
Other comprehensive expense for the period	-	-	-	-	-	(3,355)	-	-	(3,355)	-	(3,355)
Total comprehensive (expense) income for the period	-	-	-	-	-	(3,355)	-	30,719	27,364	2,879	30,243
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(4,934)	(4,934)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(347)	(347)
Transfer	-	-	1,634	-	-	-	-	(1,634)	-	-	-
At 30 June 2023 (Unaudited)	120,750	1,738,865	262,013	243,034	(6,795)	5,179	(420,656)	2,338,360	4,280,750	185,094	4,465,844

Notes:

- (a) The statutory reserve is non-distributable and the transfer to the reserve is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries by way of appropriations from its net profit (based on the PRC statutory financial statements of the subsidiaries). Statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.
- (b) The amount recorded in the other reserve was resulted from the following as below:
- Other reserve arose from the acquisitions of additional equity interests in subsidiaries and the disposal of partial equity interests in subsidiaries, which represent the difference between the consideration and the adjustment to the non-controlling interests.
 - The Company recognised expense in relation to share options granted by Fantasia Holdings Group Co., Ltd to eligible directors of the Company and employees of the Group and credited to other reserve.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	(14,970)	109,592
Income taxes paid	(4,523)	(33,088)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(19,493)	76,504
INVESTING ACTIVITIES		
Interest received	1,560	2,409
Disposal of subsidiaries (net of cash and cash equivalents disposed)	(7,644)	–
Deposit refunded for acquisition of subsidiaries	472	–
Disposal of associates and joint ventures	–	16,586
Payment for deposits and right-of-use assets	–	(54,520)
Settlement of consideration payables on acquisition of subsidiaries, associates and joint ventures	–	–
Settlement of consideration receivables of disposal of subsidiaries, associates and joint ventures	11,504	1,823
Purchase of property, plant and equipment	(14,719)	(12,384)
Net proceeds of disposal of property, plant and equipment, investment properties and early termination of lease contracts	39,131	4,354
Capital injection to and acquisition of associates and joint ventures	(500)	(3,436)
Decrease in restricted bank deposits	3,221	42,777
Advances of loan receivables	–	(58,001)
Repayment of loan receivables	8,033	–
Advances to related parties	(27,389)	(22,030)
Repayment from related parties	20,486	8,331
NET CASH FROM (USED IN) INVESTING ACTIVITIES	34,155	(74,091)
FINANCING ACTIVITIES		
Interest paid	–	(3,388)
Repayments of bank borrowings	–	(65,958)
Repayments of lease liabilities	(4,144)	(4,341)
Advance from related parties	–	9,299
Repayment to related parties	(27,896)	(17,817)
Dividends paid to non-controlling shareholders of the subsidiaries	(4,934)	(834)
NET CASH USED IN FINANCING ACTIVITIES	(36,974)	(83,039)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,312)	(80,626)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	757,116	600,079
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, Represented by bank balances and cash	734,804	519,453

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. REVENUE FROM SERVICES

Disaggregation of revenue from contracts with customers

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

3. REVENUE FROM SERVICES *(Continued)*

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023



4. SEGMENT INFORMATION

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

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

Information about major customer

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

Information about geographical areas

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

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

5. INCOME TAX EXPENSE

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



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	244,670	230,503
Government grant	(3,626)	(5,765)
Partial exemption of PRC Value-added tax	(2,243)	(286)
Exchange (gain) loss	(444)	1,124
Loss on disposal of subsidiaries (note)	15,752	5,820
Loss on early termination of lease contracts	21,984	–
Amortisation of intangible assets (note 13)	689	7,738
Depreciation of property, plant and equipment (note 9)	7,438	10,701
Depreciation of right-of-use assets (note 10)	9,563	9,925

Note:

During the period ended 30 June 2023, the Group disposed certain subsidiaries at insignificant consideration in aggregate, after consideration of the impact of net assets disposed of and non-controlling interests, the net loss on disposal of subsidiaries were approximately RMB15,752,000.

7. DIVIDENDS

The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 June 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023



8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	30,719	16,807
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,487,526	1,487,526

For the periods ended 30 June 2023 and 2022, the computation of diluted earnings per share does not assume the exercise of certain share options granted by the Company as the exercise prices of the respective options were higher than the average market price per share.

9. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	34,837
Additions	14,719
Depreciation for the period	(7,438)
Disposals	(5,893)
At 30 June 2023 (Unaudited)	36,225



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

10. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	263,803
Inception of lease	20,731
Depreciation for the period	(9,563)
Early termination of lease contracts	(60,981)
At 30 June 2023 (Unaudited)	213,990

11. INVESTMENT PROPERTIES

The movements in investment properties during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	22,325
Net change in fair value recognised in profit or loss	(787)
At 30 June 2023 (Unaudited)	21,538

The fair values of the Group's completed investment properties at 30 June 2023 have been arrived at on the basis of valuations carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. The valuations of completed investment properties were arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions, where appropriate. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023



12. GOODWILL

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Goodwill	885,977	890,870

For the purpose of impairment testing, goodwill above has been allocated to certain groups of cash-generating units ("CGU"), comprising Shenzhen region, Southern China, Eastern China, Southwestern China, Northwestern China, Northeastern China, Northern China and Central China. As at 30 June 2023, the carrying amounts of goodwill (net of accumulated impairment losses) allocated to these groups of CGU are as follows:

	RMB'000
Shenzhen region	9,707
Southern China	199,331
Eastern China	301,813
Southwestern China	248,913
Northwestern China	13,827
Northeastern China	5,650
Northern China	69,257
Central China	37,479
	885,977

During the period ended 30 June 2023, the management of the Group determined that there is no impairment of any of these groups of CGU containing goodwill arising from the acquisition of businesses and/or business combination under common control.

The recoverable amounts of the above groups of CGU have been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a five-year period, growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates as at 30 June 2023.

Cash flow projections during the budget period for the groups of CGU are based on the management's key estimation of future cash flows including the growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

12. GOODWILL *(Continued)*

The discount rates reflect specific risks relating to the relevant group of CGU. The growth rates within the five-year period have been based on past experience and management's expectation of market development. The cash flows beyond the five-year period are extrapolated using zero growth rate.

	30 June 2023	31 December 2022
Discount rates	16%	14%
Growth rate within the five-year period	2%-8%	2%-8%

The management of the Group believes that any reasonably possible change in the key estimation of the value-in-use calculation would not cause the carrying amounts to exceed its recoverable amounts.

13. INTANGIBLE ASSETS

The movements in intangible assets during the six months ended 30 June 2023 are summarised as follows:

	RMB'000
At 1 January 2023 (Audited)	1,378
Amortisation of intangible assets	(689)
At 30 June 2023 (Unaudited)	689

The intangible assets represent the property management contracts and customers' relationship were acquired from third parties through business combination.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	956,645	767,575
Less: allowance for credit losses	(225,136)	(202,266)
	731,509	565,309
Other receivables and prepayments:		
Refundable deposits	957,088	980,747
Advances to staffs	81,258	88,025
Prepayments to suppliers	238,352	217,367
Consideration receivables for disposal of subsidiaries and other equity investments	384,898	396,402
Receivables for residential and commercial units rental assistance services on behalf of customers	15,372	6,694
Others	206,379	66,297
	1,883,347	1,755,532
	2,614,856	2,320,841
Classified as:		
Non-current		
Other receivables	86,258	86,524
Current		
Trade receivables	731,509	565,309
Other receivables and prepayments	1,797,089	1,669,008
	2,528,598	2,234,317
	2,614,856	2,320,841

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

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

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
0 to 30 days	103,704	90,198
31 to 90 days	121,954	88,967
91 to 180 days	106,495	108,682
181 to 365 days	191,589	103,986
Over 1 year	207,767	173,476
	731,509	565,309

Details of the impairment assessment are set out in note 18.

15. LOAN RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Fixed rate loans	190,745	206,778
Less: allowance for credit losses	(52,745)	(63,068)
	138,000	143,710

Details of the impairment assessment are set out in note 18.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

16. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Payments on behalf of residents		
– under commission basis	1,067,326	1,090,690
– under lump sum basis	85,835	135,584
– under consultancy services arrangements	295	–
	1,153,456	1,226,274
Less: allowance for credit losses	(414,285)	(388,066)
	739,171	838,208
Receipts on behalf of residents		
– under commission basis	101,194	288,372
– under lump sum basis	15,532	6,832
	116,726	295,204

Details of the impairment assessment are set out in note 18.

17. RESTRICTED BANK DEPOSITS

At 30 June 2023 and 31 December 2022, the restricted bank balances represented the balance of RMB31,549,000 and RMB34,770,000, respectively, which was frozen under court notice in relation to the unfinalised legal proceedings.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

18. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Impairment loss recognised on		
– trade and other receivables	(22,870)	(25,171)
– contract assets	–	(15)
– payments on behalf of residents	(26,219)	(43,982)
– amount due from joint venture	–	(485)
– loan receivables	2,323	(8,073)
	(46,766)	(77,726)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

As at 30 June 2023, except for certain balances of trade receivables, payments on behalf of residents, contract assets and amount due from joint venture and loan receivables, the balances of other receivables, amounts due from fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates and joint ventures and loan receivables are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and thus the Group assessed that the ECL on these balances are insignificant.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables	374,839	305,269
Other payables and accruals:		
Deposits received	49,288	21,513
Accrued staff costs	85,969	92,308
Provision for social insurance contributions	15,171	17,004
Other tax payables	12,165	10,700
Other payables and accruals	26,031	12,370
	188,624	153,895
	563,463	459,164

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

20. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary Shares of HK0.1 each		
Authorised:		
At 1 January 2023 and 30 June 2023	50,000,000	5,000,000
Issued and fully paid:		
At 1 January 2023 and 30 June 2023	1,487,526	148,753
		Amount RMB'000
Shown in the condensed consolidated financial statements as:		
At 30 June 2023 (Unaudited)		120,750
At 31 December 2022 (Audited)		120,750

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

21. SHARE OPTION SCHEMES

The following table discloses movements of the Company's share options held by directors, employees and non-controlling shareholders of certain subsidiaries during the current interim period:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2023 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2023 '000
Directors	29 September 2014	N/A	362	-	-	362
		29/9/2014 – 28/9/2015	837	-	-	837
		29/9/2014 – 28/9/2016	838	-	-	838
		29/9/2014 – 28/9/2017	331	-	-	331
	30 April 2015	30/4/2015 – 29/4/2016	179	-	-	179
		30/4/2015 – 29/4/2017	179	-	-	179
		30/4/2015 – 29/4/2018	275	-	-	275
	18 March 2016	18/3/2016 – 17/3/2017	272	-	-	272
		18/3/2016 – 17/3/2018	271	-	-	271
		18/3/2016 – 17/3/2020	273	-	-	273
	27 November 2018	27/11/2018 – 26/11/2020	871	-	-	871
		27/11/2018 – 26/11/2021	870	-	-	870
		27/11/2018 – 26/11/2021	903	-	-	903
			6,461	-	-	6,461
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	1,621	(51)	-	1,570
		29/9/2014 – 28/9/2015	3,486	(108)	-	3,378
		29/9/2014 – 28/9/2016	3,486	(108)	-	3,378
		29/9/2014 – 28/9/2017	1,799	(56)	-	1,743
	30 April 2015	30/4/2015 – 29/4/2016	3,130	(100)	-	3,030
		30/4/2015 – 29/4/2017	3,129	(100)	-	3,029
		30/4/2015 – 29/4/2018	3,129	(101)	-	3,028
	18 March 2016	18/3/2016 – 17/3/2017	3,239	(90)	-	3,149
		18/3/2016 – 17/3/2018	3,239	(90)	-	3,149
		18/3/2016 – 17/3/2020	3,237	(89)	-	3,148
	27 November 2018	27/11/2018 – 26/11/2020	4,907	-	-	4,907
		27/11/2018 – 26/11/2021	4,907	-	-	4,907
		27/11/2018 – 26/11/2021	4,907	-	-	4,907
			44,216	(893)	-	43,323
Total			50,677	(893)	-	49,784

No expense was recognised by the Group for both the period ended 30 June 2023 and 2022 in relation to share option granted by the Company.

During the current interim period, 893,000 (six months ended 30 June 2022: 1,392,000) share options to directors and employees were lapsed and no share options were exercised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

22. SHARE AWARD SCHEME

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

Up to 30 June 2023 and 31 December 2022, total of 1,802,000 Company’s shares acquired have not been awarded to eligible employees or consultants.

23. CAPITAL AND OTHER COMMITMENTS

	30 June 2023 RMB’000 (Unaudited)	31 December 2022 RMB’000 (Audited)
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	22,775	22,775
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	26,224	29,112

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair values of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis.

The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

	Fair value at		Fair value hierarchy	Valuation technique and key input
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)		
Equity instruments designated at FVTOCI	22,202	25,139	Level 3	Discounted cash flow – Future cash flows are estimated based on further financial performance and discount rates.

As at 30 June 2023 and 31 December 2022, the fair value of equity instruments designated at FVTOCI is estimated by an independent valuer through application of generally accepted pricing models based on discounted cash flow analysis, which involved key estimates of expected future financial performance and discount rates.

25. RELATED PARTY DISCLOSURES

(a) Related party transactions

Apart from the related party transactions disclosed elsewhere in the condensed consolidated financial statements, the Group had following transactions with related parties during the interim period:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Pre-delivery services income		
Fellow subsidiaries	418	49
Engineering services income		
Fellow subsidiaries	–	620

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For the six months ended 30 June 2023

25. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances

At the end of the reporting period, the Group has the following significant balances due from related parties:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due from fellow subsidiaries	16,076	9,173
Amounts due from non-controlling shareholders of the subsidiaries	–	2,077
Amounts due from associates	9,310	8,522
Amounts due from joint ventures	2,929	2,675
Amounts due from other related parties	26,731	35,999
	55,046	58,446

The above amounts due from fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates, joint ventures and other related parties are non-trade in nature, interest-free, unsecured and repayable on demand.

Details of the impairment assessment are set out in note 18.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amounts due to fellow subsidiaries	–	27,896
Amounts due to non-controlling shareholders of the subsidiaries	11,507	1,082
Amounts due to associates	25,311	25,341
Amounts due to joint ventures	175,373	78,335
Amounts due to other related parties	12,934	13,601
	225,125	146,255

The above amounts due to the fellow subsidiaries, non-controlling shareholders of the subsidiaries, associates, joint ventures and other related parties are non-trade in nature, interest-free, unsecured and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

25. RELATED PARTY DISCLOSURES *(Continued)*

(c) Compensation of key management personnel

The remuneration of key management personnel during the interim period were as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	7,246	834
Post-employment benefits	359	71
	7,605	905

26. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2023, the Group entered into certain new lease agreements for the use of office premises and apartments for three years. On the lease commencement, the Group recognised RMB20,731,000 (six months ended 30 June 2022: RMB233,000) right-of-use assets and RMB20,731,000 (six months ended 30 June 2022: RMB233,000) lease liabilities.

COLOURLIFE



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