



CCXAP affirms Colour Life Services Group Co., Limited long-term credit rating at BB_g+, with stable outlook

Hong Kong, 23 May 2018 -- China Chengxin (Asia Pacific) Credit Ratings (“CCXAP”) has affirmed the long-term credit rating of Colour Life Services Group Co., Limited (“Colour Life”) at BB_g+. The rating outlook is stable.

Rating Rationale

The BB_g+ rating of Colour Life Services Group Co., Limited (“Colour Life” or the “Company”) is supported by the Company’s (1) moderate growth in property management and notable expansion in value-added services with high growth potential; (2) solid revenue growth with marginal increase in profitability; and (3) modest leverage and sound liquidity position. The rating is also constrained by the Company’s (1) uncertainty in ecosystem strategy model; and (2) relative lean profitability of property management industry.

Rating Outlook

The stable outlook on Colour Life’s rating reflects its leading market position in the property management industry. We believe that the Company will maintain its competitiveness in the future.

What could upgrade the rating?

The rating could be upgraded if the Company (1) generates increasing property management fees through further business expansion; (2) improves its profitability by developing its value-added services; and (3) lowers its debt leverage and improves its credit metrics.

What could downgrade the rating?

The rating could be downgraded if the Company (1) adopts aggressive expansion that leads to operating inefficiencies; (2) experiences substantial difficulty in implementing its ecosystem strategy model; and (3) demonstrates deteriorated credit metrics.

Rating Methodology

CCXAP’s public ratings are available at www.ccxap.com (Rating Results) and may be distributed through media and other means. The methodology used in this rating is Rating Methodology for Business and Customer Service Companies Industry dated June 2017, available at www.ccxap.com (Rating Process -> Rating Methodology).

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