

## **CCXAP affirms Colour Life Services Group Co., Limited's BB<sub>g</sub>- long-term credit rating, with stable outlook**

Hong Kong, 22 July 2021 -- China Chengxin (Asia Pacific) Credit Ratings Company Limited ("CCXAP") has affirmed BB<sub>g</sub>- long-term credit rating of Colour Life Services Group Co., Limited ("Colour Life" or the "Company"), with stable outlook.

### **Corporate Profile**

Colour Life (Stock Code: 1778.HK) was founded in 2002 and has been listed on the Stock Exchange of Hong Kong ("HKEX") since 2014. The Company is one of the leading Chinese property management and community service providers, with business presences covering 279 cities in China. As of 31 December 2020, the Company managed 2,797 communities with an aggregated contracted GFA of approximately 551.7 million sqm, and entered into consultancy service contracts for 44 communities with an aggregated contracted GFA of approximately 11.7 million sqm.

As of 31 December 2020, Colour Life was approximately 66.96% held by Fantasia Holdings Group Co., Limited ("Fantasia", Stock Code: 1777.HK), a listed property developer on the HKEX. The Company's ultimate controlling shareholder is Ms. Zeng Jie, Baby, who held approximately 67.54% interest of the Company.

### **Rating Rationale**

The BB<sub>g</sub>- rating of Colour Life is underpinned by the Company's (1) strong market position as a leading property management service provider in China; (2) sound market competitiveness with good ability in cost control; and (3) ongoing deleveraging underpinned by its controlled business expansion. However, the rating is constrained by the Company's (1) contracting revenue scale under strategic business adjustment; (2) improving but still higher-than-peer debt leverage; and (3) high refinancing needs with large amount of short-term debt.

### **Rating Outlook**

The stable outlook on Colour Life's rating reflects our expectation that the Company will improve its credit profile the over the next 12 to 18 months with ongoing business adjustment.

#### **What could upgrade the rating?**

The rating could be upgraded if the Company (1) demonstrates a stronger market position and sustainable growth in property management fees; (2) significantly improves its business scale and profitability; and (3) reduces its debt scale and leverage significantly.

#### **What could downgrade the rating?**

The rating could be downgraded if the Company (1) loses its leading position in the industry; (2) revenue declines and profitability impairs; or (3) refinancing and liquidity risks significantly increase.



## Rating Methodology

The methodology used in this rating is the Rating Methodology for [Business and Customer Service Companies \(December 2019\)](#).

## Regulatory Disclosures

CCXAP's Rating Symbols and Definitions are available on its website at:

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The first name below is the lead rating analyst for this rating and the last name below is the person primarily responsible for approving this rating.

Vincent Tong

*Senior Analyst*

+852-2860 7125

[vincent\\_tong@ccxap.com](mailto:vincent_tong@ccxap.com)

Elle Hu

*Director of Credit Ratings*

+852-2860 7120

[elle\\_hu@ccxap.com](mailto:elle_hu@ccxap.com)

Client Services: +852-2860 7111



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**China Chengxin (Asia Pacific) Credit Ratings Company Limited**

Address: Suites 1904-1909, 19/F, Jardine House,  
1 Connaught Place, Central, Hong Kong

Website: [www.ccxap.com](http://www.ccxap.com)

Email: [info@ccxap.com](mailto:info@ccxap.com)

Tel: +852-2860 7111

Fax: +852-2868 0656