2014 ANNUAL REPORT

Colour Life Services Group Co., Limited

STOCK CODE：1778

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Xuebin
(Chief Executive Officer)
Mr. Dong Dong
Mr. Zhou Qinwei

Non-executive Directors

Mr. Pan Jun (Chairman)
Mr. Lam Kam Tong
Mr. Zeng Liqing

Independent Non-executive Directors

Mr. Tam Chun Hung, Anthony
Dr. Liao Jianwen
Mr. Xu Xinmin

AUDIT COMMITTEE

Mr. Tam Chun Hung, Anthony
(Chairman)
Dr. Liao Jianwen
Mr. Xu Xinmin

REMUNERATION COMMITTEE

Dr. Liao Jianwen (Chairman)
Mr. Tang Xuebin
Mr. Tam Chun Hung, Anthony
Mr. Xu Xinmin

NOMINATION COMMITTEE

Mr. Pan Jun (Chairman)
Mr. Tang Xuebin
Mr. Tam Chun Hung, Anthony
Dr. Liao Jianwen
Mr. Xu Xinmin

COMPANY SECRETARY

Ms. Cheng Pik Yuk

AUTHORISED REPRESENTATIVES

Mr. Tang Xuebin
Ms. Cheng Pik Yuk

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

12th Floor, Colour Life Building
Meilong Road, Liuxian Avenue
Bao'an District
Shenzhen, the PRC

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 1202–03, New World Tower 1
16–18 Queen's Road Central
Central
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1778

COMPANY'S WEBSITE

www.colourlife.hk

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISOR

Altus Capital Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

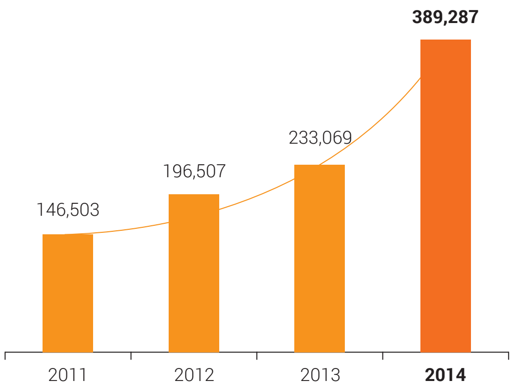
Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS (IN ALPHABETICAL ORDER)

Bank of China Limited
Industrial and Commercial Bank of China Limited

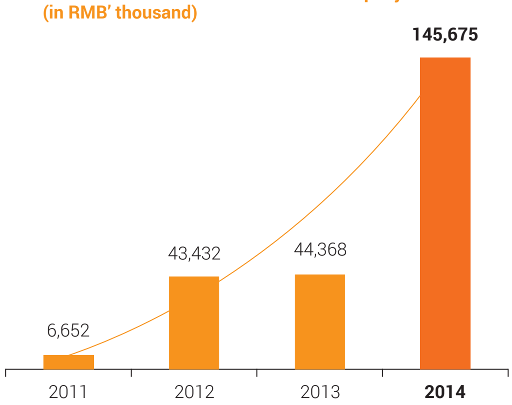
Financial Highlights

Revenue (in RMB' thousand)



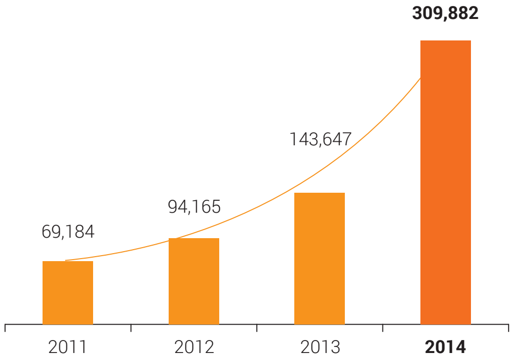
38.5%

Profit attributable to owners of the Company (in RMB' thousand)



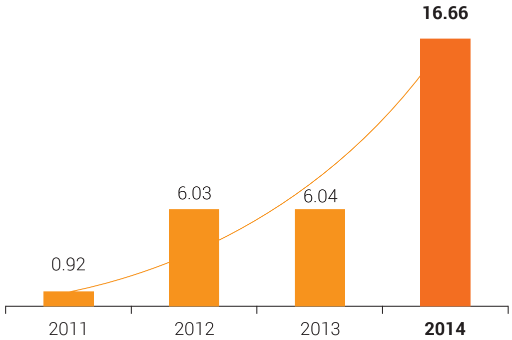
179.8%

Gross Profit (in RMB' thousand)



64.8%

Basic earnings per share (in RMB Cent)



162.6%

	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Revenue	146,503	196,507	233,069	**389,287**
Gross profit	69,184	94,165	143,647	**309,882**
Profit attributable to owners of the Company	6,652	43,432	44,368	**145,675**
Basic earnings per share *(RMB Cent)*	0.92	6.03	6.04	**16.66**
Total assets	466,889	655,942	494,467	**1,599,731**
Total liabilities	403,176	547,757	310,764	**512,467**
Bank balances and cash	30,657	24,980	146,113	**687,031**

Honors and Awards

1. In June 2014, Colour Life Services Group Co., Limited together with its subsidiaries (the "Group") was honoured as the "2014 China TOP 100 Property Management Companies" by China Real Estate TOP 10 Research Team.

2. In June 2014, the Group was honoured as the "Leading Companies in terms of Characteristic Service among the 2014 China Top 100 Property Management Companies" by China Real Estate TOP 10 Research Team.

3. In June 2014, the Group was honoured as the "2014 China TOP 100 Property Management Companies — TOP 10 Property Management Companies in terms of Business Scale" by China Real Estate TOP 10 Research Team.

4. In June 2014, the Group was honoured as the "2014 China TOP 100 Property Management Companies — TOP 10 Growing Companies" by China Real Estate TOP 10 Research Team.

Honors and Awards

5. In June 2014, the Group was honoured as the "2014 China TOP 100 Property Management Companies — Leading Property Management Companies in terms of Customer Satisfaction" by China Real Estate TOP 10 Research Team.

6. In June 2014, the Group was honoured as the "2014 No.1 Property Management Company in terms of Total GFA of Residential Properties Managed in China" by China Index Academy and China Real Estate Index System.

7. In October 2014, the Group was elected as the fourth "Executive Director Member" by China Property Management Institute.

8. In October 2014, the Group was honoured as the "2014 Leading Brands of China Property Management Companies" by China Real Estate TOP 10 Research Team.

2014 Milestone of Business Development

2014

Month	Milestone
JANUARY	expanded the scope of community service to cities including Changzhou, Lianyungang, Longyan, Quanzhou, Zhangzhou and Sanming.
FEBRUARY	expanded the scope of community service to cities including Xinyu and Shaoguan.
MARCH	expanded the scope of community service to cities including Nanning, Liuzhou, Chongzuo, Baise, Guigang, Xuzhou and Wuhan.
APRIL	expanded the scope of community serivce to Benxi.
MAY	expanded the scope of community service to Jiaxing.
JUNE	expanded the scope of community service to cities including Changchun, Anyang, Zunyi, Hangzhou, Chuzhou, Xiangyang and Jingmen.
JUNE	honoured as the "2014 China TOP 100 Property Management Companies" and "2014 China TOP 100 Property Management Companies — Leading Property Management Companies in terms of Customer Satisfaction" by China Real Estate TOP 10 Research Team.
JUNE	honoured as the "2014 No. 1 Property Management Company in terms of Total GFA of Residential Properties Managed in China" by China Index Academy and China Real Estate Index System.
JUNE	Colour Life Services Group Co., Limited was listed on the Hong Kong Stock Exchange on June 30 2014 and becomes the "first listed China's community services operator".
JULY	E Master (E師傅), the Group's cooperate platform, began to offer online E-maintenance services at Caizhiyun APP. expanded the scope of community service to cities including Panjin, Kaifeng, Lanzhou, Guiyang and Yichang.
AUGUST	carried out a comprehensive "Colour Life 2.2 Era (彩生活2.2時代)" transformation to upgrade its community hardware and software.
AUGUST	cooperated with Hehenian (合和年) to introduce the online E-wealth management services at CaiZhiyun APP. expanded the scope of community service to cities including Jiujiang, Huzhou, Taizhou, Buyang and Yueyang.
SEPTEMBER	Shenzhen Colour Life Network Service Co., Ltd. was honoured as "National High-Tech Enterprise" and enjoy a preferential income tax rate of 15%
SEPTEMBER	expanded the scope of community service to cities including Fangchenggang, Yantai, zhuzhou, Zhangjiajie, and haikou
OCTOBER	expanded the scope of community service to Maoming
NOVEMBER	expanded the scope of community service to Puyang and acquired Steadlink in Singapore to explore overseas markets.
DECEMBER	Heike, an online shopping service community store under S.F. Express, successfully settled in Bi Shui Long Ting (碧水龍庭), Shenzhen, where Colour Life served.
DECEMBER	further expanded the scope of community service to cities including Nanping, Linyi and Zibo.

Environmental, Social and Governance Report

WORKING ENVIRONMENT

Colour Life Services Group Co., Limited (the "Company", with its subsidiaries, the "Group") is steadily progressing, by leveraging new engagements and acquisitions. The Group is dedicated to employee development by providing them with incentives based on their performance and contribution. The Group has a fair and open incentive award scheme whereby the remuneration structure and package will be reviewed annually to ensure the remuneration is fair and competitive. The Group provided full social insurance, provident fund and accident insurance for its employees, and established a share option scheme. The employees can also enjoy various products and services discounts from the Group's business partners, thereby enhancing a sense of belonging to the Group.

The Group has strictly complied with relevant standard and there was no material non-compliance event.

HEALTH AND SAFETY

The Group has adopted a people-oriented principle and endeavored to maintain a healthy and safe workplace for its employees. As a property management operator, the Group has a low safety risk profile, but potential injury hazards from slips, trips and falls for frontline staffs remain. The Group therefore, put great importance on the issue of health and safety. The Group has established a dedicated staff relations and offsite replication department under the human resource center for the centralised management and control of all kinds of safety accidents from divisions around the country. The department is established to monitor health and safety performance, and to report to the board of directors of the Company (the "Board") on hazards and unsafe practices in a timely manner. Once health and safety incident happens, the department would be informed immediately so as to take all necessary actions. Subsequent to the accident, all divisions will be informed after conducting investigation of the causes behind this accident and taking all safety precautions, with the aim to eliminate potential safety hazard. The Group organises regular fire drills and commences safety inspection in the community, as well as imbues a safety mindset and enhances emergency response and self-rescue capacity among employees. The staff relations and offsite replication department has always kept contact with all divisions to monitor and examine the implementation of health and safety regulations by each division, with a view to maintain a better work safety and environment.

The Group placed much emphasis on safe and healthy work for employees. The Group puts resources in safety and health measures every year, which are used for improving working condition, providing labour protection facilities and supplies and organising regular education and training regarding safety and health for its staff. The Group strictly implements "5S Management Provisions" in the offices and builds up a healthy and comfortable working environment.

The Group has strictly complied with relevant standard and there was no material non-compliance event.

DEVELOPMENT AND TRAINING

The Group focused on reserving talents and promoting their development. The Group organised centralised trainings through seminars and training camps for key positions to bring qualified talents. Trainings were charged by tutors who were internal and external professionals in the industry, with over 20 kinds of programmes covering two key categories, namely property management and internet thinking. Trainings also adopted the way of practicing at the site, making the training more practical and realistic.

The Group mainly arranged trainings of compulsory and elective courses through internet college platform for employees of different levels. Interviews of senior management were also conducted regularly and prepared as special circulation "Banyuetan (半月談)" for employees to understand the Group and for their learning.

In addition, due to geographical variations, each regional business unit customized their position trainings to ensure effective sustainability.

RECRUITMENT AND PROMOTION

The Group prepared a set of staff recruitment standards and position manuals, and recruited staff according to personal capability of candidates. The Group trained talents regardless of their gender, age and religious belief. The Group offers equal opportunities to all employees and job applicants. Staff of the Group ranged in age from twenties to over sixty, with the majority of around 75% aged between 20 and 40;

The Group has strictly complied with relevant standard and there was no material non-compliance event. The Group is against employing forced labour or child labour.

ENERGY MANAGEMENT

As China highlighted the importance of environmental protection and regarded energy saving and environmental protection as key measures to change the way of future development, the Group should bring great focus on energy management and take up the corresponding social responsibilities, for its own benefits and for environmental consideration. Therefore, The Group contributed vast capital and controlled energy consumption in projects since 2011. The Group took the following specific actions in energy saving retrofit for high consumption equipment such as lighting, lift, water pump and central air-conditioning:

I. Performing Energy Control

Lean control on energy consumption was achieved by several control measures as below:

1. Accurate measurement: Private circuit and public circuit are distinguished on the basis of analysing electrical system diagram. The Group identified relevant charges, especially those for public facilities, by clearer measurements achieved by installation of electric metres for scaled electricity-consuming construction and equipment.

2. Elimination of deficiencies in management: The Group monitored all energy-consuming points and allocated different amount of human and material resources according to level of importance of each point, to ensure full coverage of its energy consumption control.

3. Precise accounting: For the accounting of electricity price, different electricity management departments have various charging standards for different time ranges, especially for peak consumption and bottom consumption, measurements of charge were differentiated. Thus, the accounting of electricity price reflected not only usage, but also realised consumption time range. For tenant consumption, especially for commercial consumption, The Group conducted precise accounting to avoid evading and fraud.

4. Critical operation: Energy consumption duration and the "on and off" and operation of energy equipment were focused. The Group made the consumption duration exactly satisfy the need of lighting and other necessities so as to avoid overprovision and waste of energy.

II. Establishing Internet Cloud Energy Management Platform

Establishment of this platform enabled the Group to conduct remote control of energy consumption and identified issues occurred in different project areas across the country in time and also build database for energy resources for better energy management for each projects. The Group will build database for carbon emission and water resources in the future.

III. Refined equipment to energy-saving designs

The Group invested in communities across the country to refine equipment to save energy. For lighting, the Group replaced lights in underground car parks and passages in communities with LED light bulbs and underwent intelligent conversion for water pumps and elevators. These refined equipment saved energy significantly, with saving rate over 60%.

Committing to energy-saving and environmental protection is the Group's social responsibility and building a green community is its obligation to residents. In 2014, the Group saved electricity of over 8.4 million units. In the coming year, the Group looks forward to greater achievement, offering more to the society and to its residents.

COMMUNITY INVOLVEMENT

To fulfill social responsibilities of the Group in community services more practically, the Group held the "First Property Services Open Day for Longhua New District (龍華新區首屆物業服務開放日)" jointly with "Baoan Ribao (寶安日報)" in Bi Shui Long Ting (碧水龍庭), Shenzhen in late August 2014. The event enabled community citizens to have better understanding in development and changes in property services in Shenzhen.

Photo 1: Citizens enjoyed "Reflections of 30 years (映像30年)"exhibition at the site of the "First Property Services Open Day for Longhua New District (龍華新區首屆物業服務開放日)".

Photo 2: Live performance during the "First Property Services Open Day for Longhua New District".

In July 2014, Huawei Project Staff Union under Xi'an Business Unit (西安事業部) of the Group organised an environmental charity event themed "Environmental Protection and Conservation Thrives on Western Researches (環保與節約同在，綠色與西研齊美)" with the help of Huawei's staff to build an energy-saving green community model.

Photo 3: "Environmental Protection Starts from Me" signature campaign

In September 2014, staff of Colour Life Service Centre organised an elderly tea party (夕陽紅老年人茶話會活動) themed "Caring for the Elderly to Build a Civilised and Harmonious Community (關愛老人，為建設文明和諧社區獻計獻策)" with Chengdu Business Unit (成都事業部)and Yinjingzuo (音晶座) community.

In October 2014, Colour Life Service Centre in Dai Shan Run Fu Cheng (岱善潤福城) community in Nanjing jointly held an accommodative event for residents in the community with the sub-district office (街道辦), providing them with free services including blood pressure measurement, health consultancy, body check, repair and maintenance of home appliances, hair-cut and employment advice. To cater for older and disabled elderly in the community, the Group's staff provided free on-site health check and counseling services in a timely manner.

Photo 4: Accommodative event in Dai Shan Run Fu Cheng community.

In November 2014, Hua Jun Colour Life Service Centre (花郡社區彩生活服務中心) under Chengdu Business Unit (成都事業部) cooperated with Fu Tai Nian Elderly Centre (福泰年老年中心) to offer free services including blood pressure measurement and blood glucose testing for the convenience of residents.

In December 2014, the Group and Shenzhen Wan Bao (深圳晚報) jointly organised an old clothes recycling camping called "Green Pioneers Treasure Old Clothes" (綠色先鋒‧衣舊情深), placing donation boxes in over 100 communities managed by the Group in Shenzhen without charge. Residents in the community could donate their unwanted clothes at any time and deliver care to people in need.

Photo 5: Clothes Recycling bins set up in the community under the recycling activity "Green Pioneers Treasure Old Clothes Camping";

OPERATING PRACTICES

Supply Chain Management

The Group aims to achieve a win-win situation. The Group established an integrated supply chain management system under a open platform, with serious selection of suppliers and service subcontractors and ongoing optimisation of category structure and service quality. The Group transformed management of things to service for people with the application of Internet. The Group continued to optimise and improve the Online to Offline ("O2O") model based on the needs of property owners. The Group offers online services including recharge and payment, hotels and air tickets booking, food ordering, E-wealth management, E-renovation and E-maintenance to property owners through Caizhiyun. To cope with actual needs for the livelihood of property owners, the Group has implemented the "One Kilometer Downtown" integration plan around the community, covering businesses like catering, entertainment and facilitating services. The Group has inherent advantages in O2O business. The Group utilises community resources and the Internet to provide its property owners with more convenient and comfortable services. For example, the Group collaborated with Heike under S.F. Express, offering new types of convenience store services to households. The Group insists on sourcing fruits directly from the production place for its monthly fruit thanksgiving event "Blessings from China (幸福中國行)" and only allow traceable goods to be listed on its platform after onsite research and comparison. When conducting intelligent conversion for car park facilities and surveillance equipment, the Group underwent strict tendering process before any material purchase under the principle of "Fair, Just and Open" to ensure the selection of qualified products and suppliers. During the collaboration, the Group conducted regular reviews on a half-yearly and yearly basis as well as casual examinations on different suppliers to ensure smooth cooperation and sustainable quality services for property owners.

On the other hand, upholding the principle of professionalism, the Group subcontractor specialised works including security, cleaning and planting to specialised third party enterprises. These collaborating parties constitute key part of the Group's business chain. The Group's main consideration when choosing sub-contractors. include service capabilities, service experience, personnel management skills and specialized equipment. The Group will assess their service performance in accordance with its own service standards to timely detect and solve problems. Furthermore, the Group also adopted a series of measures to ensure that the sub-contractors shall not violate human rights and against the legitimate rights of workers.

Protection of consumer interests

The Group strictly complied with laws and regulations of the industry and place significant emphasis on customer satisfaction even under rapid business expansion. In 2014, the Group regarded customer satisfaction as a key performance indicator of staff assessment, accounting for 50% of the overall assessment. 2015 is the "Primary Year of Quality (品質元年)" of the Group, to ensure that employees always pay attention to satisfaction and provide quality community services, satisfaction will be the only indicator for project director assessment.

In addition, the Group's established a 24-hour service hotline at 4008 893 893 and developed a mobile application Caizhiyun APP to facilitate communication with property owners, which enable them to express their opinions (including complaints, recommendations and maintenances etc.) by phone or Internet. After collecting feedback from the property owners, the Group's headquarter control centre will issue a rectification instruction and follow up on subsequent implementation until those property owners satisfied. Currently, the Group's frequency of contact with property owners via the Internet is rising, accounting for around 80% of the aggregate amount.

On the other hand, a remote control centre has been established at the Group's headquarter to conduct selective examination on district management service status every day. CCTV system allowed real-time supervision on service status, staff status and device status of the selected district, penalty will be imposed on unqualified district according to relevant regulations. Meanwhile, all regional business units adhere to weekly inspection and monthly inspection mechanism under the supervision and monitoring of the General Quality Consultant stationed in the Group's operations center to discover and fix problems on a timely basis.

Anti-Corruption

The Group has put in place a set of internal policies and measures to prevent corruption and deception, which are supervised and implemented by a specialised examination department. Such examination department is directly under the leadership of the Board to maintain a notary, open and transparent environment for business operations with zero tolerance towards corruption and deception.

At the same time, the Group clarified its determined stance on fighting against corruption and deception to all employees, suppliers and business partners. Appropriate binding terms have been introduced accordingly to the respective contracts to ensure the relevant parties acted under the Group's requirement. The examination department conducted separate supervision to procure improvement of the general mechanism.

In addition, employees could report to relevant business unit or (if necessary) to the examination department or management of the Group upon any suspicion of issues. The Group provides anonymous reporting channels for the sake of preventing corruption and deception.

The Group remain vigilant of corruption and deception and continue to explore more effective policies to constrain its staff and business partners. The Group will optimise its internal control system through continuous study and exploration. Special events will be held regularly to sum up and learn from experience.

Chairman's Statement

1. ACCOMPLISHING OPERATION TARGETS WISELY AND FURTHER STRENGTHEN THE GROUP'S LEADING POSITION IN COMMUNITY SERVICE INDUSTRY

In 2014, the Company made great strides in development, not only successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK"), but also achieved remarkable results in operation. Capitalising on strong brand recognition and high quality management system, the Company together with its subsidiaries (the "Group") continued to expand the number of management projects and gross floor area ("GFA") under management through acquisitions and new engagements. As at the end of 2014, the Group had 1,265 management service projects with an aggregate GFA of 205.3 million square meters ("sq.m."), representing a year-on-year growth of 100.8% and 124.4% respectively. Meanwhile, the Group recorded operation revenue of RMB389.3 million and net profit of RMB196.5 million (excluding listing expenses and share-based payment). The Group has successfully achieved its annual work targets and further strengthened its leading position in community service industry.

2. UPGRADING COLOUR LIFE 2.1 TO 2.2 TO ENHANCE THE GROUP'S DEVELOPMENT MANAGEMENT SYSTEM

The Group endeavored to construct standardised, centralised and automated service standards and quality control systems. The Group applied modern techniques to improve quality of community services and increase customer satisfaction, as well as to reduce reliance of community service business on traditional labour force. In 2014, the Group reconstructed and upgraded its community services from 2.1 to 2.2, through extending utilisation of techniques of intelligent system, Internet of Things and the mobile internet. The Group enhanced serving efficiency and living efficiency including resident passage and, at the same time, built a smart, convenient and digitalised community service platform offering home living services to residents. In 2014, the Group completed reconstruction of 2.2 for 410 communities, to deliver more convenient community life and services to residents by upgrading hardware devices and registration for mobile applications. The Group will speed up reconstruction of projects in the coming future, expecting to complete the work for 800 projects in 2015.

3. THE GROUP AS PLATFORM TO PROGRESSIVELY BUILD A ECOSYSTEM FOR COMMUNITY SERVICE INDUSTRY

Based on the community residents it served, the Group developed and promoted a mobile application "Caizhiyun (彩之雲)". The application satisfied basic needs such as paying property management charges and handling complains, increasing reliance of residents to the application. At the end of 2014, Caizhiyun had 1 million registered users, of which 400,000 were active users. With Caizhiyun as an application platform, the Group achieved gradual mutual growth with its cooperating partners based on its property services. Currently, vertical applications including living services (E-maintenance), financial services (E-wealth management) and housing services (E-leasing) initially established the basic form of a community service ecosystem of "Mutual Growth and Boom (共同成長、共生共榮)". The Group's believes associating different services will show true values in the future.

4. OBTAINING STRATEGIC SUPPORT TO THE GROUP'S DEVELOPMENT FROM FINANCIAL INSTITUTIONS WITH SIGNIFICANT INCREASE IN CREDIBILITY

The Group maintained a healthy financial structure under rapid expansion. Its business model received general recognition from financial institutions. Cooperation arrangements were established with institutions including Pingan Bank, Bank of China ("BOC"), China Merchants Bank, Industrial and Commercial Bank of China ("ICBC"), Bank of Communications, Everbright Bank, ICBC (Asia), BOC International and Wing Lung Bank. In the future, the Group will further strengthen cooperation with financial institutions (e.g. banks) to obtain necessary funding support for subsequent project expansion and reconstruction. The Group will also increase depth of cooperation with different financial institutions to explore potentials of community development in the future.

5. EMERGING BRAND VALUE IN LINE WITH INCREASING CUSTOMER SATISFACTION

The Group has been adhering to its vision of "Service to Your Family (把社區服務做到家)", providing high quality community services to the customer. After years of efforts, its brand value was becoming increasingly apparent. The Group was honored as the "China TOP 100 Property Management Companies (中國物業服務百強企業)" by China Real Estate TOP 10 Research Team (中國房地產TOP10研究組) for six consecutive years and was awarded with honours including "2014 No. 1 Property Management Company in terms of Total GFA of Residential Properties Managed in China (2014物業管理居住物業總面積全國第一)", "2014 China TOP 100 Property Management Companies — TOP 10 Property Management Companies in terms of Business Scale (2014中國物業服務百強企業服務規模TOP10)", "2014 China TOP 100 Property Management Companies — Leading Property Management Companies in terms of Customer Satisfaction (2014中國物業服務百強滿意度領先企業)", "2014 China TOP 100 Property Management Companies — TOP 10 Growing Companies (2014中國物業服務百強企業成長性TOP10)" and "Leading Companies in terms of Characteristic Service among the 2014 China Top 100 Property Management Companies (2014中國特色物業服務領先企業)". On the other hand, the Group conducted monthly investigation to track customer satisfaction, assessing its services through aspects like safety, planting and maintenance. In 2014, the average level of customer satisfaction reached 90.83%, further strengthening the Group's brand value. With services promoted its brand name and the brand drove expansion, the Group achieved enhancement in both quality and quantity of project services.

6. COMPREHENSIVE HUMAN RESOURCES MANAGEMENT SYSTEM TO INTRODUCE, IMPROVE AND ENCOURAGE TALENTS

The Group established a mature system to introduce, train and promote employees, providing ways to promotion for talents, to meet the needs of its rapid expansion and development. For introduction of talents, the Group followed the 3:3:3 principle when selecting suitable employees to each position, in which campus recruitment, public recruitment and internal promotion each responsible for one-third of the portion. For internal promotion, the spotlight was on promoting project managers. Employees serving as project manager must finish a 4-week manager training camp comprised of all-weather, closed, theoretical and practical trainings before taking the position. In 2014, the Group held 4 manager training camp, with 215 talented frontline project manager trained to ensure quality of project management and services. In addition, the Group offered options to key employees as incentives in September 2014, to align working targets of employees and shareholders and hopefully to motivate them to the greatest extend.

7. OUTLOOK AND DEVELOPMENT

Currently, the community service industry is still highly diversified. Innovative earning model is left for a clearer stage. Consolidation of the industry and exploration of new earning model will be the two key subjects and core strategies of the Group in the coming days. The Group will accelerate consolidation of the industry through new engagements and acquisitions. Through the community service platform, the Group will also grasp opportunities from mobile internet to jointly construct a "community service ecosystem" bringing better living experience to residents, with different O2O enterprises providing vertical community services.

BUSINESS REVIEW

Business Overview

The spin-off and separate listing of the Company on the Main Board of SEHK was successfully completed on 30 June 2014. After deducting the listing expenses, a total net proceed of approximately RMB710 million was raised on the first day of the listing.

The Group is one of the leading property management companies in the PRC and was named as China's Largest Community Services Operator in terms of the number of residential units managed as at 31 December 2013 by China Index Academy in 2014; based on the area of residential communities which the Group was contracted to manage as at 31 December 2013, the Group was named as the 2014 No.1 of China property management in terms of total area of residential properties by China Index Academy in 2014. The Group has three main business segments:

- property management services, which primarily include: (i) services such as security, cleaning, gardening, repair and maintenance provided to residential communities, which include mixed-use properties containing residential units and ancillary facilities that are non-residential in nature, (ii) pre-sale services provided to property developers, including cleaning, security and maintenance of the pre-sale display units; and (iii) consultancy services provided for regional property companies, such as standardised operation, cost control and consultation;

- engineering services, which primarily include: (i) equipment installation services, (ii) repair and maintenance services, and (iii) automation and other equipment upgrade services through the Group's equipment leasing program; and

- community leasing, sales and other services, which primarily include: (i) common area rental assistance, (ii) purchase assistance, and (iii) residential and retail units rental and sales assistance.

Management Discussion and Analysis

PROPERTY MANAGEMENT SERVICES

Geographical Presence

As at 31 December 2014, the cities in which residential communities the Group managed or provided consultancy services to were as follow:

Southern China
1. Shenzhen
2. Dongguan
3. Foshan
4. Fuzhou
5. Ganzhou
6. Guangzhou
7. Heyuan
8. Huizhou
9. Jingdezhen
10. Nanchang
11. Nankang
12. Putian
13. Qingyuan
14. Shangrao
15. Yangjiang
16. Yichun
17. Yingtan
18. Zhongshan
19. Zhuhai
20. Xiamen
21. Shaoguan
22. Heshan
23. Nan'an
24. Quanzhou
25. Sanming
26. Zhangzhou
27. Huangmei
28. Nanxiong
29. Longyan
30. Jiujiang
31. Maoming
32. Nanping
33. Xinyu
34. Zhaoqing
35. Haikou

Eastern China
36. Changzhou
37. Dongtai
38. Gaoyou
39. Huai'an
40. Jiangyin
41. Jurong
42. Lianyungang
43. Nanjing
44. Nantong
45. Shanghai
46. Suzhou
47. Wuxi
48. Wuhu
49. Xinghua
50. Yancheng
51. Yangzhou
52. Yixing
53. Changshu
54. Kunshan
55. Xuzhou
56. Hangzhou
57. Chuzhou
58. Huzhou
59. Fuyang
60. Jiaxing
61. Linyi
62. Taizhou
63. Yantai
64. Zhenjiang
65. Zibo

Southwestern China
66. Chengdu
67. Liuzhou
68. Dali
69. Guilin
70. Nanning
71. Zigong
72. Chongzuo
73. Baise
74. Guigang
75. Zunyi
76. Guiyang
77. Fangchenggang

Northeastern China
78. Gaizhou
79. Harbin
80. Huludao
81. Shenyang
82. Shuangyashan
83. Tieling
84. Yingkou
85. Diaobingshan
86. Benxi
87. Changchun
88. Panjin

Northwestern China
89. Xi'an
90. Yinchuan
91. Lanzhou

Northern China
92. Beijing
93. Qinhuangdao
94. Tianjin

Central China
95. Changsha
96. Xinxiang
97. Yiyang
98. Zhengzhou
99. Wuhan
100. Chenzhou
101. Kaifeng
102. Anyang
103. Xiangyang
104. Jingmen
105. Puyang
106. Yichang
107. Yueyang
108. Zhangjiajie
109. Zhuzhou

Oversea
110. Singapore

Management Discussion and Analysis

The Group's total contracted GFA had grown continuously during the year 2014. The table below sets forth the total contracted GFA and the number of residential communities and pure commercial properties the Group managed or provided consultancy services to in different regions in the PRC as at the dates indicated below:

	As at 31 December							
	2014				2013			
	Managed by the Group		**Under the Group's consultancy service arrangements**		Managed by the Group		Under the Group's consultancy service arrangements	
	Total Contracted GFA ('000 sq.m.)	**Number**	**Total Contracted GFA ('000 sq.m.)**	**Number**	Total Contracted GFA ('000 sq.m.)	Number	Total Contracted GFA ('000 sq.m.)	Number
Shenzhen	**4,780**	**102**	**720**	**18**	4,715	99	749	19
Southern China (excluding Shenzhen)[(1)]	**34,914**	**194**	**13,386**	**113**	18,087	111	6,017	41
Eastern China[(2)]	**38,777**	**230**	**40,011**	**228**	17,147	128	13,908	64
Southwestern China[(3)]	**17,701**	**60**	**3,488**	**34**	8,492	45	3,253	27
Northeastern China[(4)]	**5,068**	**33**	**4,015**	**26**	1,995	12	2,200	4
Northwestern China[(5)]	**10,869**	**53**	**76**	**1**	5,456	17	–	–
Northern China[(6)]	**8,807**	**17**	**2,522**	**20**	6,745	20	946	10
Central China[(7)]	**15,545**	**78**	**3,868**	**29**	648	4	1,175	14
Singapore	**703**	**29**	**–**	**–**	–	–	–	–
Subtotal	**137,164**	**796**	**68,086**	**469**	63,285	436	28,248	179
Pure commercial properties	**–**	**–**	**–**	**–**	697	14	42	1
Total	**137,164**	**796**	**68,086**	**469**	63,982	450	28,290	180

Notes:

(1) Including Dongguan, Xiamen, Shaoguan, Heshan, Nan'an, Quanzhou, Sanming, Zhangzhou, Huangmei, Nanxiong, Longyan, Foshan, Fuzhou, Ganzhou, Guangzhou, Heyuan, Huizhou, Jingdezhen, Nanchang, Nankang, Putian, Qingyuan, Shangrao, Yangjiang, Yichun, Yingtan, Zhongshan, Zhuhai, Jiujiang, Maoming, Nanping, Xinyu, Zhaoqing and Haikou as at 31 December 2014.

(2) Including Changshu, Kunshan, Xuzhou, Hangzhou, Chuzhou, Changzhou, Dongtai, Gaoyou, Huai'an, Jiangyin, Jurong, Lianyungang, Nanjing, Nantong, Shanghai, Suzhou, Wuxi, Wuhu, Xinghua, Yancheng, Yangzhou, Yixing, Huzhou, Fuyang, Jiaxing, Linyi, Taizhou, Yantai, Zhenjiang and Zibo as at 31 December 2014.

(3) Including Chengdu, Dali, Guilin, Nanning, Zigong, Liuzhou, Baise, Chongzuo, Guigang, Guiyang, Zunyi, and Fangchenggang as at 31 December 2014.

(4) Including Gaizhou, Harbin, Huludao, Shenyang, Shuangyashan, Diaobingshan, Changchun, Benxi, Tieling, Yingkou and Panjin as at 31 December 2014.

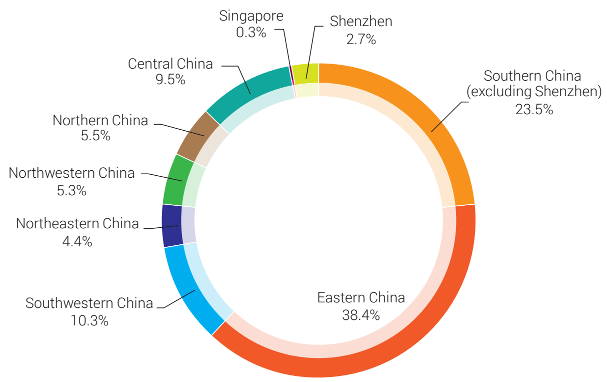
(5) Including Lanzhou, Yinchuan and Xi'an as at 31 December 2014.

(6) Including Beijing, Qinhuangdao and Tianjin as at 31 December 2014.

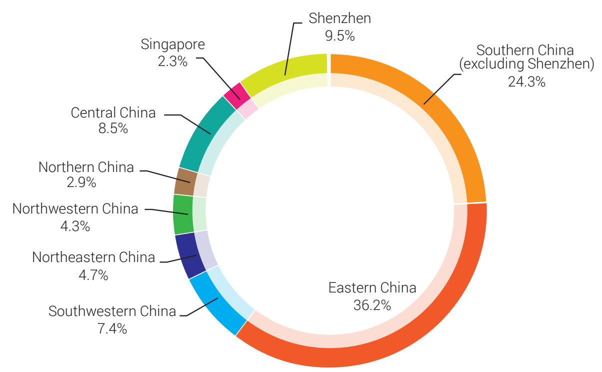
(7) Including Wuhan, Xiangyang, Jingmen, Anyang, Kaifeng, Chenzhou ,Changsha, Xinxiang, Yiyang, Zhengzhou, Puyang, Yichang, Yueyang, Zhangjiajie and Zhuzhou as at 31 December 2014.

Management Discussion and Analysis

Contracted GFA distribution in different regions



Number of residental communities distribution in different regions



As at 31 December 2014, the Group had grown its coverage to 109 cities in the PRC and one city outside the PRC where the Group was contracted to manage 796 residential communities with an aggregate contracted GFA of approximately 137.2 million sq.m. and entered into consultancy services contracts with 469 residential communities with an aggregate contracted GFA of approximately 68.1 million sq.m.. The Group will continue to expand its business through obtaining new service engagements and acquisitions of other property management companies. The table below sets forth the movement of the total contracted GFA and the number of residential communities the Group managed or provided consultancy services to during the year 2014:

	As at 31 December							
	2014				2013			
	Managed by the Group		**Under the Group's consultancy service arrangements**		Managed by the Group		Under the Group's consultancy service arrangements	
	Total Contracted GFA ('000 sq.m.)	**Number of residential communities**	**Total Contracted GFA ('000 sq.m.)**	**Number of residential communities**	Total Contracted GFA ('000 sq.m.)	Number of residential communities	Total Contracted GFA ('000 sq.m.)	Number of residential communities
As at the beginning of the year	**63,285**	**436**	**28,248**	**179**	32,337	278	1,691	23
New engagements[1]	**42,866**	**136**	**46,450**	**338**	21,369	80	26,557	156
Acquisitions	**32,870**	**241**	**–**	**–**	11,985	100	–	–
Transfer from consultancy service to self-management[2]	**2,069**	**15**	**(2,069)**	**(15)**	–	–	–	–
Terminations[3]	**(3,926)**	**(32)**	**(4,543)**	**(33)**	(2,406)	(22)	–	–
As at the end of the year	**137,164**	**796**	**68,086**	**469**	63,285	436	28,248	179

Notes:

(1) In relation to residential 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 residential communities the Group provided consultancy services to, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.

(2) For the year ended 31 December 2014, the Group managed to acquire one of the property management companies to which it provided consultancy service previously, resulting in the relevant residential communities under the Group's consultancy service arrangements transferred into those the Group managed.

(3) Including the contracted GFA and the number of residential communities which the Group ceased to manage primarily due to non-renewal of certain property management contracts for commercial reasons.

Nature of the Property Developers

The properties that the Group manages or provides with consultancy services are predominantly constructed by independent property developers other than Fantasia Holdings Group Co., Limited (a limited liability company incorporated in the Cayman Islands and listed on the Main Board of the SEHK (stock code: 1777)) ("Fantasia Holdings") and its subsidiaries (collectively, the "Fantasia Group"), the controlling shareholder of the Company. The table below sets forth a breakdown of the contracted GFA and the number of properties the Group managed or provided with consultancy services which were developed by independent property developers and Fantasia Group as at the dates indicated below:

	As at 31 December							
	2014				2013			
	Total Contracted GFA ('000 sq.m.)	% of total Contracted GFA	Number of properties	% of total number of properties	Total Contracted GFA ('000 sq.m.)	% of total Contracted GFA	Number of properties	% of total number of properties
Properties constructed by independent property developers other than the Fantasia Group	197,271	96.1%	1,233	97.5%	84,772	91.9%	598	94.9%
Properties constructed by the Fantasia Group	7,979	3.9%	32	2.5%	7,500	8.1%	32	5.1%
Total	205,250	100.0%	1,265	100.0%	92,272	100.0%	630	100.0%

Scope of Services for Property Management Services

The Group focuses on providing: (i) property management services such as security, cleaning, gardening, repair and maintenance provided to residential communities, and (ii) pre-sale services to property developers, including cleaning, security and maintenance of the pre-sale display units.

The property management services the Group provides can be grouped into the following categories:

Security services

The Group endeavors to provide high-quality security services to ensure that the communities it manages are well protected. The Group seeks to enhance the quality of its security services through equipment upgrade. Daily security services provided by the Group include patrolling, access control, visitor handling and emergency handling. The Group may delegate certain security services to third-party sub-contractors.

Cleaning and gardening services

The Group provides general cleaning, pest control and landscape maintenance services to communities managed by it through its own specialised subsidiaries or third-party subcontractors.

Repair and maintenance services

The Group provides repair and maintenance services to certain communities it manages. In particular, the Group is generally responsible for the maintenance of: (i) common area facilities such as lifts, escalators and central air conditioning facilities; (ii) fire and safety facilities such as fire extinguishers and fire alarm system; (iii) security facilities such as entrance gates control and surveillance cameras; and (iv) utility facilities such as electricity generator, water pumps and water tank. The Group provides such services through its specialised subsidiaries or third-party sub-contractors.

Colour Life Property Management Services Model

As at 31 December 2014, the Group employed over 21,000 on-site personnel to provide property management services. The table below sets forth the property management fee range for residential area within the residential communities the Group managed on a commission basis and a lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 31 December			
	2014		2013	
	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	**0.5–0.8**	**3.5**	0.5–0.8	3.5
Southern China (excluding Shenzhen)[2]	**0.6–6**	**–**	0.6–6	–
Eastern China[3]	**0.1–2.9**	**1.2**	0.1–2.9	1.2
Southwestern China[4]	**0.55–5.68**	**–**	0.55–5.68	–
Northeastern China[5]	**0.7–1.5**	**–**	0.7–1.5	–
Northwestern China[6]	**0.8–3.95**	**–**	0.8–3.95	–
Northern China[7]	**0.4–2.8**	**–**	0.4–2.8	–
Central China[8]	**0.5–2.48**	**–**	1.38	–
Singapore	**1.23**	**–**	–	–

Notes:

(1) The Group may have different fee schedules for commercial and office space and carparks.

(2) Including Dongguan, Xiamen, Shaoguan, Heshan, Nan'an, Quanzhou, Sanming, Zhangzhou, Huangmei, Nanxiong, Longyan, Foshan, Fuzhou, Ganzhou, Guangzhou, Heyuan, Huizhou, Jingdezhen, Nanchang, Nankang, Putian, Qingyuan, Shangrao, Yangjiang, Yichun, Yingtan, Zhongshan, Zhuhai, Jiujiang, Maoming, Nanping, Xinyu, Zhaoqing and Haikou as at 31 December 2014.

(3) Including Changshu, Kunshan, Xuzhou, Hangzhou, Chuzhou, Changzhou, Dongtai, Gaoyou, Huai'an, Jiangyin, Jurong, Lianyungang, Nanjing, Nantong, Shanghai, Suzhou, Wuxi, Wuhu, Xinghua, Yancheng, Yangzhou, Yixing, Huzhou, Fuyang, Jiaxing, Linyi, Taizhou, Yantai, Zhenjiang and Zibo as at 31 December 2014.

(4) Including Chengdu, Dali, Guilin, Nanning, Zigong, Liuzhou, Baise, Chongzuo, Guigang, Guiyang, Zunyi, and Fangchenggang as at 31 December 2014.

(5) Including Gaizhou, Harbin, Huludao, Shenyang, Shuangyashan, Diaobingshan, Changchun, Benxi, Tieling, Yingkou and Panjin as at 31 December 2014.

(6) Including Lanzhou, Yinchuan and Xi'an as at 31 December 2014.

(7) Including Beijing, Qinhuangdao and Tianjin as at 31 December 2014.

(8) Including Wuhan, Xiangyang, Jingmen, Anyang, Kaifeng, Chenzhou ,Changsha, Xinxiang, Yiyang, Zhengzhou, Puyang, Yichang, Yueyang, Zhangjiajie and Zhuzhou as at 31 December 2014.

During the year 2014, the labour cost of the property services industry continued to increase. In order to tackle the challenges posted by such increase and further enhance the efficiency of the property management services, the Group has implemented the information-technology-based automation and equipment upgrade in some of the projects under its management. At the same time, the Group also launched its Caizhiyun website and its same mobile application with the aim to provide convenience in remittance of fees, requesting repair and maintenance services and submitting complaints on services which strengthened the interactions and communications between the Group and property owners of residential communities. The Group believes that this will further boost its capability in catering to demands for community services in an era of mobile network, facilitate replication of its management model applicable to communities, and seamlessly integrate its online and offline businesses, provide strong assurance to its centralised business model of and the quality of its property management service, thereby further sharpening its competitive edge in property management.

In 2015, the Group will continue to focus on improving quality property management, further upgrading the property management model in the communities under its management, launching more contents which facilitate interaction between residents on its online platform and thereby strengthening branding effect of Colour Life community service platform. The Group will further enhance its strategic plan of nationwide deployment, enabling better economy of scale of the online and offline community service platforms. The Group will also continue to build up and enhance its capability in integrating resources in the commercial circles surrounding its communities, attracting more vendors to provide more goods and services via the Caizhiyun platform to the residents in the communities under its management, thereby strengthening customer cohesion in its service platform and developing the Group as a leading operator of community service platforms.

Consultancy Services

With a view to expanding the Group's presence, showcasing its services and abilities to a wider audience, making its brand more widely known and expanding the customer base for its community leasing, sales and other services, the Group has selectively entered into consultancy services contracts with regional property management companies.

Under such arrangements, the property management companies are contracted to provide property management services at the relevant communities, and the Group provides consultation and advice to these regional property management companies such that they can leverage the Group's experience and platform to improve the standard of their own operations and control their operational costs in their service provision. In addition, the Group provides community leasing, sales and other services at the relevant communities in accordance with the contracts, which in the future may generate additional revenue for the Group.

As at 31 December 2014, the Group was contracted to provide consultancy services to 469 residential communities in the PRC. For the year ended 31 December 2014, income generated from the Group's consultancy services was RMB53.5 million (2013: RMB0.5 million), or 13.7% of its total revenue for the year 2014 (2013: 0.2%). The gross profit margin for consultancy services was nearly 100%.

The relevant contracts typically have terms of at least two years. The Group provides consultation and advice to these regional property management companies on various aspects of their operations, such as property management, engineering, quality control and human resources management. In addition, the Group can provide community leasing, sales and other services at the relevant communities under its own brand name in accordance with the contracts.

ENGINEERING SERVICES

The Group provides engineering services to property developers (including primarily independent property developers and to a lesser extent the Fantasia Group) and the communities the Group manages through sub-contracting and collaboration with qualified third-party contractors and through its wholly-owned subsidiary, Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji"), which specialises in engineering services. The Group's engineering services primarily include (i) equipment installation services (consisting of automation and other hardware equipment installation services and energy-saving equipment installation services), (ii) repair and maintenance services and (iii) automation and other equipment upgrade services through the Group's equipment leasing program.

Automation and other hardware equipment installation services

In order to enhance the management efficiency in relevant communities and in turn to achieve the purpose of reducing the service costs of property management, the Group is committed to provide installation of automation equipments for residential communities.

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

The Group assists residential communities it manages or provides services to in realising energy savings by replacing their existing hardware with energy-saving equipment, such as LED lights, motion-sensor lights and energy efficient elevators.

Community utility facilities repair and maintenance services

The Group provides repair and maintenance services on various building hardware such as elevators, fire protection equipment and drainage systems in residential communities. With the further deepening of Colour Life management model of the Group, the Group has promoted an equipment management model to reduce the occurrence of major failures of the abovementioned hardware and equipment that requires large-scale repairs through periodically conducting regular maintenance in communities it manages. As at 31 December 2014, the Group was engaged to provide repair and maintenance services to 801 residential communities it manages or provides with consultancy services.

Community automation equipment leasing services

The Group provides automation and other equipment upgrade services to residential communities it manages or provides consultancy services to. These equipment include carpark security systems, building access systems and remote surveillance cameras. These equipment were invested by Shenzhen Kaiyuan Tongji and provided for the use of each residential community through the Group's equipment leasing program. As at 31 December 2014, the Group had completed automation and other equipment upgrades at approximately 410 residential communities.

COMMUNITY LEASING, SALES AND OTHER SERVICES

Leveraging the Group's understanding of the demands of residents living at the residential communities it manages or provides with consultancy services, the Group has strategically focused on developing a service platform for its community leasing, sales and other services through which residents can connect with local vendors for community leasing, sales and other services.

Currently, the Group primarily offers community leasing, sales and other services through an offline service platform. Residents may place orders directly through the Group's on-site management offices or its toll free service hotline. In addition, residents living at the residential communities to which the Group provides online purchase assistance through the Company's website may place orders online. The Group started rolling out its online purchase assistance platform at the end of 2012 and operated the online service platform through the Company's website.

The Group's community leasing, sales and other services primarily include (i) common area rental assistance, (ii) purchase assistance, and (iii) residential and retail units rental and sales assistance.

Common area rental assistance

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

Purchase assistance

Depending on the product or service types, residents may place orders at the Group's on-site management offices, through a toll free service hotline, or through the Company's website that covered 792 residential communities as at 31 December 2014. Typically, for purchases of rice, bottled water and cooking oil, residents place orders at the Group's on-site management office or through its toll free service hotline. The Group's on-site management offices maintain a level of inventory of bottled water to meet residents' immediate needs. Based on the Group's orders, the bottled water, cooking oil and rice suppliers will make deliveries to the residential communities the Group manages or provides consultancy services to. The payments are normally settled upon delivery and the Group either receives a percentage of the sales price or a fixed fee as referral fees from the suppliers. In addition, the Group also purchases and maintains its own inventory of fruits, which the Group sells to the residents living in the communities.

Residential and retail units rental and sales assistance

When a property owner seeks rental assistance from the Group, the Group refers the case to an independent third-party property agent, who rents the unit from the property owner as the primary tenant for a fixed term, and sub-leases the unit to an appropriate tenant either at a premium or for rent for the period that covers the rent-free period enjoyed by the primary tenant.

Community operational platform business

With the growth of the total contracted GFA as well as the number of residential communities the Group manages or provides with consultancy services, the Group sees potential demand for local products and services among its large number of residents and property owners. These residents and property owners traditionally rely on sifting through a large amount of information primarily through offline channels to find relevant offerings.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue mainly arises from (i) property management services, (ii) engineering services, (iii) community leasing, sales and other services. For the year ended 31 December 2014, the total revenue increased by 67.0% to approximately RMB389.3 million from RMB233.1 million for the year ended 31 December 2013.

The increase in revenue was primarily driven by (i) an increase in the total revenue-bearing GFA and (ii) an increase in the amount of community leasing, sales and other services the Group delivered.

— *Property Management Services*

For the year ended 31 December 2014, revenue from property management services increased by 72.7% from RMB136.8 for the year 2013 to RMB236.3 million. Breakdown of revenue from property management services are as below:

	For the year ended 31 December				**Variance**	
	2014		2013		FY 2014 VS FY 2013	
Revenue	**RMB'000**	**% of Total Revenue**	RMB'000	% of Total Revenue	RMB'000	%
Commission basis	**121,488**	**31.2%**	64,494	27.7%	56,994	88.4%
Lump sum basis	**30,236**	**7.8%**	34,744	14.9%	(4,508)	−13.0%
Pre-sale services	**31,069**	**8.0%**	37,037	15.9%	(5,968)	−16.1%
Consulting Fees	**53,512**	**13.7%**	528	0.2%	52,984	10,034.8%
	236,305	**60.7%**	136,803	58.7%	99,502	72.7%

Such increase was primarily attributable to:

(a) An increase in revenue of RMB57.0 million from service fees charged under commission basis which in turn was driven by the growing revenue-bearing GFA. As at 31 December 2014, the revenue-bearing GFA under commission basis increased by 54.7 million sq.m., or 102.6%, from 53.3 million sq.m. as at the same date in 2013 to 108.0 million sq.m.;

(b) An increase in revenue of RMB53.0 million from fees charged under consultancy services contracts as driven by the growing revenue-bearing GFA and also the better unit price charged given the effects of implementation of Colour Life property management service model started to indicate in these target companies who subscribed to the Group's consultancy services. As at 31 December 2014, the revenue-bearing GFA under consultancy services contracts increased by 49.8 million sq.m., or 682.2%, from 7.3 million sq.m. as at 31 December 2013 to 57.1 million sq.m.;

(c) A decrease in revenue of RMB6.0 million from services fee charged for rendering pre-sale related services for the year ended 31 December 2014 as compared to that charged for the year ended 31 December 2013;

(d) A decrease in the revenue of approximately RMB4.5 million under lump sum basis due to cessation of services provided to the several pure commercial buildings in accordance with the deed of non-competition entered into by the Company's controlling shareholder in the second half of year 2014.

Due to the facts discussed above, revenue from property management service for the year ended 31 December 2014 accounted for 60.7% of the Group's total revenue, representing an increase of 2.0% as compared to that of 58.7% for the year ended 31 December 2013.

— *Engineering Services*

For the year ended 31 December 2014, revenue from engineering service increased by 69.8% from RMB51.6 million for the year ended 31 December 2013 to RMB87.7 million. Breakdown of revenue from engineering services are as below:

	For the year ended 31 December				**Variance**	
	2014		2013		FY 2014 VS FY 2013	
Revenue	**RMB'000**	**% of Total Revenue**	RMB'000	% of Total Revenue	RMB'000	%
Equipment installation	**18,992**	**4.9%**	34,206	14.7%	(15,214)	–44.5%
Repair and maintenance services	**57,099**	**14.7%**	14,788	6.3%	42,311	286.1%
Equipment leasing	**11,574**	**3.0%**	2,629	1.1%	8,945	340.2%
	87,665	**22.5%**	51,623	22.1%	36,042	69.8%

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

(a) The growth in community repair and maintenance service income which increased by 286.1% to RMB57.1 million for the year ended 31 December 2014 from RMB14.8 million for the year ended 31 December 2013, which was driven by the growing revenue-bearing GFA in line with the roll out of the Colour Life services property management model;

(b) An increase in the revenue of RMB8.9 million charged for the community equipment leasing income in the the year 2014 in line with the Group's community equipment upgrade program;

(c) A decrease in equipment installation service income of 44.5% to RMB19.0 million for the year ended 31 December 2014 from RMB34.2 million for the year ended 31 December 2013, as consistent with the Group's strategy in gradually phasing out this assets heavy business.

– *Community Leasing, Sales and Other Services*

For the year ended 31 December 2014, community leasing, sales and other services income increased by 46.3% from RMB44.6 million for the year ended 31 December 2013 to RMB65.3 million.

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

	For the year ended 31 December				**Variance**	
	2014		2013		FY 2014 VS FY 2013	
Revenue	**RMB'000**	**% of Total Revenue**	RMB'000	% of Total Revenue	RMB'000	%
Common area rental assistance	**23,307**	**6.0%**	14,578	6.3%	8,729	59.9%
Software usage fees	**21,081**	**5.4%**	5,626	2.4%	15,455	274.7%
Purchase assistance	**11,714**	**3.0%**	13,928	6.0%	(2,214)	–15.9%
Residential and retail units rental and sales assistance	**9,215**	**2.4%**	9,166	3.9%	49	0.5%
Cleaning	**–**	**0.0%**	1,345	0.6%	(1,345)	–100.0%
	65,317	**16.8%**	44,643	19.2%	20,674	46.3%
TOTAL REVENUE	**389,287**	**100.0%**	233,069	100.0%	156,218	67.0%

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

(a) An increase in software usage fees at approximately RMB15.5 million as driven by the Group's growth in the total revenue-bearing GFA, which increased by 274.7% to RMB21.1 million in the year 2014 from RMB5.6 million of that in the year 2013;

(b) An increase in community common area rental assistance commission income of 59.9% to RMB23.3 million in year 2014 from RMB14.6 million for the year 2013;

(c) A decrease in revenue of the purchase assistance service of approximately RMB2.2 million.

Cost of Sales and Services

The Group's cost of sales and services primarily comprises labor costs, sub-contracting costs, costs of raw materials which mainly consist of energy saving light bulbs, intercommunication devices, security camera wires, pipes, and others, utility costs, depreciation and amortisation and others. For the year ended 31 December 2014, cost of sales and services decreased by 11.2% from approximately RMB89.4 million for the year 2013 to approximately RMB79.4 million. The decrease was primarily attributable to the decrease in labor and other costs due to the cessation of the Group's property management services provided to pure commercial buildings in accordance with the deed of non-competition entered into by the Company's controlling shareholder.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2014, the overall gross profit increased by RMB166.3 million from approximately RMB143.6 million for the year 2013 to approximately RMB309.9 million. The increase of gross profit was in line with the growth of revenue in all segments.

The overall gross profit margin increased by 18.0 percentage points to 79.6% in the year 2014 from that of 61.6% in the year 2013. The increase was primarily attributable to the gross profit margin of all business segments which remained at high level and the growth of weight of revenue which had a higher margin rate.

(i) *Property Management Services*

The gross profit margin of property management service increased by 22.1% from 58.3% to 80.4%, primarily due to the increase in property management service under commission basis and consultancy service, which had a gross profit margin of nearly 100%, resulting in consistent growth in both gross profit and gross profit margin; and the decrease in the proportion of revenue under lump sum basis due to the cessation of services provided to pure commercial buildings.

(ii) *Engineering Services*

For the year ended 31 December 2014, gross profit margin for engineering services segment increased by 24.0% from approximately 38.8% for the year 2013 to approximately 62.8% for the year 2014. The increase was primarily attributable to (a) the increase in the proportion of repair and maintenance service income which had a higher gross profit margin; (b) the addition of equipment leasing services which had a higher gross profit margin.

(iii) *Community Leasing, Sales and Other Services*

For the year ended 31 December 2014, gross profit from community leasing, sales and other services segment increased by 47.2% from approximately RMB43.9 million for the year 2013 to approximately RMB64.6 million. Gross profit margin remained at nearly 100%, being 98.9%, representing an increase of 0.5 percentage points as compared to 98.4% for the year 2013.

Other Gains and Losses

The Group's other gains and losses increased by 17.8% from a loss of RMB10.1 million for the year ended 31 December 2013 to a loss of RMB11.9 million for the year ended 31 December 2014. The increase was primarily due to (i) an increase in exchange loss from nil to RMB1.4 million; and (ii) an increase in impairment loss recognised on trade receivables from RMB1.2 million to RMB5.6 million, which the Company believes may not be recovered based on the Company's review of the balances for the Group's property management and engineering services contracts.

Other Income

Other income for the year ended 31 December 2014 was RMB4.2 million, which remained stable as compared to that of the year ended 31 December 2013.

Selling and Distribution Expenses

Selling and distribution expenses for the year ended 31 December 2014 was RMB1.7 million, which remained stable as compared to that of the year ended 31 December 2013.

Management Discussion and Analysis

Administrative Costs

The Group's administrative costs increased by 54.1% from RMB60.3 million for the year ended 31 December 2013 to RMB92.9 million for the year ended 31 December 2014. The Group continues to tighten the cost control measures. The increase in administrative costs was primarily attributable to (i) the grant of share options by the Company on 29 September 2014, which resulted in a charge of an amount of RMB29.8 million administrative costs for the year ended 31 December 2014; (ii) the expansion of the Group's business scale which is in line with the Group's growing GFA more and more back offices function personnel were retained for rendering the centralisation of services like financial accounting and operations; and (iii) increase in the Group's regional administrative costs associated with some of the acquisitions of local property management companies by the Group, for which the original headquarter functions are eliminated or reduced based on the Group's centralised operation model.

Expenses Recharged to Residential Communities under Commission Basis

For the year ended 31 December 2014, the Group's expenses recharged to residential communities under commission basis amounted to RMB20.0 million, representing an increase of 15.6% as compared to RMB17.3 million for the year ended 31 December 2013. These increases were primarily attributable to the increase in the cost recovery in line with the growing GFA under the Group's management, the Group's centralised services of financial accounting, human resources, operation, legal services, etc. and therefore the re-charge of such expenses back to the community level increased consistently.

Finance Costs

The Group's finance costs were RMB1.9 million for the year ended 31 December 2014, which increased by 216.7% as compared to RMB0.6 million for the year ended 31 December 2013, mainly due to the increase in bank borrowings.

Share Options

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

On 29 September 2014, the Company granted 45,000,000 share options to its employees and directors of the Company ("Directors"), for which the exercise price is HK$6.66 each. The share option expense charged to the statement of profit or loss for the year ended 31 December 2014 was approximately RMB29.8 million.

Listing Expenses

The Group's listing expenses amounted to RMB16.3 million for the year ended 31 December 2014, which have decreased by 28.8% as compared to RMB22.9 million for the year 2013. These fees primarily consisted of the service charges the Group paid to the professional parties engaged in connection with the preparation for the listing. On 30 June 2014, the Company completed the initial public offering and the shares of the Company were duly listed on the Main Board of SEHK for trading.

Changes in Fair Value of Investment Properties

The Group's changes in fair value of investment properties increased 850.0% to a gain of RMB1.9 million in 2014 from a gain of RMB0.2 million in 2013, which was primarily due to the growth in market value of the respective investment properties which was reassessed at the end of each year.

Income Tax Expenses

The Group's income tax expenses increased by 140.4% to approximately RMB61.3 million in 2014 from approximately RMB25.5 million in 2013. The increase was primarily due to an increase of current tax for EIT by 131.2% from RMB27.6 million in 2013 to RMB63.8 million in 2014.

Adjusted Profit for the Year

Adjusted profit is defined as profit for the year before the costs of the Group's initial public and any other offering and the option program charged to the statement profit or loss. As these cost items are either non-recurring or non-cash spending, the Company believes that separate analysis of the impacts of these cost items adds clarity to the constituent part of the Group's results of operations and provides additional useful information for investors to assess the operating performance of the Group's business. Set forth below is a reconciliation of adjusted profit for the year to the most directly comparable HKFRS measure:

	For the year ended 31 December		**Variance**	
	2014	2013	FY2014 VS FY2013	
	RMB'000	RMB'000	RMB'000	%
Profit for the year under HKFRS	**150,486**	45,468	105,018	231.0%
Add:				
Listing expenses	**16,282**	22,854	(6,572)	(28.8%)
Share option expenses	**29,780**	–	29,780	–
Adjusted profit for the year	**196,548**	68,322	128,226	187.7%

Property, Plant and Equipment

As at 31 December 2014, the carrying value of property, plant and equipment of the Group increased by 187.2% to approximately RMB67.5 million from approximately RMB23.5 million as at 31 December 2013, which was mainly due to (i) the addition of the construction in process of the intelligent system alteration projects, which amounted to approximately RMB37.2 million; (ii) the addition of several sets of office properties, which amounted to approximately RMB8.7 million and (iii) the addition of buildings, which amounted to RMB3.8 million in the year 2014.

Intangible Assets

As at 31 December 2014, the carrying value of intangible assets held by the Group amounted to RMB26.9 million (31 December 2013: RMB0.62 million). The increase of intangible assets mainly attributable to the increase of the property management contracts which the subsidiaries acquired by the Group, which were valued through the application of an income approach. These valuation of the intangible assets had been assessed by Jones Lang LaSalle Sallmanns Limited, with independent assessment reports issued.

Management Discussion and Analysis

Investment Properties

As at 31 December 2014, the investment properties held by the Group amounted to approximately RMB29.8 million (31 December 2013: RMB26.8 million). These investment properties had been assessed by Jones Lang LaSalle Sallmanns Limited, with independent assessment reports issued. The investment properties for the year increased by approximately RMB3.0 million (11.2%) as compared to 2013, which was mainly due to the 16 sets of properties received from developers for deduction of outstanding management fees, as well as the selling of seven sets of originally owned investment properties during the year.

Goodwill

Since 1 January 2014, the Group has acquired 13 property companies, which generated the goodwill of RMB54.7 million for the year ended 31 December 2014. Based on the impairment assessment conducted by the management of the Company, there was no indication of impairment related to the goodwill, and no impairment provision was required for the year ended 31 December 2014.

Deferred Taxes

As at 31 December 2014, the deferred tax assets that resulted from the amortisation of intangible assets amounted to approximately RMB0.8 million. The Group's deferred tax liabilities that resulted from the amortisation of intangible assets amounted to approximately RMB7.4 million.

Bank Balances and Cash

As at 31 December 2014, the Group's bank balances and cash increased by 370.2% from approximately RMB146.1 million as at 31 December 2013 to approximately RMB687.0 million. The increase in balance of cash and bank was primarily resulted from the net proceeds raised from the listing of the Company's shares on the Main Board of the SEHK of approximately RMB710 million.

Trade and Other Receivables

Trade receivables mainly include receivables generated by income from property services, income from works, installations and repair services, as well as income from value-added services.

As at 31 December 2014, total trade receivables of the Group amounted to approximately RMB157.5 million, which had increased by approximately RMB100.3 million as compared to approximately RMB57.2 million as at 31 December 2013. The increase was attributable to the significant increase in GFA of properties from which the Group effectively generated income during the year 2014, which resulted in corresponding increases in repair and maintenance fees, consultation fees and software usage fees of communities. The Group has subsequently collected the trade receivables of more than RMB71.7 million.

Trade and other receivables and prepayments increased from approximately RMB48.7 million as at 31 December 2013 to approximately RMB75.1 million as at 31 December 2014, primarily attributable to: (i) an increase in prepayment for suppliers of RMB15.9 million due to the prepayment of equipment upgrade projects, which were widely introduced among residential communities under commission basis and consultancy service; (ii) an increase in payments on behalf of residents of residential communities under consultancy service arrangements of RMB6.9 million due to the addition of 290 communities under consultancy agreements; (iii) an increase in staff borrowings of RMB3.3 million due to the establishment of new regional offices.

Payment/Receipts on Behalf of Residents

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

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

Trade and Other Payables

Trade and other payables primarily comprise items such as payables to sub-contractors of the Group's engineering services, receipts on behalf of residents for residential communities under consultancy services arrangement, deposits received, accrued staff costs and other tax payable, the specific analysis of which is as follows:

(1) trade payables increased from approximately RMB20.9 million as at 31 December 2013 to approximately RMB26.0 million as at 31 December 2014. This was primarily due to growth of the Group's property management services business, and offset by the decrease in amount of automation and other hardware equipment installation services transactions during 2014.

(2) other payables and accruals increased from approximately RMB93.4 million as at 31 December 2013 to approximately RMB176.3 million as at 31 December 2014, primarily attributable to:

   (i) an increase of RMB22.3 million in receipts on behalf of residents for residential communities under consultancy services arrangement because of increased number of communities to which the Group provided consultancy services;

   (ii) an increase of RMB27.5 million in consideration payable for acquisition of subsidiaries due to increased acquisition activities in 2014;

   (iii) an increase of RMB10.1 million in other tax payable due to the Group's increase in business scale; the outstanding tax payables increased from RMB13.1 million as at 31 December 2013 to RMB23.2 million as at 31 December 2014;

   (iv) an increase of RMB7.3 million in accrued staff costs due to increase in number of employees with acquisition of new subsidiaries;

(v) an increase of RMB11.5 million in other payables and accruals such as audit service fee, agency fee and other miscellaneous fee due to business expansion; and

(vi) the progressive payments of listing expenses made by the Company based on the progress of listing. The outstanding listing expenses for the year amounted to RMB16.0 million, representing a decrease of RMB5.0 million as compared to 31 December 2013.

Paid-In Capital

On 30 June 2014, the Company completed the initial public offering and the shares of the Company were duly listed on the Main Board of the SEHK for trading. An aggregate amount of approximately RMB710 million was raised as the initial public offering proceeds. Upon completion of the initial public offering, the total number of issued shares of the Company increased to 1,000,000,000 shares.

Cash Position

As at 31 December 2014, the Group's total bank balances and cash have increased by 370.2% from RMB146.1 million as at 31 December 2013 to approximately RMB687.0 million. The increase of total cash for the year primarily resulted from the net proceeds raised by the initial public offering amounted to RMB710 million. As at 31 December 2014 and 31 December 2013, the amount of the Group's total cash was significantly larger than the amount of interest bearing borrowings.

The financial position continued to be stable. As at 31 December 2014, the current ratio (current asset/current liabilities) of the Group was 2.4, which was a large increase from the 1.2 as at 31 December 2013. The liquidity and security of the asset significantly increased following the successful listing.

Currency Risk

The Group principally focused on the operation in PRC. Except for the bank deposits denominated in foreign currencies, the Group was not subject to any other material risk directly relating to the foreign exchange fluctuation. For the year ended 31 December 2014, despite the depreciation of RMB against USD and HKD, the Directors expected any fluctuation of the RMB exchange rate would not materially and adversely affect the operations of the Group.

Employees and Remuneration Policies

As at 31 December 2014, excluding the employees for communities under commission basis, the Group had approximately 1,265 employees (31 December 2013: approximately 1,054 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 16 February 2015, the Group announced the acquisition of Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司) and its subsidiaries with certain indebtedness from third parties (the "Acquisition") at a cash consideration of approximately RMB330,000,000 (equivalent to approximately HK$410,157,000). As at the date of this annual report, the Acquisition has not been completed.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. TANG Xuebin (唐學斌), aged 47, is an executive Director, the chief executive officer, and members of the nomination committee and remuneration committee of the Company. He joined the Group in 2002 and is responsible for the operation and management of the Group. He also serves as a general manager of a number of subsidiaries of the Group. Mr. Tang has over 15 years of experience in property management. Prior to joining the Group, he worked at China Overseas Property Management Co., Ltd. (中海物業管理有限公司) from 1997 to 2001, where his last position held was the deputy general manager and was primarily responsible for the management of engineering department. Mr. Tang obtained a Bachelor's degree in industrial electrical automation (工業電氣自動化) from Tongji University (同濟大學) in July 1993, an Executive Master of Business Administration degree ("EMBA degree") from China Europe International Business School (中歐國際工商學院) in September 2010 and an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in June 2012.

Mr. DONG Dong (董東), aged 51, is an executive Director and the chief operating officer of the Company. He joined the Group in 2004 and is responsible for the operation and management of information technology of the Group. He was the general manager of Shenzhen Kaiyuan Tongji from 2004 to 2005. In 2013, he became the vice president of the Group. Mr. Dong has 15 years of experience in property management. Prior to joining the Group, he was the manager, deputy manager and assistant manager of engineering department of China Overseas Property Management Co., Ltd. (中海物業管理有限公司) from September 1998 to January 2002, where he was primarily responsible for the management and operation of property development projects. He was the deputy chief engineer of Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理公司) from February 2002 to December 2004, where he was primarily responsible for management and operation of property development projects. He was the electrical engineer and chief officer (科長) of quality control department and the senior engineer of Xinjiang Construction Corps No. 1 Construction and Installation Company (新疆生產建設兵團第一建築安裝公司) from November 1993 to May 1996, where he was primarily responsible for the management and operation of engineering and construction projects. Prior to November 1993, he was also a teacher of Xinjiang Shihezi University (新疆石河子農學院). Mr. Dong attended and completed a Master research teaching assistance training course in fundamental physics (基礎物理) at Sichuan University (四川大學) in July 1992. Mr. Dong obtained the certificate of National Senior Engineer in July 1996. He also possesses the qualification as a Chinese government certified supervision engineer (國家註冊監理工程師) and registered real estate agent (國家註冊房地產經紀人). Mr. Dong obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in July 2013.

Directors' Profile

Mr. ZHOU Qinwei (周勤偉), aged 35, is an executive Director of the Company and the chief financial officer of the Group. He joined the Group in 2013 and is responsible for financial management of the Group. Mr. Zhou has approximately 13 years of experience in accounting and financial management and control. Prior to joining the Group, he was the group financial controller in Le Gaga Holdings Ltd. (樂嘎嘎控股有限公司) from March 2010 to December 2012, where he was primarily responsible for the financial management of the company. He worked at Syngenta (China) Investment Co., Ltd. (先正達(中國)投資有限公司) from October 2006 to February 2010 where his last position held was the China financial controller and was primarily responsible for the financial management of the company. He served as a manager in Cap Gemini from January 2006 to October 2006, where he was primarily responsible for outsourcing projects' management and operation. Prior to 2006, he served as a senior accountant at PricewaterhouseCoopers from July 2001 to January 2006, where he was primarily responsible for audit work and preparing financial statements. Mr. Zhou graduated from Sun Yet-Sen University (中山大學) with a Bachelor's degree in management in July 2001 and obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in August 2014.

NON-EXECUTIVE DIRECTORS

Mr. PAN Jun (潘軍), aged 44, is a non-executive Director, the chairman of the Board and the chairman of the nomination committee of the Company. He joined the Fantasia Group in 1999 and is responsible for overall operation of the Fantasia Group (excluding the Group) (the "Retained Group"). Mr. Pan is also the executive director, chairman and cheif executive officer of Fantasia Holdings. He is also currently the president of Fantasia Group (China) Company Limited, the general manager of Shenzhen Fantasia Real Estate Group Limited and the director of a number of the Fantasia Group's subsidiaries. Mr. Pan has over 16 years of experience in the real estate development industry in China. Prior to joining the Fantasia Group, Mr. Pan was the project manager, the manager of the marketing department, the manager of the valuation department and the assistant to the general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問（深圳）有限公司) from March 1994 to September 1999, where he was primarily responsible for marketing and valuation matters. Mr. Pan obtained a Bachelor's degree in conservancy and hydropower engineering from Chengdu University of Science and Technology (成都科技大學) in July 1992 and holds an Executive Master of Business Administration degree from Tsinghua University. Mr. Pan is also qualified as a land valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會).

Directors' Profile

Mr. LAM Kam Tong (林錦堂), aged 46, is a non-executive Director of the Company. Mr. Lam is currently an executive director, chief financial officer and company secretary of Fantasia Holdings. Mr. Lam joined the Fantasia Group in May 2012 and is responsible for investor relations, financial and regulatory related matters of the Retained Group. Prior to joining the Fantasia Group, Mr. Lam was the executive director, chief financial officer and company secretary of China Aoyuan Property Group Limited (stock code: 3883), a company listed on the Main Board of the SEHK from December 2008 to May 2012, where he was primarily responsible for the enforcement of compliance with the relevant laws and regulations, investor relations management, merger and acquisition and overseas financing. Mr. Lam has over 14 years of experience in professional audit and extensive experience in investor relations management, auditing, mergers and acquisitions and overseas financing. He is a member of the Hong Kong Institute of Certified Public Accountant and the Association of Chartered Certified Accountants. Mr. Lam obtained a Bachelor's degree in business management from the Chinese University of Hong Kong in July 1991. He was the company secretary and qualified accountant of Greentown China Holdings Limited (stock code: 3900), a company listed on the Main Board of the SEHK from May 2006 to October 2008, where he was primarily responsible for financial management and company secretarial matters. Mr. Lam was an independent non-executive director of Sheng Yuan Holdings Limited (stock code: 851), a company listed on the Main Board of the SEHK from November 2010 to March 2014. Mr. Lam is also currently an independent non-executive director of Pegasus Entertainment Holdings Limited (stock code: 1326), a company listed on the Main Board of the SEHK.

Mr. ZENG Liqing (曾李青), aged 45, is a non-executive Director of the Company. He joined the Group on 11 June 2014. Since October 2008, Mr. Zeng has been the chairman of Taomee Holdings Limited (NYSE: TAOM), a company listed on the New York Stock Exchange. Mr. Zeng has also been the independent director of Shenzhen Aisidi Co., Ltd. (stock code: 2416), a company listed on the Shenzhen Stock Exchange, since May 2014. Prior to joining the Group, Mr. Zeng was one of the five core founders of Tencent Holdings Limited (stock code: 700), a company listed on the SEHK, and acted as the chief operating officer from November 1999 to December 2006, where he was primarily responsible for business expansion and managing the marketing teams. Since May 2007, he has been the president of Shenzhen Decent Investment Co., Ltd. From October 2009 to May 2013, Mr. Zeng was an independent non-executive director of A8 Digital Music Holdings Limited (stock code: 800), a company listed on the SEHK. From April 2007 to May 2013, Mr. Zeng was an independent non-executive director of Shenzhen Jieshun Science And Technology Industry Co., Ltd. (stock code: 2609), a company listed on the Shenzhen Stock Exchange. Mr. Zeng obtained a Bachelor's degree in computer communication (計算機通信) from Xi'an University of Electronic Technology (西安電子科技大學) in July 1993 and an EMBA degree from China Europe International Business School (中歐國際工商學院) in September 2007.

Directors' Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TAM Chun Hung Anthony (譚振雄), aged 64, is an independent non-executive Director, the chairman of the audit committee and members of the remuneration committee and nomination committee of the Company. Mr. Tam has extensive experience in finance and advisory services in Hong Kong and the PRC. Since 2013, Mr. Tam has been a tax partner of Mazars which is principally engaged in accounting and management consulting. Prior to that, he was a partner of Deloitte Touche Tohmatsu from 1989 to 2013. He is currently the Deputy Chairman of the Tax Faculty of the Hong Kong Institute of Certified Public Accountants and one of the two program directors of the Advanced Taxation Program of the Hong Kong Institute of Certified Public Accountants. Mr. Tam obtained a Bachelor's degree in engineering and management from McMaster University in May 1976 and a Master's degree in business administration from the University of Toronto in November 1983. Mr. Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants of Ontario and a certified tax advisor of the Taxation Institute of Hong Kong.

Dr. LIAO Jianwen (廖建文), aged 47, is an independent non-executive director, the chairman of the remuneration committee, and members of the audit committee and nomination committee of the Company (appointed on 17 February 2015). Dr. Liao has extensive business research and teaching experience in the United States, Hong Kong and the People's Republic of China (the "PRC"). He has been an associate dean and professor of managerial practice in strategy and innovation at the Cheung Kong Graduate School of Business (長江商學院) since January 2012. Prior to that, Dr. Liao was an associate professor at the Stuart School of Business in Illinois Institute of Technology from 2006 to 2012. In 2001, he was also a visiting professor at Hong Kong University of Science and Technology. Dr. Liao received a Doctorate degree in business administration from Southern Illinois University at Carbondale (USA) in August 1996, a Master's degree in economics from Renmin University of China (中國人民大學) in February 1991, and a Bachelor's degree in industry engineering from Northeastern University (東北大學) (formerly known as Northeastern Institute of Technology (東北工學院)) in July 1988. He is currently an independent non-executive director of 361 Degrees International Limited (stock code: 1361) and China Mengniu Dairy Company Limited (stock code: 2319), both companies are listed on the Main Board of the SEHK. Dr. Liao was appointed as an independent non-executive director of Fantasia Holdings on 17 February 2015. Additionally he also serves as an independent director of Qihoo 360 Technology Co., Ltd. which is traded at the New York Stock Exchange.

Mr. XU Xinmin (許新民), aged 63, is an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company. Mr. Xu is a real estate economist with over 20 years of experience in the real estate industry. He has participated in the setting up of the China Property Management Association (中國物業管理協會) and all of its subsequent national member congresses since 2000. Since March 2001, Mr. Xu has served as the general officer of the integration division of the China Property Management Association. Since June 2003, he has been the deputy secretary-general of the China Property Management Association and is primarily responsible for the organisation and implementation of the national property management model evaluation and acceptance. From 2004 to 2009, Mr. Xu was a senior consultant of the Property Management Branch of the China Association of Higher Education (中國高等教育學會). From June 1991 to February 2001, he was the director of each of the Housing Management Bureau (房管處) and the Property Management Bureau (物業管理處) of Changzhou, Jiangsu Province where he was primarily responsible for the setting up of the Changzhou Property Management Association (常州市物業管理協會). Mr. Xu graduated from China Forestry University (中國林業大學) and obtained a Bachelor's degree in business administration in 2005.

Senior Management's Profile

Mr. YE Hui (葉暉), aged 42, is a vice president of the Group. He joined the Group in 2004 and is responsible for development and management of the planning and marketing department. He served on various positions within the Group, including but not limited to the general manager of Shenzhen Colour Life Network Service and Shenzhen Colour Life Property Management, both of which are indirect wholly-owned subsidiaries of the Company. Mr. Ye has over 20 years of experience in engineering and property management. Prior to joining the Group, he worked as the manager and software engineer of software development department in Shenzhen Corad Technology Co., Ltd. (深圳嘉兆科技有限公司) from September 1992 to March 1996, where he was primarily responsible for software development. He was the general manager of Dima Electronics (Shenzhen) Co., Ltd. (迪馬電子(深圳)有限公司) from March 1996 to April 2001, where he was primarily responsible for the development of information systems. He was the partner and general manager of Shenzhen Teamtop Technology Co., Ltd. (深圳市天拓科技有限公司) from April 2001 to March 2004, where he was primarily responsible for the overall operations of the company. Mr. Ye graduated from Zhejiang University (浙江大學) with a Bachelor's degree in industrial electrical automation (工業電氣自動化) in July 1992. Mr. Ye obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in July 2013.

Mr. CHANG Rong (昌榮), aged 38, is a vice president of the Group. He joined the Group in 2002 and is responsible for operation and management of operation and management center of the Group. He has about 14 years of experience in property management. Prior to joining the Group, he worked as the project director and assistant manager in China Overseas Property Management Co., Ltd. (中海物業管理有限公司) from July 1998 to December 2002, where he was primarily responsible for management of property development projects. Mr. Chang graduated from Tongji University (同濟大學) with a Bachelor's degree in industrial electrical automation (工業電氣自動化) in July 1998. Mr. Chang obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in July 2013.

Mr. GUAN Jiandong (關建東), aged 37, is a vice president of the Group. He joined the Group in 2001 and is responsible for operation and management of community platform center of the Group. He served on various positions within the Group, including but not limited to the general manager of Shenzhen Kaiyuan Tongji and Shenzhen Colour Life Network Service, both of which are indirect wholly-owned subsidiaries of the Company. He has over 15 years of experience in engineering and property management. Prior to joining the Group, he worked as the head of management office, vice president of electrical and mechanical services department and manager of community network department in China Overseas Property Management Co., Ltd. (中海物業管理有限公司) from July 1998 to December 2001, where he was primarily responsible for the management and operation of software and engineering services. Mr. Guan obtained a Bachelor's degree in heating, ventilating and air conditioning (暖通空調) from Huazhong University of Science and Technology (華中理工大學) in June 1998. Mr. Guan obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in July 2013.

Senior Management's Profile

Mr. QIAN Kun (錢坤), aged 45, is a vice president of the Group. He joined the Group in August 2006 and is responsible for the Group's overall budget and cost management. He has about 22 years of experience in financial management, budgeting and cost control. Prior to joining the Group, he worked as the chief financial officer of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限公司) which is a wholly-owned subsidiary of Shenzhen Excellence Real Estate Group (深圳卓越置業集團) from January 2001 to July 2006, where he was primarily responsible for the financial management of the company. From October 1997 to December 2000, he worked as the head of finance of Shenzhen Zhenghua Holding Transportation Group Company (深圳市政華控股交通集團公司) and was primarily responsible for the financial management of the company. He graduated in accounting in 1992 and became a qualified accountant in 1999. He obtained a Master's degree in accounting from Wuhan University in 2008 and an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in August 2014.

Mr. DUAN Feiqin (段斐欽), aged 36, was appointed as an assistant president of the Group on 24 December 2014 and is responsible for the Group's ecosystem and investor relations matters. He has about 10 years of experience in corporate strategic management, industry research and capital markets. Prior to joining the Group, he worked as the oversea chief industry analyst of China Merchants Securities from July 2011 to September 2014, where he was primarily responsible for Hong Kong and overseas real estate and related industries and company research and involved in the listing related work of a number of real estate companies in Hong Kong. From August 2010 to July 2011, he worked as the planning manager of OCT Real Estate Co., Ltd. (華僑城房地產股份有限公司) and was primarily responsible for the strategic development and business plan management of the company. From November 2006 to September 2009, he worked as the senior manager of Wuhan Wangjiadun Central Business District Construction Investment Co., Ltd. (武漢王家墩中央商務區建設股份有限公司) under Oceanwide Construction (泛海建設) and was responsible for strategic development and investing and financing plan, etc. He worked as the deputy marketing director of Changsha Branch of Narada Real Estate Group (南都房地產集團) from March 2005 to July 2006, where he was responsible for the related project planning and sales. He graduated from Wuhan University with a Doctoral's degree in economics in July 2010. He obtained a Master's degree in urban and regional development studies and management from London School of Economics and Political Science in November 2004 and a Bachelor of engineering degree in urban planning from Hunan University in July 2001.

Ms. DING Yang (丁楊), aged 39, is an assistant president of the Group. Ms. Ding is primarily responsible for branding and management of the Group. She joined the Group in 2004. Ms. Ding has almost 10 years of experience in marketing development and branding. From 2004 to 2006, she was the head of marketing department of the Group, responsible for market planning management, market development management and the nationwide expansion of the Group's management service project. Since 2007, she has been the head of the brand center of the Group, responsible for the Group's brand creation and planning, brand maintenance, brand planning and promotion, implementing corporate culture and promoting corporate image. Ms. Ding obtained a diploma from Liaoyuan Normal School (遼源師範學校) in July 1996.

Senior Management's Profile

Ms. YU Haihua (于海華), aged 35, is the senior director of the Group's human resources center and is responsible for overall human resources strategic planning and enforcement. She joined the Group in 2011 and served as the administration manager of chairman office and the assistant to general manager. She has been the general manager of the Group's human resources center since 2012. Ms. Yu has approximately 7 years of experience in human resource management. Prior to joining the Group, Ms. Yu worked as the human resource manager of the greater China region for Quick Printing (Shenzhen) Co., Limited (快速印刷(深圳)有限公司) from September 2006 to February 2008. She was the personnel administration manager and the assistant to the chairman of Shenzhen Daihing Automobile Group Co., Ltd. (深圳市大興汽車集團有限公司) from February 2008 to March 2011. Ms. Yu obtained a diploma in public management from China Central Radio and TV Virtual University (中央廣播電視大學) in March 2006. Ms. Yu received a Master's degree of Psychology (applied psychology) from Sun Yat-Sen University (中山大學) in June 2014. Ms. Yu obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in August 2014.

Mr. CAI Guoqi (蔡國奇), aged 49, is the general party branch secretary of the Group. He joined the Group in 2008 and is responsible for public relations and emergency handing. Mr. Cai has over 10 years of experience in corporate management. Prior to joining the Group, he was the deputy manager and the secretary of Zhuzhou Pharmaceutical Processing Factory (株洲選礦藥劑廠) from 1999 to 2001 and the chief officer of Zhuzhou Torch Industrial Furnace Co, Ltd (株洲火炬工業爐責任有限公司) from July 2005 to August 2008. Mr. Cai graduated from Central South University (中南大學) with a bachelor's degree in management accounting in July 1987. He obtained a mid-level qualification certificate in the specialty of industrial economist in November 1998. Mr. Cai obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in August 2014.

Mr. DONG Yafu (董亞夫), aged 37, joined the Group in September 2012 and is the senior director of the Group's community platform center, responsible for the establishment as well as the operation, promotion and management of the Group's internet platform. He has approximately 16 years of experience in internet and marketing. Prior to joining the Group, he worked as the regional general manager of Tencent's GaoPeng.com (高朋網) from December 2010 to June 2012, where he was primarily responsible for the business management of South China region. From December 2006 to November 2010, he worked at 99Bill Corporation (快錢(中國)支付公司), a leading third-party payment company in China, where his last position held was the sales director of South China and national industry development director and was primarily responsible for expanding the company's payment products. From January 2006 to November 2006, he worked as the sales director of South China for YeePay.com (易寶支付), a leading third-party payment company in China. From July 2002 to December 2005, he was the marketing manager of China Starry Ticketing Network Technology Co., Ltd. (滿天星網絡技術有限公司) and was primarily responsible for operation and promotion of the city ticketing network. From August 1998 to March 2002, he worked as the sales manager for China sales office of Taiwan Sanyang Motorcycle (臺灣三陽機車). He graduated from Zhengzhou Institute of Aeronautical Industry Management (鄭州航空工業管理學院) with a Bachelor's degree in engineering in July 1998.

Senior Management's Profile

Ms. HAN Jinjin (韓金金), aged 38, was appointed as the chief officer of the CEO office of the Group on 24 December 2014 and is responsible for the general operation and management of the CEO office. She has about 10 years of experience in corporate management. Prior to joining the Group, from May 2002 to December 2012, she was the branch manager of Shenzhen Daihing Automobile Group (深圳大興汽車集團) and was primarily responsible for the overall operation and management of the branch. From July 1998 to February 2002, she worked at Guangdong Sangem Group (廣東三正集團), where her last position held was the public relations manager of the group and was primarily responsible for the external publicity management of the group. She graduated from City University of Macau with a Business Administration Master's degree in July 2004 and obtained a management course certificate from Peking University HSBC Business School in January 2013.

Mr. YAO Qi (姚琦), aged 47, was appointed as the senior director of the Group's market center on 24 December 2014. He joined the Group in April 2014 and is responsible for the market development and management issues of the Group. He has 23 years of experience in real estate development, marketing planning and property management. Prior to joining the Group, he was the deputy general manager of Shenzhen Caizhijia Real Estate Planning Co., Ltd from June 2013 to March 2014, where he was primarily responsible for real estate project marketing agency. From September 2012 to May 2013, he worked as the director of sales planning center for Zhuhai Great Aim Group (珠海市華策集團公司) where he was primarily responsible for the planning and marketing of the group's real estate projects in various regions. From September 2010 to August 2012, he was the general manager of Zhongshan Hongguan Real Estate Planning Co., Ltd (中山紅館房地產策劃有限公司), where he was primarily responsible for the agency planning and marketing of the real estate projects. From April 2004 to February 2009, he worked as general manager in Zhongshan Feixiong Real Estate Planning Co., Ltd (中山飛熊房地產策劃有限公司), where he was responsible for agency planning and marketing of real estate projects. He graduated from Changchun Institute of Optics and Fine Mechanics (currently known as Changchun University of Science and Technology) with a Bachelor's degree in engineering in July 1989.

Report of Directors

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 71.

DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK9.00 cents per share payable on or before 29 May 2015 to all persons registered as holders of shares of the Company on Thursday, 21 May 2015, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "AGM"). The aggregate amount shall be paid out of the Company's share premium account.

SHARE CAPITAL

Details of change during the year in the share capital of the Company are set out in note 42 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company as at 31 December 2014, calculated under the Cayman Islands Companies Law, amounted to RMB642.9 million (2013: RMB13.3 million) representing share premium of RMB674.8 million, share option reserve of RMB29.8 million, and accumulated loss of RMB61.7 million.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this report were:

Executive Directors:
Mr. Tang Xuebin (Chief Executive Officer)
Mr. Dong Dong
Mr. Zhou Qinwei (appointed on 25 April 2014)

Non-executive Directors:
Mr. Pan Jun (Chairman)
Mr. Lam Kam Tong
Mr. Zeng Liqing (appointed on 11 June 2014)

Independent non-executive Directors:
Mr. Tam Chun Hung, Anthony (appointed on 11 June 2014)
Dr. Liao Jianwen (appointed on 11 June 2014)
Mr. Xu Xinmin (appointed on 29 September 2014)
Mr. Xu Junda (appointed on 11 June 2014 and resigned on 29 September 2014)

In accordance with article 83(3) of the Company's articles of association, Mr. Tang Xuebin, Mr. Dong Dong, Mr. Zhou Qinwei, Mr. Pan Jun, Mr. Lam Kam Tong, Mr. Zeng Liqing, Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin who have been appointed by the Board shall hold office until the AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

Each of the executive Directors entered into a service contract with the Company for an initial term of three years commencing from 30 June 2014, being the date of listing of the Company's shares on the SEHK (the "Listing Date"). The above service contracts may only be terminated, in accordance with the provisions of such service contract or by either party giving not less than three months' notice in writing.

Each of the non-executive Directors is appointed for an initial term of three years commencing from the Listing Date.

Each of Mr. Tam Chun Hung, Anthony and Dr. Liao Jianwen was appointed as an independent non-executive Director for an initial term of three years commencing from the Listing Date. Mr. Xu Xinmin was appointed as an independent non-executive Director for an initial term of three years commencing from 29 September 2014.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

SENIOR MANAGEMENT'S EMOLUMENTS

Pursuant to code provision B.1.5, the annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2014 is set out below:

	Number of individuals
Nil to HK$1,000,000	10
HK$1,000,001 to HK$2,000,000	1
HK$2,000,001 to HK$3,000,000	–
HK$3,000,001 to HK$4,000,000	–
	11

Details of the remuneration of each of the Directors for the year ended 31 December 2014 are set out in note 11 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION

As at 31 December 2014, the interests and short positions of 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 SEHK 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 SEHK ("the Listing Rules") were as follows:

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

Name of Directors	Capacity/ Nature of interests	Number of issued ordinary shares of the Company	Interest in underlying shares of the Company	Approximate percentage of shareholding interest
Mr. Tang Xuebin	Interest of controlled corporation(2)	215,981,477(L)	–	21.60%
	Beneficial owner(3)	–	895,440(L)	0.09%
Mr. Dong Dong	Beneficial owner(3)	–	802,800(L)	0.08%
Mr. Zhou Qinwei	Beneficial owner(3)	–	467,300(L)	0.05%
Mr. Pan Jun	Beneficial owner(3)	–	895,440(L)	0.09%
Mr. Zeng Liqing	Beneficial owner(4)	4,185,001 (L)	–	0.42%
	Beneficial owner(4)	4,185,001 (S)	–	0.42%
	Beneficiary of a trust	27,000 (L)	–	0.003%
	Beneficial owner(3)		150,000 (L)	0.02%
Mr. Lam Kam Tong	Beneficial owner(3)	–	150,000 (L)	0.02%
Mr. Tam Chun Hung, Anthony	Beneficial owner(3)	–	150,000 (L)	0.02%
Dr. Liao Jianwen	Beneficial owner(3)	–	150,000 (L)	0.02%
Mr. Xu Xinmin	Beneficial owner(3)		150,000 (L)	0.02%

Notes:

(1) The letter "L" denotes long positions in the Shares and the letter "S" denotes short positions in the shares.

(2) Mr. Tang Xuebin is interested in 43.34% shares in Colour Success Limited ("Colour Success") which in turn is wholly owned by Splendid Fortune Enterprise Limited ("Splendid Fortune"). Mr. Tang Xuebin is therefore deemed to be interested in the shares of the Company held by Splendid Fortune for the purpose of Part XV of the SFO.

(3) The relevant Director was granted options to subscribe for such number of shares of the Company under the Share Option Scheme (as defined under the sub-section headed "Share Option Scheme" below) on 29 September 2014.

(4) Mr. Zeng Liqing is the beneficial owner of 4,185,001 shares of the Company which are held on trust by First Shanghai Securities Limited ("First Shanghai") on his behalf. Pursuant to a share subscription agreement dated 29 May 2013 entered into between First Shanghai and the Company in relation to the subscription of the shares by First Shanghai on behalf of certain investors including Mr. Zeng Liqing (the "Share Subscription Agreement"), Mr. Zeng granted a right of first refusal to Fantasia Holdings that if at any time after the expiry of the lock-up period, being the 180th day after the Listing Date, the investors, including Mr. Zeng, propose to sell, assign, transfer, pledge, hypothecate, create or permit to subsist any encumbrance or otherwise encumber of dispose of in any way, all or any part of any direct or indirect interest of any of the shares held by them, Fantasia Holdings would have a right of first refusal on these shares (the "Right of First Refusal").

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

Name of Directors	Name of associated corporations	Capacity	Equity interest/ number of shares/ underlying shares	Approximate percentage of equity interest/ shareholding interest
Mr. Pan Jun	Shenzhen Caizhiyun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network")[1]	Beneficial owner	RMB7,000,000	70%
	Fantasy Pearl International Limited ("Fantasy Pearl")[2]	Interest of controlled corporation	20	20%
	Fantasia Holdings[3]	Beneficial owner	9,980,000	0.17%
Mr. Tang Xuebin	Shenzhen Caizhiyun Network[1]	Beneficial owner	RMB3,000,000	30%
	Fantasia Holdings[3]	Beneficial owner	1,640,000	0.03%
Mr. Lam Kam Tong	Fantasia Holdings[3]	Beneficial owner	2,770,000	0.05%
Mr. Dong Dong	Fantasia Holdings[3]	Beneficial owner	560,000	0.01%

Notes:

(1) Shenzhen Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of 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.

(2) 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.

(3) These represent share options granted by Fantasia Holdings subject to vesting schedules.

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company had any interest 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 SEHK 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 SEHK.

SHARE OPTION SCHEME

The Company adopted a share option scheme ("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.

The Share Option Scheme is a share incentive scheme and is established to recognise, acknowledge and reward Eligible Participants (as defined herein) who have contributed to the Group and to encourage Eligible Participants to work towards enhancing the value of the Company. Eligible Participants of the Share Option Scheme include Directors and employees of the Group and any advisors, consultants, distributors, suppliers, agents, customers, and such other persons who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not exceed 10% in maximum of the aggregate number of shares in issue immediately following the listing of the shares of the Company on the Stock Exchange, being 100,000,000 shares, which represented approximately 10% of the issued share capital or the Company as at the date of this annual report, unless with the prior approval from the Company's shareholders. During the year 2014, the Company granted 45,000,000 share options for the subscription of 45,000,000 shares to all Directors and certain employees of the Group on 29 September 2014 ("Date of Grant"), representing 4.5% of the total number of shares of the Company in issue as at the date of this annual report. The maximum number of shares issued and to be issued in respect of which options may be granted under the Share Option Scheme to each Eligible Participants in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares in issue and the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HK$5 million, such grant of options shall be subject to prior approval of the Company's shareholders in general meeting by way of poll.

An offer of a grant of an option under the Share Option Scheme shall remain open for acceptance for 30 days from the date of grant. Upon acceptance of the option, the grantee shall pay HK$1 (or an equivalent amount in RMB) to the Company by way of consideration for the grant. Options may be exercised in accordance with the terms of the Share Option Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotation sheets of the SEHK on the date of grant, (ii) the average closing price of the shares as stated in the daily quotation sheets of the SEHK for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share. An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption.

The summary below sets out the details of movement of options granted for the year ended 31 December 2014 pursuant to the Share Option Scheme:

Name	Date of grant	Exercise price HK$	Closing price of the shares on the date of grant HK$	Number of share option Balance as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2014	Note
Mr. Tang Xuebin	29 September 2014	6.66	6.66	–	895,440	–	–	895,440	(1)&(2)
Mr. Dong Dong	29 September 2014	6.66	6.66	–	802,800	–	–	802,800	(1)&(2)
Mr. Zhou Qinwei	29 September 2014	6.66	6.66	–	467,300	–	–	467,300	(1)&(2)
Mr. Pan Jun	29 September 2014	6.66	6.66	–	895,440	–	–	895,440	(1)&(2)
Mr. Lam Kam Tong	29 September 2014	6.66	6.66	–	150,000	–	–	150,000	(1)&(2)
Mr. Zeng Liqing	29 September 2014	6.66	6.66	–	150,000	–	–	150,000	(1)&(2)
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	–	150,000	–	–	150,000	(1)&(2)
Dr. Liao Jianwen	29 September 2014	6.66	6.66	–	150,000	–	–	150,000	(1)&(2)
Mr. Xu Xinmin	29 September 2014	6.66	6.66	–	150,000	–	–	150,000	(1)&(2)
Employees	29 September 2014	6.66	6.66	–	41,189,020	–	–	41,189,020	(1)&(2)
Total					45,000,000			45,000,000	

Notes:

(1) 20,000,000 share options (including 1,679,530 share options granted to four Directors, namely Mr. Tang Xuebin, Mr. Dong Dong, Mr. Zhou Qinwei and Mr. Pan Jun, and 18,320,470 share options granted to certain employees of the Group) 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) and the remaining one third of which shall be vested on the second anniversary of the Date of Grant, i.e. 29 September 2016.

(2) 25,000,000 share options (including 2,131,450 share options granted to nine Directors and 22,868,550 share options granted to certain employees of the Group) 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.

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

Since the Listing Date and up to 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

BORROWINGS

Details of the borrowings of the Group are set out in note 28 of the consolidated financial statements.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES

Save for the share options granted to the Directors, at no time during the year was the Company, or its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to define benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

No significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the Group's business subsisted during the financial year under review.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	**Capacity/Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding interest**
Fantasia Holdings	Beneficial owner[1]	534,018,523	53.40%
Fantasy Pearl	Interest of controlled corporation[1&2]	534,018,523	53.40%
Ice Apex	Interest of controlled corporation[1&2]	534,018,523	53.40%
Ms. Zeng Jie, Baby	Interest of controlled corporation[1&2]	534,018,523	53.40%
Splendid Fortune	Beneficial owner[3]	215,981,477	21.60%
Colour Success	Interest of controlled corporation[3]	215,981,477	21.60%

Notes:

(1) These include 503,956,782 shares of the Company held by Fantasia Holdings and 30,061,741 shares of the Company which are the subject of the two share subscription agreements entered into with First Shanghai and China Bowen Capital Management Co., Ltd. of which Fantasia Holdings has a right of first refusal.

(2) Fantasia Holdings is owned as to 57.35% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings for the purpose of Part XV of the SFO.

(3) Splendid Fortune is wholly owned by Colour Success, which is in turn owned as to 43.34% by Mr. Tang Xuebin, 13.33% by Mr. Dong Dong, 13.33% by Mr. Ye Hui, 13.33% by Mr. Guan Jiandong, 13.33% by Mr. Chang Rong and 3.34% by Mr. Wang Xuliang, respectively.

Save as disclosed above, as at 31 December 2014, no other shareholder, other than Directors or chief executive, 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.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the year ended 31 December 2014, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their close associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) had any interests in the Group's five largest customers or suppliers.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions during the year ended 31 December 2014. Details of the transactions are set out in note 39 to the financial statements and below:

1. Provision of Engineering Services by Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji ") to Fantasia Group

   On June 11, 2014, Shenzhen Kaiyuan Tongji entered into an engineering services framework agreement (the "Engineering Services Agreement") with Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)") and Shenzhen Fantasia Real-estate Group Ltd. ("Shenzhen Fantasia"), each an indirect wholly-owned subsidiary of the Fantasia Group, pursuant to which Shenzhen Kaiyuan Tongji agreed to provide engineering services, including but not limited to installation and fitting of power systems, energy-saving lights and other related services to the Fantasia Group in respect of certain properties developed by each of them (the "Engineering Services"), for a term commencing from the Listing Date and ending on 31 December 2016.

   Each of Fantasia Group (China) and Shenzhen Fantasia is an indirect wholly-owned subsidiary of Fantasia Holdings, the controlling shareholder of the Company, and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Engineering Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the Engineering Services Agreement have been set out in the section "Connected transaction" in the Company's prospectus dated 17 June 2014.

   For the year ended 31 December 2014, the fees payable by the Fantasia Group to the Group for the provision of the Engineering Services under the Engineering Services Agreement amounted to RMB13.5 million, which was within the annual cap of RMB15,500,000 for the same period.

2. Provision of Pre-delivery Property Management Services by Shenzhen Colour Life Property Management Co., Ltd. ("Shenzhen Colour Life Property Management") to the Fantasia Group

   On 11 June 2014, Shenzhen Colour Life Property Management entered into a pre-delivery property management services framework agreement (the "Pre-delivery Property Management Services Agreement") with Fantasia Group (China) and Shenzhen Fantasia, each an indirect wholly-owned subsidiary of the Fantasia Group, pursuant to which Shenzhen Colour Life Property Management agreed to provide pre-delivery property management services which can be categorized into services to be provided at the pre-sale and pre-delivery stages, including but not limited to (i) the provision of on-site security, cleaning and other related services as well as customer services to be provided to the property sales centre of the Fantasia Group such as concierge services, customer car parking guidance at the pre-sale stage and (ii) the provision of operations and management services at the pre-delivery stage for the unsold portion of the property developments, the Fantasia Group in respect of certain properties developed by it (the "Pre-delivery Property Management Services"), for a term commencing from the Listing Date and ending on 31 December 2016.

   Each of Fantasia Group (China) and Shenzhen Fantasia is an indirect wholly-owned subsidiary of Fantasia Holdings, the controlling shareholder of the Company, and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Pre-delivery Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the Pre-delivery Property Management Services Agreement have been set out in the section "Connected transactions" in the Company's prospectus dated 17 June 2014. For the year ended 31 December 2014 the fees payable by the Fantasia Group to the Group for the provision of Pre-delivery Property Management Services under the Pre-delivery Property Management Services Agreement amounted to RMB16.3 million, which was within the annual cap of RMB18,980,000 for the same period.

3. Structured Contracts

   Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》(2011年修訂)), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider in the PRC. Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network"). To enable the Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service Co., Ltd. ("Shenzhen Colour Life Network Service"), Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang entered into the exclusive management and operation agreement, the call option agreement, the shareholders' rights entrustment agreement, the equity pledge agreement and the power of attorney (collectively the "Structured Contracts") on 16 June 2014, such that the Group are entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the "Contractual Arrangement"). The Structured Contracts has an initial term of 10 years which is renewable for a successive term of 10 years. For details of the Structured Contracts, please refer to the section headed "History, Reorganisation and Group Structure — The Structured Contracts" in the Company's prospectus dated 17 June 2014.

The Company is exploring various opportunities in building up its community leasing, sales and other services business operations overseas for the purposes of being qualified, as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network was treated as a wholly-owned subsidiary of the Company and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, being the chairman and a non-executive Director of the Company, an executive director and a substantial shareholder of the holding company of the Company, and as to 30% by Mr. Tang, being an executive Director, the chief executive officer and a substantial shareholder of the Company, Mr. Pan and Mr. Tang are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the exclusive management and operation agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Group, as if it was the Company's subsidiary, resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by the Company's PRC legal advisor. The Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to the residents in the residential communities that the Group manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for as the Company's subsidiary and its financial position and operating results are consolidated in the Company's consolidated financial statements. The revenue and total asset value subject to the Contractual Agreement amounted to approximately RMB0.5 million for the year ended 31 December 2014 and approximately RMB3.5 million as of 31 December 2014, respectively.

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof.

Colour Life had applied and the SEHK had granted a waiver that the Structured Contracts are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Pan and Mr. Tang may potentially have a conflict of interest with the Group. Both of Mr. Pan and Mr. Tang have undertaken to Shenzhen Colour Life Network Service that during the period when the Contractual Arrangement remains effective, (i) unless otherwise agreed to by Shenzhen Colour Life Network Service in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Shenzhen Caizhiyun Network Service or any of its affiliates; and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Shenzhen Colour Life Network Service (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Shenzhen Colour Life Network Service has the sole absolute discretion to determine whether such conflict arises), he agrees to take any appropriate actions as instructed by Shenzhen Colour Life Network Service.

Furthermore, the Group conducts its business operation in the PRC through Shenzhen Caizhiyun Network by way of Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws. As advised by the Company's PRC legal advisers, the Contractual Arrangements were narrowly tailored to minimise the potential conflict with relevant PRC laws and regulations.

To ensure proper implementation of the Structured Contracts, the Company also takes the following measures:

(a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Board on a regular basis which was no less frequent than on a quarterly basis;

(b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;

(c) the relevant business units and operation divisions of the Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of the Company on the compliance and performance conditions under the Structured Contracts and other related matters;

(d) the compliance department of the Company, headed by Mr. Zhou Qinwei ("Mr. Zhou"), an executive Director of the Company, monitors the proper implementation and Mr. Pan's and Mr. Tang Xuebin's compliance with the Structured Contracts; and

(e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by Mr. Zhou.

The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and its impact on the Group.

The Board also confirmed that there is no unwinding of Structured Contracts or failure to unwind when the restrictions that led to the adopted of Structured Contracts are removed.

The independent non-executive Directors of the Company, namely Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin, have reviewed the Structured Contracts and confirmed that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Structured Contracts so that the revenue generated by Shenzhen Caizhiyun Network and its subsidiaries have been mainly retained by the Group; (ii) no dividends or other distributions have been made by Shenzhen Caizhiyun Network to its shareholders; and (iii) any new Structured Contracts entered into, renewed or reproduced between Shenzhen Caizhiyun Network and the Group during the relevant financial period are fair and reasonable, or advantageous, so far as the Company are concerned and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the continuing connected transactions and confirmed that the continuing connected transactions abovementioned have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe the continuing connected transactions abovementioned:

(i) have not been approved by the Board;
(ii) are not in accordance with the pricing policies of the Company if the transactions involve provision of goods and services by the Company;
(iii) have not been entered into in accordance with the relevant agreements governing the transactions; and
(iv) the first transaction and the second transaction have exceeded the respective annual caps.

OTHERS

The continuing connected transactions disclosed above also constitutes related party transaction under the International Financial Reporting Standards. A summary of significant related party transactions made during the year was disclosed in note 39 to the financial statements. Save for to confirm item (c) therein which also constitutes connected/continuing connected transactions as defined in Chapter 14A of the Listing Rules, other related party transactions do not constitute connected transactions as defined in Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected transactions or continuing connected transactions.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

On 11 June 2014, Fantasia Holdings executed in favour of the Company, a deed of non-competition (the "Deed of Non-competition") pursuant to which Fantasia Holdings undertakes, among others, that during the period commencing from 30 June 2014 and until the earlier of (i) the date on which the Company's shares cease to be listed on the SEHK; or (ii) the date on which Fantasia Holdings cease to hold, whether directly or indirectly, 30% or more of the Company's shares:

(i) Fantasia Group will not engage in any business involving the following activities:

- property management focusing on residential communities;

- engineering services primarily including (i) equipment installation services, (ii) repair and maintenance services and (iii) automation and other equipment upgrade services through the Company's equipment leasing; or

- community leasing, sales and other services targeting residents residing at and property owners of the residential communities primarily including (i) common area rental assistance, (ii) purchase assistance and (iii) residential and retail units rental and sales assistance.

(ii) in relation to the residential communities developed by Fantasia Group, Fantasia Group will not participate in the property management of such properties but will select property management companies through a tendering process in which the Group will be invited to participate; and

(iii) if Fantasia Group has identified or is offered any project or new business opportunities to engage in or acquire a company engaging in property management for residential communities, it shall provide the Company (subject to such confidentiality requirements as may be applicable) all information and documents possessed by it in respect of such project or new business opportunity in relation to property management of residential communities to enable the Company to evaluate the merits of the same.

Pursuant to the annual declaration made by Fantasia Holdings in relation to the compliance with the Deed of Non-competition, Fantasia Holdings confirms that during the period from 30 June 2014 to 31 December 2014 (the "Relevant Period"), (i) all the relevant terms of the Deed of Non-competition have been fully complied with in all material respects; and (ii) Fantasia Holdings has not identified or was offered any opportunities to engage in a business that is in competition with that of the Group.

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the controlling shareholders of the Company and their respective associates and the Group and to protect the interests of the shareholders of the Company, in particular, the minority shareholders.

The independent non-executive Directors of the Company, upon their review, confirmed that effective compliance with and enforcement of terms of the above non-competition undertakings had been conducted by controlling shareholders of the Company.

Apart from the above non-competition undertakings, Fantasia Holdings has also undertaken to the Company in the Deed of Non-Competition that, during the Non-Competition Period, if Fantasia Group intends to dispose of any part or all of its business in the property management of pure commercial properties such as office buildings, retail complexes, hotels and serviced apartments ("Retained Business") , or any interest in the Retained Business to any third party, it shall first offer to the Company the right to acquire such business or interest and the Fantasia Group may only proceed with such disposal to any third party, on terms not more favorable than those offered to the Company, following the rejection of such offer by the Company. In deciding whether to exercise the right, the Directors will consider various factors including the purchase price, the benefits that it will bring to the Group as well as whether the Group has adequate management and resources to manage and operate the business operations of such business. The independent non-executive Directors of the Company shall decide whether or not to exercise the right within one-month after the Fantasia Group notifies the Company of such business opportunity in writing. During the Relevant Period, the Company has not received any notice from Fantasia Holdings to purchase any part or all of its Retained Business.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the financial year ended 31 December 2014, none of the Directors or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

Report of Directors

EMOLUMENT POLICY

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the remuneration committee of the Company ("Remuneration Committee") on the basis of their merit, qualifications and competence.

The emoluments of the Directors are proposed by the Remuneration Committee to the Board, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2014.

Total emolument of RMB72.2 million was charged to the consolidated statement profit loss and other comprehensive income, representing RMB5.1 million for the Directors' remuneration and RMB67.1 million for other staff's salaries and allowance.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the year under review, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company was listed on the Main Board of the SEHK on 30 June 2014. The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules except for the deviations from the code provisions A.1.1 and C.3.3, details of which are set out in the Corporate Governance Report contained in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the date of this annual report, the Company has maintained a sufficient public float throughout the Relevant Period.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company raised net proceeds of approximately RMB710 million (less underwriting fee and commissions and other relevant expenses, equivalent to approximately RMB19.7 million) in aggregate under its initial public offering on the SEHK in June 2014, which are intended to be applied in the manner consistent with that in the Company's prospectus dated 17 June 2014. During the Relevant Period, the Company has not fully utilised its listing proceeds.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of significant events occurring after the end of the reporting period are set out in note 4 to the consolidated financial statements.

AUDITORS

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board
Tang Xuebin
Executive Director and Chief Executive Officer

Hong Kong, 2 March 2015

Corporate Governance Report

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 was listed on the Main Board of the SEHK on 30 June 2014 (the "Listing Date"). The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and applied the code provisions in the CG Code which are applicable to the Company from the Listing Date to 31 December 2014 (the "Relevant Period").

Code provisions A.1.1. and C.3.3 respectively provide that board meetings should be held at least four times a year at approximately quarterly intervals with a majority of directors being present and the Audit Committee must meet, at least twice a year, with the issuer's auditors. As the Company was listed on the SEHK in June 2014, the Company only held two regular board meetings with the presence of the majority of Directors and members of the Audit Committee only met the Company's auditors once during the Relevant Period.

Save for the deviations set out above, the Board is of the view that for the Relevant Period, the Company has complied with all the code provisions as set out in the CG Code.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and employees who are likely to possess inside information of the Company (the "Securities Dealing Code"). The Company had made specific enquiry of all Directors whether they have complied with the required standard set out in the Model Code during the Relevant Period and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Relevant Period.

No incident of non-compliance of the Securities Dealing Code by the employees was noted by the Company.

Corporate Governance Report

BOARD OF DIRECTORS

The Board of the Company currently comprises the following Directors:

Executive Directors:
Mr. Tang Xuebin *(Chief Executive Officer)*
Mr. Dong Dong
Mr. Zhou Qinwei

Non-executive Directors:
Mr. Pan Jun *(Chairman)*
Mr. Lam Kam Tong
Mr. Zeng Liqing

Independent Non-executive Directors:
Mr. Tam Chun Hung, Anthony
Dr. Liao Jianwen
Mr. Xu Xinmin

The biographical information of the directors are set out in the section headed "Directors' Profile" on pages 35 to 39 of this annual report.

The Board members have no financial, business, family or other material/relevant relationships with each other.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Pan Jun and Mr. Tang Xuebin respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the Relevant Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board. The independent non-executive Directors possess the respective professional qualifications and related management experience in the areas of financial accounting, business strategies and property management and have contributed to the Board with their professional opinions.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the directors of the Company is engaged on a service agreement (for executive director) or an appointment letter (for non-executive director and independent non-executive director) for a term of 3 years.

In accordance with the Company's Articles of Association, all directors of the Company are subject to retirement by rotation and re-election at annual general meeting at least once every three years and any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first general meeting or the next following annual general meeting, as the case may be, of the Company after his/her appointment and be subject to re-election at such meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All directors, including non-executive directors and independent non-executive directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All directors have full and timely access to all the information of the Company. The directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate.

The Company had from time to time provided relevant reading materials including the amendments to or updates on the relevant laws, rules and regulations to all directors, namely, Mr. Tang Xuebin, Mr. Dong Dong, Mr. Zhou Qinwei, Mr. Pan Jun, Mr. Lam Kam Tong, Mr. Zeng Liqing, Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen, Mr. Xu Xinmin and Mr. Xu Junda (resigned on 29 September 2014) for their reference and studying.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, all on 11 June 2014 for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company and of Hong Kong Exchanges and Clearing Limited and are available to shareholders upon request.

All members of the Audit Committee while the majority of the members of the Remuneration Committee and Nomination Committee are independent non-executive directors.

Audit Committee

The Audit Committee currently consists of all the three independent non-executive directors, namely Mr. Tam Chun Hung, Anthony (chairman), Dr. Liao Jianwen and Mr. Xu Xinmin. None of the committee members is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control and risk management system, making recommendations to the Board on the appointment and dismissal of the external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee is also responsible for performing the Company's corporate governance functions set out in the code provision D.3.1 of the CG Code.

The Audit Committee held one meeting during the year ended 31 December 2014. During the meeting, the Audit Committee has been provided with the Group's financial statements, internal controls reports and other necessary financial information to consider, review and assess significant issues arising from the unaudited interim financial results for the six months ended 30 June 2014, internal controls and work conducted. The Audit Committee also recommended the appointment of external auditors for the Company and reviewed the following including:

(a) the Company's policies and practices on corporate governance;

(b) training and continuous professional development of the Directors and senior management;

(c) the Company's policies and practices on compliance with legal and regulatory requirements;

(d) the compliance of the Model Code and the Securities Dealing Code; and

(e) the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

As the Company was listed on the SEHK in June 2014, members of the Audit Committee only met the Company's auditors once during the Relevant Period (code provision C.3.3 provides that members of the Audit Committee must meet, at least twice a year, with the issuer's auditors).

Remuneration Committee

The Remuneration Committee currently consists of the three independent non-executive directors, Dr. Liao Jianwen (chairman), Mr. Tam Chun Hung, Anthony and Mr. Xu Xinmin as well as an executive director, Mr. Tang Xuebin.

The primary functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration, making recommendations to the Board on the remuneration packages of individual executive directors and senior management and ensuring that no director or any of his/her associates is involved in deciding his/her own remuneration.

The Remuneration Committee held a meeting during the Relevant Period. During the meeting, the Remuneration Committee reviewed, and recommended to the Board on the remuneration package of the Directors and senior management including the remuneration package of the appointment of Mr. Xu Xinmin as an independent non-executive director of the Company. The emolument policy of the Group and details of the remuneration of the Directors are set out in the section headed "Report of the Directors" and note 11 to the consolidated financial statements.

Nomination Committee

The Nomination Committee currently consists of five members, namely one non-executive director, Mr. Pan Jun (chairman), three independent non-executive directors, Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin and one executive director, Mr. Tang Xuebin.

The principal duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors in particular the chairman or chairlady and the chief executive, and assessing the independence of independent non-executive Directors.

The Board has adopted a "Board Diversity Policy" to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Selection of board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee reviews the Board Diversity Policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the Board.

The Nomination Committee held a meeting during the Relevant Period. During the meeting, the Nomination Committee nominated Mr. Xu Xinmin as an independent non-executive director of the Company, assessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2015 annual general meeting of the Company before putting forth for discussion and approval by the Board, reviewed the board diversity policy and the measurable objectives, and also reviewed the structure, size and composition of the Board.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each director at the Board and Board Committee meetings of the Company held during the year ended 31 December 2014 is set out in the table below:

	Attendance/Number of Meetings			
Name of Directors	**Board**	**Remuneration Committee**	**Nomination Committee**	**Audit Committee**
Executive Directors				
Mr. Tang Xuebin	5/5	1/1	1/1	N/A
Mr. Dong Dong	5/5	N/A	N/A	N/A
Mr. Zhou Qinwei	5/5	N/A	N/A	N/A
Non-executive Directors				
Mr. Pan Jun	5/5	N/A	1/1	N/A
Mr. Lam Kam Tong	5/5	N/A	N/A	N/A
Mr. Zeng Liqing	3/5	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. Tam Chun Hung, Anthony	5/5	1/1	1/1	1/1
Dr. Liao Jianwen	3/5	1/1	1/1	1/1
Mr. Xu Xinmin (appointed on 29 September 2014)	1/5	1/1	1/1	N/A
Mr. Xu Junda (resigned on 29 September 2014)	1/5	N/A	N/A	1/1

As the Company was listed on the SEHK in June 2014, the Company had two regular meetings convened with the presence of the majority of Directors during the year (code provision A.1.1 provides that board meetings should be held at least four times a year at approximately quarterly intervals and a majority of directors entitled is expected to be present). The Company would make its best endeavor to comply with CG Code A.1.1 of holding four regular meetings a year.

Apart from regular Board meetings, the Chairman also held meeting with the non-executive directors (including independent non-executive directors) without the presence of executive directors during the Relevant Period.

Pursuant to Article 56 of the Articles of Association of the Company, an annual general meeting of the Company shall be held in each year other than the year of the Company's adoption of these Articles. As the Company's Articles of Association was adopted pursuant to written resolutions of all shareholders passed on 11 June 2014, no annual general meeting was held during the Relevant Period.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 69 to 70 of this annual report.

AUDITORS' REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company, Messrs. Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended 31 December 2014 is set out below:

Service Category	**Fees Paid/Payable**
	RMB'000
Audit Services	1,824
Non-audit Services	
— Interim review of financial results for the six months ended 30 June 2014	680
	2,504

INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interest of the Company and its shareholders and through the Audit Committee, reviewing the effectiveness of such system on an annual basis. During the Relevant Period, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company and considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

COMPANY SECRETARY

Ms. Cheng Pik Yuk of Tricor Services Limited, external service provider, has been engaged by the Company as its company secretary. Its primary contact person at the Company is Mr. Zhou Qinwei, an executive director and the chief financial officer of the Company.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and of Hong Kong Exchanges and Clearing Limited after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Company's Articles of Association or the Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

As regards proposing a person for election as a director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" which is posted on the Company's website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1202–03, New World Tower 1, 16–18 Queen's Road Central, Hong Kong
For the attention of the Board of Directors

Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communication.

A dedicated Investor Relations section is available on the Company's website (www.colourlife.hk). Information on the Company's website is updated on a regular basis.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The Company recognises the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by law to do so.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures available on the websites of Hong Kong Exchanges and Clearing Limited and of the Company. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

In preparation for the listing of shares of the Company on the SEHK, the Company has adopted the Amended and Restated Memorandum and Articles of Association pursuant to a special resolution passed by shareholders on 11 June 2014. During the Relevant Period, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the websites of the Company and of Hong Kong Exchanges and Clearing Limited.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF COLOUR LIFE SERVICE GROUP CO., LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Colour Life Service Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 71 to 173, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal controls as the directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
2 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Revenue	7	**389,287**	233,069
Cost of sales and services		**(79,405)**	(89,422)
Gross profit		**309,882**	143,647
Other gains and losses	8	**(11,943)**	(10,122)
Other income	8	**4,241**	4,289
Selling and distribution expenses		**(1,687)**	(1,915)
Administrative expenses		**(92,864)**	(60,276)
Expenses recharged to residential communities under commission basis		**20,029**	17,348
Finance costs	9	**(1,920)**	(630)
Listing expenses		**(16,282)**	(22,854)
Changes in fair value of investment properties		**1,941**	230
Share of results of associates		**58**	175
Share of results of a joint venture		**378**	265
Gain on disposal of subsidiaries	33	**–**	778
Profit before tax		**211,833**	70,935
Income tax expense	10	**(61,347)**	(25,467)
Profit for the year	12	**150,486**	45,468
Profit for the year attributable to:			
— Owners of the Company		**145,675**	44,368
— Non-controlling interests		**4,811**	1,100
		150,486	45,468
Earnings per share (RMB cents)	14		
— Basic		**16.66**	6.04
— Diluted		**16.66**	6.04

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	15	**67,546**	23,513
Investment properties	16	**29,790**	26,758
Interests in associates	17	**1,295**	1,107
Interest in a joint venture	18	**946**	568
Intangible assets	19	**26,850**	624
Goodwill	20	**105,188**	50,537
Trade receivables	21	**4,802**	7,585
Other receivables and prepayments	21	**5,657**	5,334
Deferred tax assets	22	**5,839**	3,848
Deposits paid for potential acquisitions of subsidiaries	23	**142,661**	–
		390,574	119,874
Current assets			
Inventories		**862**	200
Amounts due from customers for contract works	24	**41,113**	43,892
Trade receivables	21	**152,662**	49,566
Other receivables and prepayments	21	**69,470**	43,339
Payments on behalf of residents	25	**86,214**	43,966
Amount due from immediate holding company	39(b)	**–**	1
Amounts due from fellow subsidiaries	39(b)	**20,157**	32,153
Amounts due from non-controlling shareholders	39(b)	**14,989**	13,063
Amounts due from related parties	39(b)	**336**	1,303
Pledged/restricted bank deposits	26	**136,323**	997
Bank balances and cash	26	**687,031**	146,113
		1,209,157	374,593
Current liabilities			
Amounts due to customers for contract works	24	**8,195**	2,784
Trade payables	27	**25,975**	20,851
Other payables and accruals	27	**176,252**	93,387
Receipts on behalf of residents	25	**72,745**	96,804
Amounts due to fellow subsidiaries	39(b)	**1,777**	36,719
Amount due to immediate holding company	39(b)	**–**	1,428
Amounts due to non-controlling shareholders	39(b)	**5,846**	1,809
Amount due to an associate	39(b)	**775**	2,387
Amount due to a joint venture	39(b)	**94**	94
Tax liabilities		**83,906**	45,910
Borrowings due within one year	28	**127,927**	162
		503,492	302,335
Net current assets		**705,665**	72,258
Total assets less current liabilities		**1,096,239**	192,132

Consolidated Statement of Financial Position

At 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Deferred tax liabilities	22	**7,385**	509
Amount due to a non-controlling shareholder	39(b)	**1,572**	1,091
Borrowings due after one year	28	**18**	215
Redeemable shares	29	**–**	6,614
Total non-current liabilities		**8,975**	8,429
Net assets		**1,087,264**	183,703
Capital and reserves			
Share capital	30	**79,315**	164
Reserves		**992,286**	178,761
Equity attributable to owners of the Company		**1,071,601**	178,925
Non-controlling interests		**15,663**	4,778
Total equity		**1,087,264**	183,703

The financial statements on pages 71 to 173 were approved and authorised for issue by the Board of Directors on 2 March 2015 and signed on behalf by:

DIRECTOR *DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note a)	Share options reserve RMB'000	Other reserve RMB'000 (note b)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2013	2	–	16,561	–	(54,782)	144,467	106,248	1,937	108,185
Profit and total comprehensive income for the year	–	–	–	–	–	44,368	44,368	1,100	45,468
Capitalisation issue of shares (note 30)	156	(156)	–	–	–	–	–	–	–
Issue of new shares (note 30)	6	37,058	–	–	–	–	37,064	–	37,064
Acquisition of subsidiaries (note 32)	–	–	–	–	–	–	–	1,467	1,467
Disposal of subsidiaries (note 33)	–	–	–	–	(9,125)	–	(9,125)	274	(8,851)
Recognition of equity-settled share-based payment (note 31)	–	–	–	–	370	–	370	–	370
Transfer	–	–	4,057	–	–	(4,057)	–	–	–
At 31 December 2013	164	36,902	20,618	–	(63,537)	184,778	178,925	4,778	183,703
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**145,675**	**145,675**	**4,811**	**150,486**
Capitalisation issue of shares (note 30)	**58,929**	**(58,929)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of new shares pursuant to the initial public offering (note 30)	**19,829**	**729,698**	**–**	**–**	**–**	**–**	**749,527**	**–**	**749,527**
Capital injection by a non-controlling shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**588**	**588**
Expenses incurred in connection with issue of shares	**–**	**(39,313)**	**–**	**–**	**–**	**–**	**(39,313)**	**–**	**(39,313)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(526)**	**(526)**
Transfer from redeemable shares	**393**	**6,439**	**–**	**–**	**–**	**–**	**6,832**	**–**	**6,832**
Acquisition of subsidiaries (note 32)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,012**	**6,012**
Recognition of equity-settled share-based payment (note 31)	**–**	**–**	**–**	**29,780**	**175**	**–**	**29,955**	**–**	**29,955**
Transfer	**–**	**–**	**858**	**–**	**–**	**(858)**	**–**	**–**	**–**
At 31 December 2014	**79,315**	**674,797**	**21,476**	**29,780**	**(63,362)**	**329,595**	**1,071,601**	**15,663**	**1,087,264**

Notes:

(a) The statutory reserve is non-distributable and the transfer to these reserves 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 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 and those transactions with Fantasia Holdings Group Co., Limited ("Fantasia Holdings") and its subsidiaries other than the Company and its subsidiaries (collectively the "Group") as below:

(i) Other reserve arose from the acquisitions of additional equity interests in subsidiaries and the disposals of partial equity interests in subsidiaries, which represent the difference between the consideration and the adjustment to the non-controlling interests.

(ii) The Company recognised expense in relation to share options granted by Fantasia Holdings to eligible directors and employees of the Company and credited to other reserve.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**211,833**	70,935
Adjustments for:		
Allowance for doubtful debts/bad debt written off-net	**11,054**	7,410
Depreciation of property, plant and equipment	**6,662**	3,929
Amortisation of intangible assets	**3,222**	1,189
Bank interest income	**(1,308)**	(554)
Interest income from advance from a customer	**–**	(222)
Imputed interest income on non-current interest-free trade receivables	**(774)**	(408)
Fair value adjustment on non-current interest-free deposit	**(323)**	666
Finance costs	**1,920**	630
Share-based payment expenses	**29,955**	370
Share of results of a joint venture	**(378)**	(265)
Share of results of associates	**(58)**	(175)
Loss on disposal of property, plant and equipment	**174**	1,846
Gain on disposal of subsidiaries	**–**	(778)
Changes in fair value of investment properties	**(1,941)**	(230)
Operating cash flows before movements in working capital	**260,038**	84,343
(Increase) decrease in inventories	**(662)**	*1,074*
Increase in trade and other receivables and prepayments	**(126,917)**	(40,821)
Decrease (increase) in amount due from a fellow subsidiary	**1,158**	(17,737)
(Increase) decrease in payments/receipt on behalf of residents	**(103,558)**	15,381
Changes in amounts due from/to customers contract work	**8,190**	4,025
Decrease in deposits received	**(2,624)**	–
Increase in trade and other payables	**47,543**	11,767
Cash generated from operations	**83,168**	58,032
Income taxes paid	**(25,981)**	(13,437)
NET CASH FROM OPERATING ACTIVITIES	**57,187**	44,595

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES			
Interest received		**1,308**	554
Acquisitions of subsidiaries	*32*	**(31,796)**	(20,436)
Dividend received from an associate		**360**	–
Proceeds from disposal of subsidiaries	33	**–**	(1,138)
Consideration on disposal of subsidiaries in prior year received	33	**1,630**	–
Purchase of property, plant and equipment		**(50,003)**	(17,180)
Proceeds of disposal of property, plant and equipment		**5,429**	380
Deposit paid for potential acquisition of subsidiaries		**(142,661)**	–
Purchase of financial assets classified as financial assets classified as fair value through profit or loss ("FVTPL")		**–**	(143,975)
Capital injection to an associate		**(490)**	–
Redemption of financial assets classified as FVTPL		**–**	186,675
Advance of loan receivables		**–**	(3,000)
Increase in restricted bank deposits		**(135,326)**	–
Repayment of loan receivables		**–**	4,500
Advance to a customer		**(12,000)**	–
Repayment from a customer		**1,752**	3,500
Repayment from (advance to) the immediate holding company		**1**	(1)
Repayment from a fellow subsidiary		**29,377**	333,317
Advances to fellow subsidiaries		**(18,539)**	(25,540)
Repayment from a related party		**967**	46,389
Advance to a related party		**–**	(1,442)
Repayment from a non-controlling shareholder		**26,901**	1,725
Advances to a non-controlling shareholder		**(11,370)**	(918)
Advances to directors		**–**	(2,000)
Repayment from directors		**–**	2,000
Advance to a former shareholder of a subsidiary		**(3,202)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(337,662)**	363,410

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	NOTES	**2014 RMB'000**	2013 RMB'000
FINANCING ACTIVITIES			
Interest paid		**(1,557)**	(193)
Repayments of bank borrowings		**(162)**	(70)
Bank borrowing raised		**127,730**	–
Advances from fellow subsidiaries		**1,697**	28,540
Capital contribution from a non-controlling shareholder		**588**	–
Repayment to fellow subsidiaries		**(36,639)**	(357,724)
Repayment to immediate holding company		**(1,428)**	(1,855)
Advance from an associate		**–**	303
Repayment to an associate		**(1,612)**	(42)
Advance from non-controlling shareholders		**7,416**	2,520
Repayment to non-controlling shareholders		**(3,043)**	(1,592)
Dividend paid to non-controlling shareholders		**(526)**	–
Net proceeds in issue of new shares upon initial public offering		**728,929**	–
Issue of redeemable shares		**–**	43,241
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**821,393**	(286,872)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**540,918**	121,133
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**146,113**	24,980
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		**687,031**	146,113

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 March 2011. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 30 June 2014. The addresses of the registered office and principal place of business of the Company are stated in the section "Corporate Information" of the annual report.

The Company's immediate holding company is Fantasia Holdings, a company which was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of the SEHK. Its ultimate holding company is Ice Apex Limited, a limited liability company incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling party is Ms. Zeng Jie, Baby.

The principal activity of the Company is investment holding. Its subsidiaries are primarily engaged in the provision of property management services, the provision of engineering services and the provision of community leasing, sales and other services.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group had applied the following new and revised HKFRSs issued by the Hong Kong Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 — 2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 — 2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 — 2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 "Financial Instruments" *(Continued)*

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may not have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities.

HKFRS 15 "Revenue from contracts with Customer"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 15 "Revenue from contracts with Customer" *(Continued)*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipates that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2012—2014 Cycle

The Annual Improvement to HKFRSs 2012—2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce special guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 "Disclosure-Offsetting Financial Assets and Financial Liabilities" issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Annual Improvements to HKFRSs 2012—2014 Cycle *(Continued)*

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

Except for the above impact, the Directors of the Company do not anticipate that the application of other new and revised HKFRSs will not have significant impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements has been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

The consolidated financial statements has been prepared on the historical cost basis except for investment properties that are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains controls until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income and expenses, and cash flows relating to the transactions among the members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests and (ii) the previous carrying amount of the assets (including any goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer 's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer 's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standards.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequent whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in a subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and a joint venture

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or a joint venture are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, investment in associates or a joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profits or loss and other comprehensive income of associate and joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associates or joint venture.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associates or joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associates or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Installation contracts

Where the outcome of the installation contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Installation contracts *(Continued)*

Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advance received included in other payables. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Property management fee, repair and maintenance service fee, community leasing, sales services fee, property agency fee and other services fee

Property management fee (including property management services under commission basis, lump sum basis, pre-sale services and property management consulting services), repair and maintenance service fee, community leasing, sales services and property agency fee and other services fee are recognised when services are rendered.

Installation contract revenue

The Group's policy for recognition of revenue from installation contract is described in paragraph headed by "Installation contracts" above.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Rental income

The Group's policy for recognition of revenue from operating leases is described in paragraph headed by "Leasing — The Group as lessor" above.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Foreign currencies

In preparing financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit during the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, an associate and a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are generally classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, payments on behalf of residents, amounts due fellow subsidiaries, non-controlling shareholders and related parties and immediate holding company, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Financial assets at fair value through profit or loss ("FVTPL") *(Continued)*

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, except for short-term receivables where the recognition of interest would be immaterial.

Impairment loss of financial assets

Financial assets other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*
Financial assets (Continued)
Impairment loss of financial assets *(Continued)*
Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables and payment on behalf of residents, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and payments on behalf of residents, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivable or payment on behalf of residents considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments (Continued)

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entity are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Redeemable shares

A contract that contains an obligation for the Group to repurchase or redeem its own equity instruments for cash or another financial asset (i.e. redeemable shares) upon the subscriber of the redeemable shares exercising a share put option is classified as a financial liability. The redeemable shares are initially measured at fair value (after adjusting for initial direct cost) and subsequently measured at amortised cost using effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, and substantially all the risks and rewards of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (other reserve for the share option scheme of Fantasia Holdings and share options reserve for the share option scheme of the Company).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserve and share options reserve, where appropriate.

For the share options granted by the Company, when they are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve. For the share options granted by Fantasia Holdings, when they are exercised, the amount previously recognised in other reserve will continue to be held in other reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in other reserve will continue to be held in other reserve.

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Company is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated collection rate of property management fee

The Group's revenue from its property management services under lump-sum basis are recognised based on estimated collection rate of property management fee in each of the residential communities managed by the Group. Significant management estimation is required to determine the collection rate of property management fee that can be collected in each of the residential communities, based upon the payment rate of property management fee in each of the residential communities managed by the Group.

Estimated impairment of payments on behalf of residents

The Group has receivables arisen from the payments on behalf of residents from the residential communities under the terms of commission basis in its property management services business. Since these management offices have no separate bank accounts, all transactions related to these management offices are settled through the treasury function of a group entity. The net amount paid on behalf of these management offices in excess of the management fee received from the residents of these residential communities are treated as receivables of the Group. Significant management estimation is required to determine whether the management offices have the ability to settle these receivables due to the Group.

To determine whether there is any objective evidence of impairment loss, the Group takes into consideration a number of indicators, including, among others, subsequent settlement status, historical write-off experience, the financial performance of the residential communities and management fee collection rate of the residential communities in estimating the future cashflows from the residential communities.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amounts of the Group's payments on behalf of residents under commission basis are RMB86,214,000 (2013: RMB43,966,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of trade receivables

When there is an objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amounts of the Group's trade receivables are RMB157,464,000 (2013: RMB57,151,000), net of allowance for bad and doubtful debt of RMB5,620,000 (2013: RMB1,041,000).

Fair value of completed investment properties

The Group's completed investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on method of valuation which take into account the market evidence of transaction prices for similar properties in the same location and conditions. In relying on the valuation report, the management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions. Should there be changes in assumptions due to market conditions, the fair value of the investment properties will change in future. The carrying amounts of investment properties are RMB29,790,000 (2013: RMB26,758,000).

Revenue recognition of installation contracts

For an installation contract, revenue and costs are recognised by reference to estimation of the stage of completion of the contract activity at the end of each reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representation of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. Construction costs which mainly comprise installation costs and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Because of the nature of the construction industry, the management regularly reviews the progress of the contracts and the estimated construction revenue and construction costs. Change in this estimation may have a material impact on the results. The Group has recognised installation contracts revenue amounting to RMB18,992,000 (2013: RMB34,206,000).

Estimated recoverability of amount due from customers for contract works

When there is objective evidence of impairment loss in relation to amounts due from customers for contract works arisen from the installation services under engineering segment, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of amounts due from customers for contract works were RMB41,113,000 (2013: RMB43,892,000) as disclosed in note 24.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount which is the higher of the value in use and fair value less cost of disposal to sell of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit based on five-year financial budgets approved by management of the Group, and a suitable discount rate in order to calculate the present value. Key estimates involved in the preparation of cash flow projections for the period covered by the approved budgets include the growth rates, discount rates and cash inflows/outflows including revenue, gross profit, operating expenses estimated based on past performance and market development expectations. Where the actual future cash flows are less than expected or there is a downward revision of expected future cash inflows due to unfavourable change in facts and circumstances, a material impairment loss may arise. The carrying amount of goodwill net of accumulated impairment loss was amounted to RMB105,188,000 (2013: RMB50,537,000).

Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and function and also by reference to the relevant industrial norm. If the actual useful lives of intangible assets are less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period. The carrying amount of property, plant and equipment was RMB67,546,000 (2013: RMB23,513,000).

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the recoverable amount which is the higher of fair value less cost of disposal and value in use of the cash-generating units to which intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of intangible assets net of accumulated impairment loss was RMB26,850,000 (2013: carrying amount of RMB624,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of borrowings, amounts due to immediate holding company, non-controlling shareholders, fellow subsidiaries, an associate and a joint venture, redeemable shares, net of bank balances and cash, and equity attributable to owners of the Company comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, will balance its overall capital structure through new share issues and payment of dividends as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2014 RMB'000	2013 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,116,539**	301,865
Financial liabilities		
Amortised cost	**266,250**	169,573

b. Financial risk management objectives and policies

The Group's major financial instruments include, trade and other receivables, amounts due from fellow subsidiaries, non-controlling shareholders, related parties and immediate holding company, restricted bank deposits, bank balances and cash, receipts/payments on behalf of residents, trade and other payables, amounts due to non-controlling shareholders, an associate, a joint venture, fellow subsidiaries and immediate holding company, borrowings and redeemable shares. Details of these financial instruments are disclosed in respective notes.

The management of the Group monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including interest rate risk), credit risk, liquidity risk and currency risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The Group has bank balances which is denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and liability at the respective reporting period are as follow:

	2014 RMB'000	2013 RMB'000
Assets		
Hong Kong Dollars ("HKD")	**135,431**	–
Liability		
United States Dollars ("USD")	**–**	6,614

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

6. FINANCIAL INSTRUMENTS

b. Financial risk management objectives and policies *(Continued)*

Currency risk (Continued)

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in HKD against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the RMB against the relevant foreign currencies. 5% is the sensitivity rate used in the current year in respect of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes bank balances and redeemable shares. A positive number indicates an increase in profit for the year where the RMB strengthens 5% against the relevant currencies. For a 5% weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Foreign currency sensitivity analysis

	2014 **RMB'000**	2013 RMB'000
HKD		
Decrease in profit for the year	**(6,772)**	–
USD		
Increase in profit for the year	**–**	331

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risks due to the fluctuation of the prevailing market interest rate on restricted bank deposits, bank balances and variable-rate bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note. The Group's cash flow interest risk is mainly concentrated on the fluctuation of Benchmark Lending Rate of the People's Bank of China ("Benchmark Rate") for the bank borrowings.

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings, amount due to a non-controlling shareholder, redeemable shares and bank borrowings (see notes 39(b), 29 and 28). The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The management considered that interest rate risk in restricted bank deposits and amount due to a non-controlling shareholder is insignificant.

Sensitivity analysis

Bank balances

The sensitivity analysis below has been determined based on the exposure to interest rate for the bank balances at the end of the reporting period. A 25 basis points increase or decrease during the year ended 31 December 2014 (2013: 25 basis points) is used and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been higher/lower by 25 basis points during the year and all other variables were held constant, the Group's profit during the year would increase/decrease by RMB 1,544,000 (2013: RMB276,000).

Bank borrowings

The sensitivity analysis below has been determined based on the exposure to interest rate for the variable-rate bank borrowings at 31 December 2014. A 25 basis points increase or decrease during the year ended 31 December 2014 is used and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates had been higher/lower by 25 basis points and all other variables were held constant, the Group's profit during the year would decrease/increase by RMB 122,000 (2013:nil).

6. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The management considers the credit risk exposure of the Group is low as the trade receivables are normally settled within credit period of 90 days.

In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group had no concentration of credit risk in respect of trade receivables, with exposure spread over a number of customers, e.g. residents in the residential communities managed by the Group under lump sum basis; customers from engineering service segment in relation to the provision of installation services and repair and maintenance services; and customers from community leasing, sales and other services in relation to provision of various community leasing, sales and other services. However, the Group had concentration of credit risk in respective of amounts due from certain fellow subsidiaries and non-controlling shareholders. The details are disclosed in note 39(b). The management of the Group considered that the credit risk of amounts due from fellow subsidiaries is insignificant after considering the historical settlement record, credit quality and financial position of these fellow subsidiaries. For the amounts due from non-controlling shareholders, the Group had not encountered any difficulties in collecting from the non-controlling shareholders in the past, and is not aware of any financial difficulties experienced by the non-controlling shareholders.

For the amounts due from related parties, the Group had not encountered any difficulties in collecting from the related parties in the past, and is not aware of any financial difficulties experienced by the related parties.

The Group had no concentration of credit risk in respect of the payments on behalf of residents from residential communities under commission basis, with exposure spread over a number of residential communities managed by the Group. The payments on behalf of residents from each residential community under commission basis contributed less than 10% (2013: 10%) of the total balance of payments on behalf of residents at the end of year. In addition, the Group assesses the estimated future cash flow in respect of recovering from payment on behalf of residents from residential communities under commission basis at the end of the reporting period to determine that adequate impairment losses are made. In this regard, the directors of the Company consider that the credit risk in respect of the receivables from residents is significantly reduced.

6. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong. At 31 December 2014, the Group has concentration of credit risk on the deposits paid for acquisition of subsidiaries paid to counterparties which are all engaged in PRC property management service. The Group's credit risk on deposits paid on acquisition of subsidiaries is not significant as the counterparties are enterprises with good reputation established in the PRC.

Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on bank borrowings, amounts due to fellow subsidiaries and redeemable shares as a significant source of liquidity. The Group had bank borrowings of RMB127,945,000 (2013: RMB377,000) (note 28), amounts to fellow subsidiaries of RMB1,777,000 (2013: RMB36,719,000) (note 39) and nil (2013:RMB6,614,000) redeemable shares as at 31 December 2014 (note 29).

Liquidity and interest risk tables

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The undiscounted amount is derived from interest rate curve at the end of each reporting period.

	Weighted average interest rate	Repayable on demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 8 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2014							
Trade and other payables	–	29,521	25,975	–	–	55,496	55,496
Receipts on behalf of residents	–	72,745	–	–	–	72,745	72,745
Amounts due to fellow subsidiaries	–	1,777	–	–	–	1,777	1,777
Amounts due to non-controlling shareholders (note)	8.9%	5,908	60	179	1,313	7,460	7,418
Amount due to an associate	–	775	–	–	–	775	775
Amount due to a joint venture	–	94	–	–	–	94	94
Bank borrowings							
— fixed rates	7.2%	–	421	49,750	19	50,190	48,945
— variable rates	4.5%	–	1,217	80,845	–	82,062	79,000
		110,820	27,673	130,774	1,332	270,599	266,250

6. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average interest rate RMB'000	Repayable on demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 8 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2013							
Trade and other payables	–	1,399	20,851	–	–	22,250	22,250
Receipts on behalf of residents	–	96,804	–	–	–	96,804	96,804
Amounts due to fellow subsidiaries	–	36,719	–	–	–	36,719	36,719
Amount due to immediate holding company	–	1,428	–	–	–	1,428	1,428
Amounts due to non-controlling shareholders (note)	8.9%	1,570	60	179	1,551	3,360	2,900
Amount due to an associate	–	2,387	–	–	–	2,387	2,387
Amount due to a joint venture	–	94	–	–	–	94	94
Redeemable shares	12.0%	–	–	–	7,404	7,404	6,614
Bank borrowings — fixed rates	11.0%	–	56	167	242	465	377
		140,401	20,967	346	9,197	170,911	169,573

Note: Except for amount due to Mr. Mu Xiaoming of RMB1,198,000 (2013: RMB1,330,000) which is unsecured and bears interest of 8.9% per annum, the amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

c. Fair value

Fair values of the Group's investment properties that are measured at fair value on a recurring basis

The investment properties are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation technique(s) and inputs used), as well as 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.

	Fair values		**Fair value hierarchy**
	2014 RMB'000	2013 RMB'000	
Investment properties	**29,790**	26,758	Level 3

The valuation of investment properties was arrived at using market evidence of transaction prices for similar properties ranging from RMB3,600 to RMB25,000 (2013: RMB3,500 to RMB 24,000) per square metre and adjusted to reflect the conditions of the subject property.

6. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value *(Continued)*

Fair values of the Group's investment properties that are measured at fair value on a recurring basis (Continued)

The movements of investment properties of the Group which fair value measurement using significant unobservable inputs are disclosed in note 16.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on-a recurring basis

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

7. REVENUE AND SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the different services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group has three reportable and operating segments as follows:

1. Property management services – Provision of property management services to primarily residential communities and property management consultancy services provided to other property management companies.

2. Engineering services – Provision of equipment installation services, repair and maintenance services and equipment leasing.

3. Community leasing, sales and other services – Provision of common area rental assistance, other services purchase assistance and residential and retail units rental and sales assistance and provision of property agency services.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income from banks, rental income from investment properties, certain non-recurring income, changes in fair value of investment properties, gain on disposal of subsidiaries, share of results of an associate and a joint venture, finance costs, share — based payment and listing expenses. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Inter-segment revenue is charged at prevailing market rates and eliminated on consolidation.

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

	Property management services RMB'000	Engineering services RMB'000	Community leasing, sales and other services RMB'000	Elimination RMB'000	Total RMB'000
Year ended 31 December 2014					
External revenue	236,305	87,665	65,317	–	389,287
Inter-segment revenue	–	2,936	–	(2,936)	–
Segment revenue	236,305	90,601	65,317	(2,936)	389,287
Segment profit	167,918	31,600	60,182		259,700
Changes in fair value of investment properties					1,941
Share of results of an associate					58
Share of results of a joint venture					378
Finance costs					(1,920)
Bank interest income					1,308
Rental income from investments properties					24
Listing expenses					(16,282)
Share — based payment					(29,955)
Other unallocated expenses					(3,419)
Profit before tax					211,833

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

	Property management services RMB'000	Engineering services RMB'000	Community leasing, sales and other services RMB'000	Elimination RMB'000	Total RMB'000
Year ended 31 December 2013					
External revenue	136,803	51,623	44,643	–	233,069
Inter-segment revenue	–	4,319	910	(5,229)	–
Segment revenue	136,803	55,942	45,553	(5,229)	233,069
Segment profit	41,922	11,533	39,871		93,326
Changes in fair value of investment properties					230
Investment income of financial assets classified as FVTPL					1,420
Share of results of an associate					175
Share of results of a joint venture					265
Finance costs					(630)
Bank interest income					554
Rental income from investments properties					28
Gain on disposal of subsidiaries					778
Listing expenses					(22,854)
Share — based payment					(370)
Other unallocated expenses					(1,987)
Profit before tax					70,935

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

	Property management services RMB'000	Engineering services RMB'000	Community leasing, sales and other services RMB'000	Total RMB'000
Year ended 31 December 2014				
Segment information included in the measure of segment profit:				
Bad debt recovery related to other receivables	–	–	372	372
Amortisation of intangible assets	3,222	–	–	3,222
Depreciation of property, plant and equipment	3,347	3,189	126	6,662
Fair value gain on non-current interest-free deposit	323	–	–	323
Impairment loss recognised on payments on behalf of residents under commission basis	5,849	–	–	5,849
Impairment loss recognised on trade receivables	4,300	1,277	–	5,577
Imputed interest income on non-current interest-free trade receivables	–	774	–	774
Loss on disposal of property, plant and equipment	174	–	–	174

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

	Property management services RMB'000	Engineering services RMB'000	Community leasing, sales and other services RMB'000	Total RMB'000
Year ended 31 December 2013				
Segment information included in the measure of segment profit:				
Bad debt written off related to deposit paid for acquisition of subsidiaries	350	–	–	350
Bad debt written off related to other receivables	590	–	–	590
Bad debt recovery related to other receivables	–	–	576	576
Amortisation of intangible assets	1,189	–	–	1,189
Depreciation of property, plant and equipment	1,985	1,086	858	3,929
Fair value loss on non-current interest-free deposit	666	–	–	666
Impairment loss recognised on payments on behalf of residents under commission basis	5,846	–	–	5,846
Impairment loss recognised on				
— trade receivables	–	–	415	415
— trade receivables — invoice to be issued	–	785	–	785
Imputed interest income on non-current interest-free trade receivables	–	408	–	408
Loss on disposal of property, plant and equipment	1,846	–	–	1,846

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue from major services

	2014 RMB'000	2013 RMB'000
Property management services		
Property management services fee under commission basis	**121,488**	64,494
Property management services fee under lump sum basis	**30,236**	34,744
Pre-sale services	**31,069**	37,037
Property management consultancy services fee	**53,512**	528
	236,305	136,803
Engineering services		
Installation service fees from provision of engineering services	**18,992**	34,206
Services fee from provision of repair and maintenance services	**57,099**	14,788
Equipment leasing income	**11,574**	2,629
	87,665	51,623
Community leasing, sales and other services		
Community rental, purchase and sales assistance services	**65,317**	44,643
	389,287	233,069

Geographical information

The Group's revenue from external customers is derived mainly from its operations in the PRC, and non-current assets of the Group are located in the PRC.

Information about major customers

During the year ended 31 December 2013, the subsidiaries of Fantasia Holdings, other than the Group, contributed over 10% of the total revenue of the Group on an aggregated basis. During the year ended 31 December 2014, the transactions with the subsidiaries of Fantasia Holding, contributed less than 10% of total revenue of the Group on an aggregated basis. These revenue are mainly involved in property management services segment and engineering service segment. Save as disclosed, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

8. OTHER GAINS AND LOSSES AND OTHER INCOME

	2014 RMB'000	2013 RMB'000
Other gains and losses		
Written off of deposit paid for acquisition for a subsidiary	–	(350)
Written off of other receivables	–	(590)
Recovery of other receivables previously written off	372	576
Impairment loss recognised on trade receivables	(5,577)	(1,200)
Impairment loss recognised on payments on behalf of residents under commission basis	(5,849)	(5,846)
Loss on disposal of property, plant and equipment	(174)	(1,846)
Fair value adjustment on non-current interest-free deposit	323	(666)
Exchange loss	(1,362)	–
Others	324	(200)
	(11,943)	(10,122)
Other income		
Bank interest income	1,308	554
Interest income from advance to a customer	–	222
Unconditional government grants	2,029	1,657
Imputed interest income on non-current interest-free trade receivables	774	408
Rental income from investment properties (note)	24	28
Investment income of financial assets classified as FVTPL	–	1,420
Others	106	–
	4,241	4,289

Note: Direct operating expense incurred for investment properties that generated rental income during the years were insignificant.

9. FINANCE COSTS

	2014 **RMB'000**	2013 RMB'000
Interest on:		
Amount due to a non-controlling shareholder of a subsidiary (note 39(b))	**(145)**	(135)
Redeemable shares (note 29)	**(218)**	(437)
Bank borrowings wholly repayable within five years (note 28)	**(1,557)**	(58)
	(1,920)	(630)

10. INCOME TAX EXPENSE

	2014 **RMB'000**	2013 RMB'000
Current tax		
PRC Enterprise Income Tax ("EIT")	**(63,756)**	(27,596)
Singapore profit tax	**(68)**	–
	(63,824)	(27,596)
Deferred tax (note 22)		
Current year	**2,477**	2,129
	(61,347)	(25,467)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's PRC enterprise income tax and Singapore profit tax are calculated based on the applicable tax rate on assessable profits, if applicable.

Deferred tax has not been provided for in the consolidated financial statements in respect of the tax effect of temporary differences attributable to the accumulated undistributed earnings of the subsidiaries of the Company established in the PRC amounting to RMB276,905,000 (2013: RMB143,000,000) as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

10. INCOME TAX EXPENSE *(Continued)*

The income tax expense for the year can be reconciled to the profit before tax as follows:

	2014 **RMB'000**	2013 RMB'000
Profit before tax	**211,833**	70,935
Tax at the PRC EIT rate of 25%	**52,958**	17,734
Tax effect of expenses not deductible for tax purpose (note a)	**11,535**	6,073
Tax effect of tax losses not recognised	**1,259**	1,045
Utilisation of tax loss previously not recognised	**(364)**	(592)
Tax effect of deductible temporary difference not recognised	**225**	1,305
Utilisation of deductible temporary difference previous not recognised	**(93)**	–
Tax effect of share of results of an associate	**(14)**	(44)
Tax effect of share of results of a joint venture	**(94)**	(66)
Tax effect of different tax rates of a subsidiary (note b)	**(4,523)**	(252)
Effect of different tax rate of group entity operating in jurisdiction other than PRC	**(32)**	–
Other	**490**	264
Income tax expense	**61,347**	25,467

Note:

(a) The expenses not deductible for tax purpose mainly represented listing expenses, share option expenses and welfare and entertainment expenses which exceed the tax deduction limits under the EIT law.

(b) The different tax rates mainly comes from (1) a PRC company, which is registered in Shenzhen and regarded as advanced technology enterprise by local tax bureau, is entitled to the PRC income tax at a preferential rate of 15% from 1 January 2014 to 31 December 2016, (2) a Singapore company which applied 17% income tax rate.

For certain group entities engaged in property management services (the "PM Entities"), pursuant to relevant local tax regulations in the PRC, the Group has elected to file combined tax return for the PM Entities incorporating assessable profit and tax losses attributable to the PM Entities as well as certain communities which are managed by the PM Entities under commission basis. As a result of such arrangement, the Group is able to temporarily utilise the tax losses of loss making communities, resulting in deferral of payment of certain tax provision.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid/payable to the directors and the chief executive of the Company during the year are as follows:

	2014 RMB'000	2013 RMB'000
Directors' fee	–	–
Other emoluments		
— salaries and other benefits	2,162	1,091
— contributions to retirement benefits scheme	54	31
— share-based payment	2,895	182
	5,111	1,304

The emoluments of the directors and chief executive are as follows:

	Fee RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000 (note c)	Retirement benefits scheme contributions RMB'000	Share- based payment RMB'000	Total RMB'000
Year ended 31 December 2014						
Executive directors						
Mr. Tang Xuebin	–	223	212	5	840	1,280
Mr. Dong Dong	–	192	156	5	694	1,047
Mr. Zhou Qinwei (note b)	–	652	–	44	286	982
Non-executive directors						
Mr. Pan Jun (note a)	–	133	–	–	755	888
Mr. Lam Kam Tong (note a)	–	133	–	–	64	197
Mr. Zeng Liqing (note b)	–	133	–	–	64	197
Independent non-executive directors						
Mr. Tam Chun Hung, Anthony (note b)	–	133	–	–	64	197
Mr. Liao Jianwen (note b)	–	133	–	–	64	197
Mr. Xu Xinmin (note b)	–	62	–	–	64	126
Mr. Xu Junda (note b)	–	–	–	–	–	–
	–	1,794	368	54	2,895	5,111

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

	Fee RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefits scheme contributions RMB'000	Share-based payment RMB'000	Total RMB'000
Year ended 31 December 2013						
Executive directors						
Mr. Tang Xuebin	–	221	130	5	134	490
Mr. Dong Dong	–	172	92	5	48	317
Mr. Zhou Qinwei	–	476	–	21	–	497
Non-executive directors						
Mr. Pan Jun	–	–	–	–	–	–
Mr. Lam Kam Tong	–	–	–	–	–	–
	–	869	222	31	182	1,304

Notes:

(a) For the year ended 31 December 2013, Mr. Pan Jun and Mr. Lam Kam Tong are employed by Fantasia Holdings, and both are executive directors of Fantasia Holdings, and also non-executive directors of the Company, Mr. Pan Jun and Mr. Lam Kam Tong have held various position in Fantasia Holdings and its subsidiaries and it is impracticable to allocate their expenses among Fantasia Holdings and its subsidiaries. Therefore, the share-based payment expenses to Mr. Pan Jun and Mr. Lam Kam Tong related to share options granted by Fantasia Holdings for their services rendered to the Group are borne by Fantasia Holdings. During the year ended 31 December 2014, the share-based payment expenses to Mr. Pan Jun and Mr. Lam Kam Tong related to share options granted by the Company for their services rendered to the Group are borne and recognised by the Company.

(b) Mr. Zhou Qinwei was appointed as an executive director of the Company on 25 April 2014.

Mr. Xu Junda was appointed as an independent non-executive director of the Company on 11 June 2014 and resigned on 29 September 2014.

Mr. Zeng Liqing was appointed as a non-executive director of the Company on 11 June 2014.

Mr. Tam Chun Hung, Anthony and Mr. Liao Jianwen were appointed as independent non-executive directors of the Company on 11 June 2014.

Mr. Xu Xinmin was appointed as an independent non-executive director of the Company on 29 September 2014.

(c) The discretionary bonus is determined by the board of directors based on the Group's performance for each financial year.

Mr. Tang Xuebin is the Chief Executive of the Company, and his emoluments disclosed above include those for services rendered by him as Chief Executive.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals of the Group included 3 (2013:3) directors for the years ended 31 December 2014. The remunerations of the remaining 2 (2013:2) individuals for the years ended 31 December 2014, details are as follows:

	2014 RMB'000	2013 RMB'000
Employees		
— salaries and other benefits	**781**	1,074
— contributions to retirement benefits scheme	**9**	137
— share-based payment	**1,258**	94
	2,048	1,305

Their emoluments were within the follow bands:

	2014 No. of employee	2013 No. of employee
HK$ nil to HK$1,000,000	**1**	2
HK$2,000,001 to HK$3,000,000	**1**	–
	2	2

During the year ended 31 December 2014 and 2013 , no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no directors waived any emoluments during the years ended 31 December 2014 and 2013.

12. PROFIT FOR THE YEAR

	2014	2013
	RMB'000	RMB'000
Profit has been arrived at after charging:		
Directors' remuneration	**5,111**	1,304
Other staff's salaries and allowance	**67,118**	64,054
Retirement benefits scheme contributions	**7,302**	5,943
Share-based payment expenses	**29,995**	188
Total staff costs	**109,526**	71,489
Auditors' remuneration	**2,504**	54
Amortisation of intangible assets	**3,222**	1,189
Depreciation for property, plant and equipment	**6,662**	3,929

13. DIVIDENDS

Subsequent to 31 December 2014, a final dividend for the year ended 31 December 2014 of HK9.00 cents per share, equivalent to RMB7.28 cents (2013: nil) per share amounting to HK$90,000,000, in aggregate has been proposed by directors for approval by the shareholders in the annual general meeting. The final dividends proposed after the end of the reporting period has not been recognised as a liability at the end of reporting period.

14. 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:

	2014	2013
Earnings (RMB'000)		
Earning for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**145,675**	44,368
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**874,271**	734,317

The calculation of the basic earnings per share for the year ended 31 December 2014 is based on the profit for the year attributable to owners of the Company of RMB145,675,000 (2013: RMB44,368,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2014 of 874,271,087 (2013: 734,317,225) on the assumption that the corporate reorganisation (details are set out in "History, Development and Reorganisation" of the prospectus issued by the Company dated 17 June 2014) and the capitalisation issue had been completed on 1 January 2013.

14. EARNINGS PER SHARE *(Continued)*

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding redeemable shares since their exercise would result in an increase in earnings per share for the years ended 31 December 2013 and 2014 up to the date of transfer of redeemable shares to ordinary shares at 30 June 2014.

The computation of diluted earnings per share does not assume the exercise of the share options granted by the Company during the year ended 31 December 2014 as the exercise price is higher than the average market price of the Company's shares during the year ended 31 December 2014.

15. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2013	–	4,422	9,526	1,024	4,737	19,709
Additions	–	1,072	2,499	607	13,002	17,180
Acquisitions of subsidiaries (note 32)	–	–	2,856	–	–	2,856
Transfer	–	–	6,331	–	(6,331)	–
Disposal	–	(948)	(5,926)	(203)	–	(7,077)
Disposal of subsidiaries	–	(4)	(623)	(427)	–	(1,054)
At 31 December 2013	**–**	**4,542**	**14,663**	**1,001**	**11,408**	**31,614**
Additions	**3,813**	**–**	**8,660**	**357**	**37,173**	**50,003**
Acquisitions of subsidiaries (note 32)	**–**	**297**	**296**	**273**	**–**	**866**
Transfer	**–**	**–**	**32,801**	**–**	**(32,801)**	**–**
Disposals	**(327)**	**(253)**	**(406)**	**–**	**–**	**(986)**
At 31 December 2014	**3,486**	**4,586**	**56,014**	**1,631**	**15,780**	**81,497**
ACCUMULATED DEPRECIATION						
At 1 January 2013	–	2,376	6,609	367	–	9,352
Provided for the year	–	959	2,798	172	–	3,929
Eliminated on disposal	–	(778)	(3,870)	(203)	–	(4,851)
Eliminated on disposal of subsidiaries	–	(4)	(267)	(58)	–	(329)
At 31 December 2013	**–**	**2,553**	**5,270**	**278**	**–**	**8,101**
Provided for the year	**573**	**613**	**5,136**	**340**	**–**	**6,662**
Eliminated on disposals	**(277)**	**(140)**	**(395)**	**–**	**–**	**(812)**
At 31 December 2014	**296**	**3,026**	**10,011**	**618**	**–**	**13,951**
CARRYING VALUES						
At 31 December 2014	**3,190**	**1,560**	**46,003**	**1,013**	**15,780**	**67,546**
At 31 December 2013	–	1,989	9,393	723	11,408	23,513

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment other than the construction in progress are depreciated on a straight-line basis over the following period:

Building	Over the shorter of the term of lease or 50 years
Leasehold improvement	3—10 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5—10 years

16. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2013	12,620
Additions	13,908
Net increase in fair value recognised in profit or loss	230
At 31 December 2013	**26,758**
Additions	**6,520**
Disposal	**(5,429)**
Net increase in fair value recognised in profit or loss	**1,941**
At 31 December 2014	**29,790**

The fair values of the Group's completed investment properties at 31 December 2014 and 2013 have been arrived at on the basis of valuations carried out on those dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional valuers not connected with the Group. 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.

The investment properties are held under medium term of lease in the PRC. They are not held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and therefore the presumption to recover entirely through sale is not rebutted. The Group has recognised deferred taxation on fair value changes in investment properties taking into account the land appreciation tax on disposal.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

17. INTERESTS IN ASSOCIATES

	2014	2013
	RMB'000	RMB'000
Cost of investment, unlisted	**990**	500
Share of post-acquisition results, net of dividends received	**305**	607
	1,295	1,107

Particulars of the Group's interests in associates are at the reporting periods as follows:

Name of entity	**Place of establishment and operation**	**Registered capital**	**Proportion of registered capital and voting power held by the Group At 31 December**		**Principal activity**
			2014	2013	
深圳市越衆物業管理有限公司 Shenzhen Yuezhong management services Property Management Co., Ltd. ("Shenzhen Yuezhong Property Management") (note a)	PRC	RMB1,000,000	**50%**	50%	Provision of property management service
深圳市前海房管家網絡服務有限公司 Shenzhen Qianhai House Keeper Network Service Co., Ltd. ("Shenzhen Qianhai House Keeper") (note b)	PRC	RMB1,000,000	**49%**	–	Provision of network service

Notes:

(a) Pursuant to the shareholder agreement, the Group has the right to cast 50% of the votes of Shenzhen Yuezhong Property Management at the shareholder's meeting, the governing body which directs the relevant activities that significantly affect the returns of Shenzhen Yuezhong Property Management. Other than the Group, Shenzhen Yuezhong Property Management has two other shareholders which hold the remaining equity interest in Shenzhen Yuezhong Property Management of 40% and 10% respectively. The approval of relevant activities require simple majority of shareholders. As the Group holds no more than 50% of the voting power in the shareholders' meeting. Therefore, Shenzhen Yuezhong Property Management is accounted for as an associate of the Group.

(b) Pursuant to the shareholder agreement, the Group has the right to cast 49% of the votes of Shenzhen Qianhai House Keeper at the shareholder's meeting, the governing body which directs the relevant activities that significantly affect the return of Shenzhen Qianhai House Keeper. Other than the Group, Shenzhen Qianhai House Keeper has an another shareholder which hold the 51% of Shenzhen Qianhai House Keeper. The approval of relevant activities require simple majority of shareholders. As the Group holds no more than 50% of the voting power in the shareholders' meeting. Therefore, Shenzhen Qianhai House Keeper is accounted for as an associate of the Group.

17. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information prepared in accordance with HKFRSs in respect of the Group's associates which are individually immaterial is set out below.

	2014 **RMB'000**	2013 RMB'000
Non-current assets	**6**	8
Current assets	**9,764**	9,201
Total assets	**9,770**	9,209
Current liabilities	**(7,160)**	(6,995)
Net assets	**2,610**	2,214
Group's share of net assets	**1,295**	1,107

	2014 **RMB'000**	2013 RMB'000
Revenue	**1,729**	1,765
Profit for the year	**115**	350
Group's share of profit of associates	**58**	175
Dividend received from Shenzhen Yuezhong Property Management	**360**	–

18. INTEREST IN A JOINT VENTURE

	2014 RMB'000	2013 RMB'000
Cost of investment, unlisted	**250**	250
Share of post-acquisition results, net of dividends received	**696**	318
	946	568

Particulars of the Group's interest in joint venture at the reporting dates are as follows:

Name of entity	**Place of establishment and operation**	**Registered capital**	**Proportion of registered capital and voting power held by the Group 2014 & 2013**	**Principal activity**
桂林市同濟樓宇科技工程安裝有限公司 Guilin Tongji Building Technology Engineering Installation Co., Ltd. ("Guilin Tongi")	PRC	RMB500,000	50%	Provision of engineering services

Pursuant to the shareholder agreement, the Group and 桂林市振安物業服務有限公司 Guilin Zhenan Property Service Co., Ltd ("Guilin Zhenan") each held 50% equity interest in Guilin Tongji Building Technology Engineering Installation Co.,Ltd. ("Guilin Tongji"). The board of directors of Guilin Tongji, the governing body which directs the relevant activities that significantly affects the returns of Guilin Tongji, consists of two directors of which the Group and Guilin Zhenan can appoint one director each to the board of directors. The approval of the relevant activities requires a simple majority of directors' votes. Therefore, Guilin Tongji is jointly controlled by the Group and Guilin Zhenan. As the joint arrangement does not result in either parties having rights to assets and obligations to liabilities of Guilin Tongji, it is accounted for as a joint venture of the Group.

Summarised financial information in respect of the Group's joint venture prepared in accordance with HKFRSs is set out below:

	2014 RMB'000	2013 RMB'000
Current assets	**2,903**	1,833
Current liabilities	**1,012**	697

18. INTEREST IN A JOINT VENTURE *(Continued)*

The above amounts of assets and liabilities include the following:

	2014 **RMB'000**	2013 RMB'000
Cash and cash equivalent	**201**	29
Other payables	**796**	226

	2014 **RMB'000**	2013 RMB'000
Revenue	**4,574**	4,426
Profit for the year	**756**	530
Group's share of results of a joint venture	**378**	265

The above profit for the year include the following:

	2014 **RMB'000**	2013 RMB'000
Income tax expense	**255**	196

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the joint venture with proportion of voting power held by the Group of 50%:

	2014 **RMB'000**	2013 RMB'000
Net assets of the joint venture	**1,891**	1,136
Carrying amount of the Group's interest in the joint venture	**946**	568

19. INTANGIBLE ASSETS

	Property management contracts and customer relationship RMB'000
COST	
Acquired on acquisition of subsidiaries and at 31 December 2013	1,813
Acquired on acquisition of subsidiaries	29,448
At 31 December 2014	**31,261**
AMORTISATION	
Provided for the year and at 31 December 2013	1,189
Provided for the year	3,222
At 31 December 2014	**4,411**
CARRYING VALUES	
At 31 December 2014	**26,850**
At 31 December 2013	624

The property management contracts and customer relationship were acquired from third parties through the acquisition of subsidiaries during the years ended 31 December 2014 and 2013.

The intangible assets have finite useful lives and amortised on a straight line basis over the remaining contract term ranging from 6 months to 60 months.

20. GOODWILL

	RMB'000
COST	
At 1 January 2013	14,984
Arising on acquisition of business (note 32)	36,423
At 31 December 2013	51,407
Arising on acquisition of business (note 32)	54,651
At 31 December 2014	**106,058**
IMPAIRMENT	
At 31 December 2013 and 2014	870
CARRYING VALUES	
At 31 December 2014	**105,188**
At 31 December 2013	50,537

For the purpose of impairment testing, goodwill above has been allocated to a group of communities managed by the Group collectively as the property management cash-generating units ("Property Management CGU").

During the years ended 31 December 2014 and 2013, management of the Group determined that there is no impairment of its Property Management CGU containing goodwill arising from the acquisition of businesses.

The recoverable amount of the Property Management CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial budgets approved by management covering a 5-year period and at a discount rate which range from 15% to 20% (2013: 15%) per annum. The cash flows beyond the five-year period are extrapolated using a growth rate of 0% (2013: 0%).

Cash flow projections during the budget period for the Property Management CGU are based on management's estimate of cash inflows/outflows including revenue, gross profit, operating expenses and working capital requirements. The assumptions and estimation are based on the Property Management CGU past performance and management's expectation of market development.

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

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Notes	2014 RMB'000	2013 RMB'000
Trade receivables		**152,834**	41,868
Retention receivables		**1,508**	1,656
Invoices to be issued	(a) & (b)	**8,742**	14,668
		163,084	58,192
Less: allowance for doubtful debts		**(5,620)**	(1,041)
Total trade receivables		**157,464**	57,151
Other receivables and prepayments:			
Deposits paid in relation to consultancy service arrangements	(c)	**5,657**	5,334
Other deposits		**10,989**	6,993
Advance to a customer	(d)	**12,000**	1,752
Advances to staffs		**6,627**	3,298
Prepayments to suppliers		**16,412**	7,227
Receivables from customers for residential and retail units rental assistance services on behalf of Shenzhen Caizhijia Real Estate Planning Co., Ltd. ("Caizhijia")		**3,832**	2,077
Other prepayments		**–**	3,664
Payments on behalf of residents under lump sum basis	(e)	**2,025**	5,366
Payment on behalf of residents for residential communities under consultancy service arrangements	(f)	**9,844**	2,920
Receivables from former shareholder of a subsidiary		**3,202**	–
Deferred listing expenses		**–**	7,426
Others		**4,539**	2,616
		75,127	48,673
		232,591	105,824
Classified as:			
Non-current			
Trade receivables	(g)	**4,802**	7,585
Other receivables and prepayments	(h)	**5,657**	5,334
		10,459	12,919
Current			
Trade receivables		**152,662**	49,566
Other receivables and prepayments		**69,470**	43,339
		222,132	92,905
		232,591	105,824

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

Notes:

(a) For the customers of installation of energy-saving lighting systems, of which they are mainly the residential communities managed by the Group, the Group allows the customers to settle the installation fee over a 48-month interest-free period. According to the agreements between the Group and the customers, the energy-saving systems are installed in these residential communities and the Group would bill the residential communities at the end of each month over the 48-month period. The unbilled installation revenue is discounted at an effective interest rate of 8.3% (2013: 8.3%) per annum for the year ended 31 December 2014. Upon meeting the revenue recognition criteria, installation revenue recognised prior to the issuance of invoice is recognised as "invoice to be issued" in the consolidated statement of financial position.

(b) The Group entered into agency service agreement for providing rental information to Caizhijia, an independent third party. According to the agreement entered into between the Group and Caizhijia, the agency services provided by the Group to Caizhijia in each calendar month will be determined and finalised between both parties at the end of each calendar month, and the Company will bill the agency fee payable by Caizhijia in six equal installments from July to December of the following year. In addition, the Group also entered into an agreement to allow Caizhijia to use its online rental information platform. The Group will bill Caizhijia twelve months after the end of each reporting period on the trade receivables in relation to the usage of online rental information platform by Caizhijia. Upon meeting the revenue recognition criteria, agency fee and online platform usage fee income recognised prior to issuance of invoice is recognised in the consolidated statement of financial position as invoice to be issued.

(c) The balance represented the present value of the RMB6,000,000 deposit paid in relation to the consultancy service arrangements entered with a property management company. The deposit will be refunded to the Group in 2016, and the balance is recorded as a non-current deposit as of 31 December 2014 and 2013.

(d) During the year ended 31 December 2011, the Group advanced a sum of RMB5,752,000 to a third party customer, 深圳市龍興世紀投資有限公司, Shenzhen Long Xing Century Investment Co., Limited ("Shenzhen Long Xing") under the Engineering Services Segment. The directors expected the advance to be settled by Shenzhen Long Xing by May 2014. In May 2013, the Group entered into a supplementary agreement with Shenzhen Long Xing, whereby RMB3,500,000 out of the total advance due from Shenzhen Long Xing is unsecured and interest bearing of 0.52% per month for a twelve-months period commencing in May 2013. The remaining balance is unsecured, interest-free. During the years ended 31 December 2014, Shenzhen Long Xing has settled a balance of RMB1,752,000 to the Group. During the year ended 31 December 2014, the Group advanced addition of RMB 12,000,000 to Shenzhen Long Xing which is unsecured, interest-free and repayable on demand and it was subsequently fully settled prior to the issuance of these consolidated financial statements.

(e) The balance represented the utilities bills paid to the water supplies companies and electricity companies on behalf of the residents under lump sum basis. The payments on behalf of the residents will be re-charged to the residents at rate pre-determined between the Group and the residents.

(f) The balance represented the amount paid on behalf of residential communities which are under the consultancy service arrangements. The management offices of residential communities under the consultancy services arrangement have no separate bank accounts because these management offices have no separate legal entity. In accordance with the consultancy services agreements, the Group would manage the treasury functions of these management offices, and all transactions of these management offices were settled through the treasury function of the group entities.

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

Notes: *(Continued)*

(g) Trade receivables classified as non-current represented the following:

(i) Installation revenue to be billed after twelve months from the end of each of the reporting date on the trade receivables arisen from the installation of energy-saving lighting systems as mentioned in note (a) above.

(ii) Income to be billed after twelve months from the end of each of the reporting date on the trade receivables arisen from the provision of rental information and agency service to Caizhijia as mentioned in note (b) above.

(iii) The retention receivables arisen from engineering services whereby the Group expects the settlement from customers will be made after twelve months from the end of each reporting period, which is based on the expiry of the retention period.

(h) Other receivables and prepayments classified as non-current represented deposit paid which will be refunded to the Group in 2016 in relation to the consultancy service arrangements entered with a property management company.

Trade receivables are mainly arisen from management and service income under lump sum basis from property management services, installation contract income and automation equipment upgrade services income from engineering services and service income from community leasing, sales and other services.

Management and service fee income under lump sum basis from property management services are received in accordance with the terms of the relevant property service agreements. Service income from property management services are due for payment by the residents upon the issuance of demand note, the receiving pattern of the management and service income from property management services are normally within 30 days to 1 year after the issuance of demand note to the residents. Each customer from the property management services has a designated credit limit.

Installation service fee and automation equipment upgrade service income from engineering services are received in accordance with the terms of the relevant installation contract agreements, normally within 30 to 91 days from the issuance of payment requests.

Service income from community leasing, sales and other services is due for payment upon the issuance of demand note.

Certain trade receivables in relation to the installation work of energy-saving lighting systems from engineering services are under 48-month interest-free instalment sales contracts entered with customers. The credit period is normally within 90 days from the issuance of payment requests.

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

The following is an aging analysis of gross trade receivables presented based on the invoice date or date of demand note at the end of the reporting period, which approximated to the respective revenue recognition date, except for trade receivables from engineering services and trade receivables from agency service provided to Caizhijia, of which the invoice date represented the payment due date:

	2014	2013
	RMB'000	RMB'000
0 to 30 days	**49,339**	8,553
31 to 90 days	**40,522**	10,997
91 to 180 days	**27,969**	9,296
181 to 365 days	**21,009**	9,442
Over 1 year	**13,995**	3,580
	152,834	41,868

For the engineering services and community leasing, sales and other services, before accepting any new customer, the Group would assess the potential customer's credit quality and defined credit rating limits of each customer. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date on which the credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

In determining the recoverability of trade receivables from the property management services, the Group estimates the recoverable amount of property management fee in each residential communities managed by the Group. Considering the residents are living in these residential communities managed by the Group, together with good collection record from the residents and subsequent settlement, in the opinion of the directors of the Company, the trade receivables from property management services are of good credit quality and no impairment allowance is necessary in respect of the remaining unsettled balances.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB96,160,000 (2013: RMB34,291,000), which are past due as at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

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

Aging of past due but not impaired trade receivables

	2014 **RMB'000**	2013 RMB'000
0–90 days	**37,504**	15,999
91–180 days	**27,969**	8,964
181–365 days	**18,009**	6,360
Over 365 days	**12,678**	2,968
	96,160	34,291

In determining the recoverability of trade receivable — invoice to be issued in relation to the installation work of energy-saving lighting systems from engineering services under 48-month interest-free instalment sales contracts entered with customers, the Group's estimation of recoverability is with reference to the expected drop-out rate of the residential communities managed by the Group. Considering if a residential community has terminated the property management agreement with the Group, the directors considered the relevant trade receivables invoice to be issued in relation to the installation work of energy-saving lighting system may be uncollectible, and impairment allowance is provided accordingly.

Movement in the allowance for doubtful debts

	2014 **RMB'000**	2013 RMB'000
Balance at the beginning of the year	**1,041**	–
Impairment losses recognised on receivables	**5,577**	1,200
Amounts written off as uncollectible	**(998)**	(159)
Balance at the end of the year	**5,620**	1,041

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB5,620,000 (2013: RMB1,041,000), with reference to the historical experience of these receivables, the collection of these receivables may not be recoverable. The Group does not held any collateral over these balances.

22. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 December 2014 and 2013:

	Allowance on doubtful debt RMB'000	Temporary difference on long-term receivables and others RMB'000	Fair value adjustments of investment properties RMB'000	Intangible assets RMB'000	Total RMB'000
At 1 January 2013	2,001	(338)	–	–	1,663
Acquisition of subsidiaries (note 32)	–	–	–	(453)	(453)
Credit (charge) to profit or loss	1,847	42	(57)	297	2,129
At 31 December 2013	3,848	(296)	(57)	(156)	3,339
Acquisition of subsidiaries (note 32)	–	–	–	(7,362)	(7,362)
Credit (charge) to profit or loss	2,856	(700)	(485)	806	2,477
At 31 December 2014	**6,704**	**(996)**	**(542)**	**(6,712)**	**(1,546)**

For the purpose of presentation in the consolidated financial statements, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2014 RMB'000	2013 RMB'000
Deferred tax assets	**5,839**	3,848
Deferred tax liabilities	**(7,385)**	(509)
	(1,546)	3,339

The Group had unutilised tax losses of RMB8,029,000 (2013: RMB4,449,000). No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profits streams.

The Group had deductible temporary difference of RMB31,793,000 (2013: RMB19,921,000). A deferred tax asset has been recognised in respect of RMB26,816,000 (2013; RMB15,472,000). No deferred tax asset has been recognised for the remaining amounts of RMB4,977,000 (2013: RMB4,449,000), as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

23. DEPOSITS PAID FOR POTENTIAL ACQUISITIONS OF SUBSIDIARIES

As at 31 December 2014, the Group has made deposits of RMB142,661,000 in relation to the proposed acquisition of business through acquisition of Hangzhou Mingcheng Property Management Co., Ltd (杭州銘城物業有限公司) ("Hangzhou Mingcheng"), Shenyang Tiansheng Hepan Property Management Co., Ltd. (瀋陽天盛河畔物業有限公司) ("Shenyang Tiansheng"), Tieling Shiji Zhongtian Property Management Co. Ltd (鐵嶺世紀中天物業有限公司) ("Tieling Shiji"), Changzhou Jiangnan Zhongxin Property Service Co., Ltd. (常州江南中鑫物業服務有限公司) ("Changzhou Jiangnan Zhongxin"), Nanchang Futian Property Management Co., Ltd. (南昌福田物業管理有限公司) ("Nanchang Futian"), Liansheng Property Management Co., Ltd. (河南聯盛物業管理有限公司) ("Liansheng"), Henan Ruixiang Property Management Co., Ltd. (河南瑞祥物業管理服務有限公司)("Henan Ruixiang") and Yangzhou Hengjiu Property Management Co., Ltd. (楊州恆久物業管理有限公司) ("Yangzhou Hengjiu") from independent third parties. The aforesaid companies are principally engaged in property management in the PRC. According to the sale and purchase agreements, in case of incompletion of the acquisitions, the deposits paid will be fully refunded to the Group.

Up to the date of issuance of these consolidated financial statements, the Group has completed the acquisition of Shenyang Tiansheng and Tieling Shiji.

24. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	2014 **RMB'000**	2013 RMB'000
Contracts in progress at the end of the reporting period		
Contract costs incurred plus recognised profits less recognised losses	**139,342**	133,956
Less: progress billing	**(106,424)**	(92,848)
	32,918	41,108
Represented by:		
Amounts due from contract customers within 1 year	**41,113**	43,892
Amounts due to contract customers within 1 year	**(8,195)**	(2,784)
	32,918	41,108

Retentions held by customers for contract works for installation contracts was included in trade receivables at 31 December 2014 and 2013. No significant advance was received from customers prior to commencement of contract works at 31 December 2014 and 2013.

25. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	2014 **RMB'000**	2013 RMB'000
Receivables	**86,214**	43,966
Payables	**(72,745)**	(96,804)

The balances represent the current accounts with the property management offices of residential communities managed by the Group under the terms of commission basis. These management offices of residential communities usually have no separate bank accounts because these property management offices have no separate legal identity. For the daily management of these property management offices of the residential communities, all transactions of these management offices, including the collection of property management fees and the settlement of daily expenditures, were settled through the treasury function of the group entities. A net receivable balance from the property management office of the residential community represents expenditures paid by the Group on behalf of the residential community in excess of the property management fees collected from the residents of that residential community. A net payable balance to the property management office of the residential community represents property management fee collected from residents of the residential community in excess of the expenditure paid by the Group on behalf of the residential communities.

Movements of allowance for doubtful debts

	2014 **RMB'000**	2013 RMB'000
At beginning of the year	**12,486**	6,640
Additional allowance for doubtful debts	**5,849**	5,846
At end of the year	**18,335**	12,486

In determining the recoverability of the payments on behalf of residents under commission basis, the management of the Group reviews the cash receipts from residents of respective property management offices during each reporting period in order to assess the collectability of payments on behalf of residents under commission basis.

At the end of the reporting period, the Group made specific allowance for payments on behalf of residents which the respective communities terminated or expected to terminate the property management agreements with the Group. Based on the management evaluation of collectability of each receivable, management will provide full allowance on those receivables due from terminated communities as historical experience shown that these receivables from terminated communities may not be recoverable from termination.

In addition, at the end of the reporting period, the Group made allowance for payments on behalf of residents of communities with poor financial performance based on an evaluation of the collectability of the receivables from these management offices. With reference to the historical experience of these receivables, the collection of these receivables may not be fully recoverable. Accordingly, the Group made allowance on these poor financial performance management offices on a collectively basis.

26. PLEDGED/RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

The Group's bank balances carry interest at rates which range from 0.35% to 1.5% (2013: 0.5% to 1.5%) per annum.

The bank deposits as at 31 December 2014 amounting to RMB136,323,000 (2013: 997,000) were pledged to banks to secure the banking facilities within one year to the Group.

At 31 December 2013, 深圳市布吉供水有限公司 (Shenzhen Buji Water Supplies Co., Ltd or "Shenzhen Buji Water Supplies") had initiated a legal proceeding in Shenzhen Longgang District People's Court (the "Relevant Court") against Shenzhen Colour Life Property Management in relation to a water supply contract. The total amount of claims amounting to RMB10,900,000, which included alleged non-payment of RMB2,600,000 and alleged late payment penalty and interest of RMB8,300,000. The Relevant Court has made a notice to a bank to freeze a bank deposit of RMB997,000 of Shenzhen Colour Life Property Management to secure the payment of the water supply fee to Shenzhen Buji Water Supplies. Up to 31 December 2014, the legal proceeding has been finalised and the bank deposits of RMB997,000 has been released. Details are set out in note 40.

27. TRADE AND OTHER PAYABLES AND ACCRUALS

	2014 **RMB'000**	2013 RMB'000
Trade payables	**25,975**	20,851
Other payables and accruals:		
Receipts on behalf of residents under lump sum basis	**7,275**	6,478
Receipts on behalf of residents for residential communities under consultancy services arrangement	**25,628**	3,327
Accrued listing expenses	**15,979**	20,972
Advances from customers	**14,273**	11,416
Deposits received	**18,690**	15,314
Other tax payable	**23,243**	13,104
Rental payable	**2,057**	1,399
Accrued staff costs	**16,087**	8,804
Provision for retirement benefit contributions	**9,447**	7,947
Other payables and accruals	**16,109**	4,626
Consideration payable for acquisition of subsidiaries (note 32)	**27,464**	–
	176,252	93,387
Total	**202,227**	114,238

27. TRADE AND OTHER PAYABLES AND ACCRUALS *(Continued)*

The credit period granted by suppliers to the Group ranges from 30 to 60 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2014	2013
	RMB'000	RMB'000
0—60 days	**17,716**	13,923
61—180 days	**2,310**	2,439
181—365 days	**2,285**	2,806
Over 1 year	**3,664**	1,683
	25,975	20,851

28. BORROWINGS

	2014	2013
	RMB'000	RMB'000
Secured bank loans	**127,730**	–
Unsecured bank loan	**215**	377
	127,945	377
Variable rate borrowing	**79,000**	–
Fixed-rate borrowing	**48,945**	377
	127,945	377
Carrying amount repayable:		
Within one year	**127,927**	162
More than one years, but not exceeding two years	**18**	197
More than two years, but not exceeding five years	**–**	18
	127,945	377
Less: Amounts due within one year shown under current liabilities	**(127,927)**	(162)
Amount shown under non-current liabilities	**18**	215

The amounts due are based on scheduled repayment dates set out in the relevant loan agreements. All bank borrowings are denominated in RMB.

28. BORROWINGS *(Continued)*

The ranges of effective interest rates and contracted interest rates on the Group's borrowings are as follows:

	2014 **RMB'000**	2013 RMB'000
Variable-rate borrowings		
Benchmark Rate	**+0.45% to +1.07%**	N/A
Fixed-rate borrowings		
Effective interest rate	**4.5%**	11.0%

29. REDEEMABLE SHARES

On 29 May 2013, the Company, China Bowen Capital Management Limited ("China Bowen"), Fantasia Holdings and Splendid Fortune Enterprise Limited (Splendid Fortune") entered into a subscription agreement ("China Bowen Subscription Agreement"), pursuant to which the Company agreed to issue and allot to China Bowen, and China Bowen agreed to subscribe for an aggregate of 13,752 ordinary shares (the "China Bowen Subscription Shares") with a total subscription price of HK$7,762,400 (equivalent to US$1,000,000 or RMB6,177,000).

The Company has granted an option (the "Put Option") to China Bowen that in the event that an initial public offering does not complete on or before 4 June 2015 (or such later date as the Company and China Bowen may agree in writing) ("Put Option Completion Date"), China Bowen may, for a period of 30 days thereafter, by notice in writing to the Company, require the Company to purchase all the China Bowen Subscription Shares then held by China Bowen at the amount equal to the sum of the subscription amount by China Bowen plus a return calculated at the rate of 12% per annum minus any dividends or distribution and any amounts in relation to the transfer or disposal of such China Bowen Subscription Shares, received by China Bowen in relation to the China Bowen Subscription Shares.

The Company has presented the above subscription with the Put Option as a financial liability redeemable shares as at 31 December 2013. If the Company completes a qualifying initial public offering on or before 4 June 2015, the China Bowen Subscription Shares will be reclassified to share capital of the Company and the difference between par value of China Bowen Subscription

Shares and the then carrying amount of the redeemable shares would be included in the share premium of the Company.

The effective rate of the redeemable shares is 12% per annum, during the year ended 31 December 2014, finance cost amounting of RMB218,000 (2013: RMB437,000) was charged to profit or loss.

29. REDEEMABLE SHARES *(Continued)*

On 11 June 2014, pursuant to the written resolutions passed by all shareholders of the Company, the directors of the Company were authorised to capitalise the redeemable shares amounting to HK$494,000 (equivalent to RMB393,000) by applying such sum in paying up in full at par 4,936,543 ordinary shares of HK$0.1 each. The total number of ordinary shares held as redeemable shares after the capitalisation issue on 11 June 2014 were 4,950,295.

The redeemable shares amounting to RMB6,832,000 were transferred to share capital of RMB393,000 and share premium of RMB6,439,000 respectively, upon the listing of the shares of the Company on the SEHK on 30 June 2014.

30. SHARE CAPITAL

	Notes	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each			
Authorised			
At 1 January 2013, 31 December 2013		3,800,000	380
Increase on 11 June 2014	(a)	49,996,200,000	4,999,620
At 31 December 2014		**50,000,000,000**	**5,000,000**
Issued and fully paid			
At 1 January 2013		20,000	2
Issue of new shares	(b)	69,760	7
Capitalisation issue	(c)	1,980,000	198
At 31 December 2013		2,069,760	207
Issue of new shares upon initial public offering	(d)	250,000,000	25,000
Capitalisation issue	(e)	742,979,945	74,298
Transfer from redeemable shares (note 29)		4,950,295	495
At 31 December 2014		**1,000,000,000**	**100,000**

30. SHARE CAPITAL *(Continued)*

	Amount RMB'000
Shown in the consolidated financial statements:	
At 31 December 2013	164
At 31 December 2014	**79,315**

Notes:

(a) On 11 June 2014, the authorised share capital of the Company increased from HK$380,000 to HK$5,000,000,000 by the creation of an additional 49,996,200,000 shares.

(b) In May 2013, the Company entered into a subscription agreement with the First Shanghai Securities Limited ("First Shanghai", pursuant to which the Company agreed to issue and allot to First Shanghai, and First Shanghai agreed to subscribe for an aggregate of 69,760 shares of the Company with a total subscription price of HK$46,574,400 (equivalent to US$6,000,000 or RMB37,064,000).

(c) In May 2013, 1,386,000 and 594,000 shares of HK$0.10 each of the Company were issued and allotted to Fantasia Holdings and Splendid Fortune respectively for a total consideration of HK$198,000 (approximately to RMB156,000). The amount standing to the credit of the distributable reserves account of the Company in the sum of HK$198,000 (approximately to RMB156,000) was capitalised and applied in paying up in full the 1,386,000 shares and 594,000 shares. Upon completion of such issue and allotment, Fantasia Holdings and Splendid Fortune held 1,400,000 shares and 600,000 shares, respectively.

(d) On 30 June 2014, 250,000,000 ordinary shares of HK$0.10 each of the Company were issued at a price of HK$3.78 by way of initial public offering. On the same date, the Company's shares were listed on the SEHK. The proceeds of HK$25,000,000 (equivalent to RMB19,829,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$920,000,000 (equivalent to RMB729,698,000), before issuing expenses, were credited to share premium account.

(e) Pursuant to the written resolutions passed by all shareholders of the Company dated 11 June 2014, the directors of the Company were authorised to capitalise HK$74,297,995 (equivalent to RMB58,929,000) standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 742,979,945 ordinary shares of HK$0.1 each of the Company for allotment and issue to the shareholders of the Company on the register of members of the Company as at the close of business on 11 June 2014 in proportion to their then existing respective shareholdings in the Company, conditional on the share premium account of the Company being credited as a result of the issue of shares by the Company pursuant to the global offering. The Company's initial public offering was completed on 30 June 2014.

31. SHARE OPTION SCHEMES

(a) The Company

The Company's share option scheme (the "Scheme — Company") was adopted pursuant to a resolution passed on 11 June 2014 for the primary purposes of providing incentives to certain directors and employees of the Company and its subsidiaries ("Eligible Employees"), and will expire on 28 September 2024. Under the Scheme — Company, the Board of Directors of the Company is authorised to grant options at a consideration of HK$1 per option to the Eligible Employees to subscribe for shares in the Company ("Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme — Company.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

As at 31 December 2014, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 45,000,000 (2013: nil) of HK$0.1 each, representing 4.5% (2013: nil) of the issued share capital of the Company.

Details of the share options granted under the Scheme — Company is as follows:

Category of Grantees	Date of grant	Exercise price per share	Vesting period	Exercisable period
Directors	29 September 2014	HK$6.66	N/A	29/9/2014–28/9/2024
			29/9/2014–28/9/2015	29/9/2015–28/9/2024
			29/9/2014–28/9/2016	29/9/2016–28/9/2024
			29/9/2014–28/9/2017	29/9/2017–28/9/2024
Employees	29 September 2014	HK$6.66	N/A	29/9/2014–28/9/2024
			29/9/2014–28/9/2015	29/9/2015–28/9/2024
			29/9/2014–28/9/2016	29/9/2016–28/9/2024
			29/9/2014–28/9/2017	29/9/2017–28/9/2024

31. SHARE OPTION SCHEMES *(Continued)*

(a) The Company *(Continued)*

The following table discloses movements of the Company's share options held by employees and directors during the year ended 31 December 2014:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2014	Cancelled/ lapsed during the year	Granted during the year	Exercised during the year	Outstanding at 31 December 2014
Directors	29 September 2014	N/A	–	560,000	–	–	560,000
		29/9/2014–28/9/2015	–	1,270,000	–	–	1,270,000
		29/9/2014–28/9/2016	–	1,270,000	–	–	1,270,000
		29/9/2014–28/9/2017	–	711,000	–	–	711,000
			–	3,811,000	–	–	3,811,000
Employees	29 September 2014	N/A	–	6,107,000	–	–	6,107,000
		29/9/2014–28/9/2015	–	13,730,000	–	–	13,730,000
		29/9/2014–28/9/2016	–	13,730,000	–	–	13,730,000
		29/9/2014–28/9/2017	–	7,622,000	–	–	7,622,000
			–	41,189,000	–	–	41,189,000
Total			–	45,000,000	–	–	45,000,000
Exercisable at the end of the year			–				6,667,000

31. SHARE OPTION SCHEMES *(Continued)*

(a) The Company *(Continued)*

The closing price of the shares on the date of grant was HK$6.66 at 29 September 2014. Binomial Option — Pricing Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	29 September 2014
Market price and Exercise price	HK$6.66
Expected volatility	48.82%
Risk-free rate	2.01%
Expected dividend yield	0.0%

Expected volatility was determined by using the historical volatility of the daily share price of comparable companies.

During the year ended 31 December 2014, the estimated fair value of the options at the date of grant was RMB145,528,000. The Group recognised the total expense of RMB29,780,000 for the year ended 31 December 2014 in relation to share options granted by the Company during the year ended 31 December 2014.

(b) Fantasia Holdings

The share option scheme of Fantasia Holdings (the "Scheme — Fantasia Holdings") was adopted pursuant to a resolution passed on 27 October 2009 for the primary purposes of providing incentives to certain directors and employees of Fantasia Holdings and its subsidiaries ("Eligible Directors and Employees"), including the Company and will expire on 28 August 2021 and 15 October 2022. Under the Scheme — Fantasia Holdings, the Board of Directors of Fantasia Holdings is authorized to grant options at a consideration of HK$1 per option to the Eligible Directors and Employees to subscribe for shares in Fantasia Holdings ("Fantasia Holdings' Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Fantasia Holdings' Scheme ("Fantasia Holdings' Options") and any other share option schemes of Fantasia Holdings shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of Fantasia Holdings in issue at any point in time. Fantasia Holdings' Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of Fantasia Holdings's share capital or with a value in excess of HK$5 million must be approved in advance by Fantasia Holdings's shareholders.

The exercisable period of an option is determined by the directors of Fantasia Holdings at their discretion. The expiry date of the option may be determined by the board of directors of Fantasia Holdings which shall not be later than the expiry day of the Scheme — Fantasia Holdings.

31. SHARE OPTION SCHEMES *(Continued)*

(b) Fantasia Holdings *(Continued)*

The exercise price is determined by the directors of Fantasia Holdings, and will not be less than the greater of: (i) the closing price of Fantasia Holdings on the offer date; (ii) the average of the closing price of Fantasia Holdings's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of Fantasia Holdings.

As at 31 December 2014 and 2013, the total number of Fantasia Holdings' Shares to be issued upon the exercise of all options granted under the Scheme — Fantasia Holdings is 17,190,000 of HK$0.1 each, representing 0.3% of the issued share capital of Fantasia Holdings.

Details of the share options granted under the Scheme — Fantasia Holdings is as follows:

Category of Grantees	Date of grant	Exercise price per share	Vesting period	Exercisable period
Directors of Fantasia Holdings	29 August 2011	HK$0.836	29/8/2011—28/8/2012	29/8/2012—28/8/2021
			29/8/2011—28/8/2013	29/8/2013—28/8/2021
			29/8/2011—28/8/2014	29/8/2014—28/8/2021
	16 October 2012	HK$0.8	16/10/2012—15/10/2013	16/10/2013—15/10/2022
			16/10/2012—15/10/2014	16/10/2014—15/10/2022
			16/10/2012—15/10/2015	16/10/2015—15/10/2022
Employees of Fantasia Holdings	29 August 2011	HK$0.836	29/8/2011—28/8/2012	29/8/2012—28/8/2021
			29/8/2011—28/8/2013	29/8/2013—28/8/2021
			29/8/2011—28/8/2014	29/8/2014—28/8/2021
	16 October 2012	HK$0.8	16/10/2012—15/10/2013	16/10/2013—15/10/2022
			16/10/2012—15/10/2014	16/10/2014—15/10/2022
			16/10/2012—15/10/2015	16/10/2015—15/10/2022

31. SHARE OPTION SCHEMES *(Continued)*

(b) Fantasia Holdings *(Continued)*

The following table discloses movements of Fantasia Holdings's share options held by employees and directors of the Group during the years ended 31 December 2014 and 2013:

Category of Grantees	Date of grant	Exercisable period	Vesting period	Outstanding at 1 January 2013	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Outstanding at 31 December 2013	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Outstanding at 31 December 2014
				'000	'000	'000	'000	'000	'000	'000	'000	'000
Directors of the Company	29 August 2011	29/08/2012–08/28/2021	29/08/2011–28/08/2012	634	–	–	–	634	–	–	–	634
(note)		29/08/2013–28/08/2021	29/08/2011–28/08/2013	1,268	–	–	–	1,268	–	–	–	1,268
		29/08/2014–28/08/2021	29/08/2011–28/08/2014	4,438	–	–	–	4,438	–	–	–	4,438
	16 October 2012	16/10/2013–15/10/2022	16/10/2012–15/10/2013	861	–	–	–	861	–	–	–	861
		16/10/2014–15/10/2022	16/10/2012–15/10/2014	1,722	–	–	–	1,722	–	–	–	1,722
		16/10/2012–15/10/2022	16/10/2012–15/10/2015	6,027	–	–	–	6,027	–	–	–	6,027
				14,950	–	–	–	14,950	–	–	–	14,950
Employees of the Company	29 August 2011	29/08/2012–08/28/2021	29/08/2011–28/08/2012	112	–	–	–	112	–	–	–	112
		29/08/2013–28/08/2021	29/08/2011–28/08/2013	224	–	–	–	224	–	–	–	224
		29/08/2014–28/08/2021	29/08/2011–28/08/2014	784	–	–	–	784	–	–	–	784
	16 October 2012	16/10/2013–15/10/2022	16/10/2012–15/10/2013	112	–	–	–	112	–	–	–	112
		16/10/2014–15/10/2022	16/10/2012–15/10/2014	224	–	–	–	224	–	–	–	224
		16/10/2015–15/10/2022	16/10/2012–15/10/2015	784	–	–	–	784	–	–	–	784
				2,240	–	–	–	2,240	–	–	–	2,240
Total				17,190	–	–	–	17,190	–	–	–	17,190
Exercisable at the end of year								3,211				10,379

Note: Mr. Pan Jun and Mr. Lam Kam Tong are directors of both Fantasia Holdings and the Company, the related share-based payment expenses are borne by Fantasia Holding and not allocated to the Company.

31. SHARE OPTION SCHEME *(Continued)*

(b) Fantasia Holdings *(Continued)*

The closing price of the shares on the date of grant was HK$0.820 and HK$0.77 at 29 August 2011 and 16 October 2012, respectively. Binomial Option Pricing Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	29 August 2011	16 October 2012
Market price	HK$0.820	HK$0.77
Exercise price	HK$0.836	HK$0.80
Expected volatility	40.43%	44.87%
Risk-free rate	1.74%	0.66%
Expected dividend yield	4.878%	5.195%

The Group recognised the total expense of approximately RMB175,000 for the year ended 31 December 2014 (2013: RMB370,000) in relation to share options granted by by the Fantasia Holdings to the eligible directors and employees of the Company.

32. ACQUISITIONS SUBSIDIARIES

For the year ended 31 December 2014

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition on	Equity interest acquired	Consideration
南京安居物業有限公司 Nanjing Anju Property Management Company Limited	PRC	July	87%	15,000
杭州高盛物業管理有限公司 Hangzhou Gaosheng Property Management Company Limited	PRC	July	70%	16,880
南昌居安物業管理有限公司 Nanchang Juan Property Management Company Limited	PRC	July	100%	800
上海銀順物業管理有限公司 Shanghai Yinshun Property Management Company Limited	PRC	July	80%	3,480
江蘇城置物業服務有限公司 Jiangsu Chengzhi Property Service Company Limited	PRC	July	51%	– (note)
哈爾濱盛恒基物業管理有限公司 Harbin Shenghengji Property Management Company Limited	PRC	July	100%	500
河南華璟物業服務有限公司 Henan Huajing Property Service Company Limited	PRC	July	80%	1,880
湖北楓林物業服務有限公司 Hubei Fenglin Property Service Company Limited	PRC	July	70%	20,000
銀川都市佳物業服務有限公司 Yinchuan Dushijia Property Service Company Limited	PRC	July	68%	400
宜昌坤達物業有限公司 Yichang Kunda Property Management Company Limited	PRC	August	70%	2,000
九江天宏物業服務有限公司 Jiujiang Tianhong Property Service Company Limited	PRC	August	70%	2,000
Steadlink Asset Management Pte Ltd.	Singapore	October	68%	5,865
佛山市南海鉅隆物業管理有限公司 Foshan Julong Property Management Company Limited	*PRC*	*November*	*100%*	*3,800*

Note: The consideration was less than RMB1,000.

32. ACQUISITIONS SUBSIDIARIES *(Continued)*

The principal activities of acquired subsidiaries are engaged in provision of property management services and the objectives of acquisition are expansion of property management services.

For the year ended 31 December 2013

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration RMB'000	Principal activities	Objectives of acquisitions
Novel Era Holdings Limited	Hong Kong	January	100%	– (note)	Investment holding	Group reorganisation
TongYuan Holdings Limited	BVI	January	100%	– (note)	Investment holding	Reorganisation
南京名城物業管理有限公司 Nanjing Mingcheng Property Management Co., Ltd	PRC	January	90%	5,680	Provision of property management services	Expansion of property management services
南京慧韜物業管理有限公司 Nanjing Huitao Property Management Company Limited	PRC	May	90%	5,280	Provision of property management services	Expansion of property management services
無錫太湖花園物業管理有限責任公司及其附屬公司無錫明珠園藝有限公司 Wuxi Taihu Garden Property Management Co., Ltd. and its subsidiaries, Wuxi Pearl Garden Co., Limited	PRC	June	80%	3,200	Provision of property management services	Expansion of property management services
南京錦江物業管理有限公司 Nanjing Jinjiang Property Management Co., Limited	PRC	June	90%	9,880	Provision of property management services	Expansion of property management services
上海欣周物業管理有限公司及其附屬公司上海欣周逸浦物業管理有限公司 Shanghai Xinzhou Property Management Co., Limited and its subsidiaries Shanghai Xinzhou Yipu Property Management Co., Limited	PRC	June	70%	13,880	Provision of property management services	Expansion of property management services

Note: The consideration was less than RMB1,000.

All the acquisitions were acquired from independent third parties.

32. ACQUISITIONS SUBSIDIARIES *(Continued)*

Consideration transferred

	2014 RMB'000	2013 RMB'000
Cash consideration	**45,141**	40,900
Consideration payable due within one year included in trade and other payables	**27,464**	–
	72,605	40,900

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the dates of acquisition

	2014 RMB'000	2013 RMB'000
Property, plant and equipment	**866**	2,856
Intangible assets	**29,448**	1,813
Trade receivables	**–**	3,425
Other receivables and prepayments	**6,084**	4,321
Amounts due from non-controlling shareholders	**17,457**	13,195
Payments on behalf of residents	**2,563**	–
Financial assets classified as FVTPL	**–**	500
Bank balances and cash	**13,345**	12,996
Trade payables	**–**	(500)
Other payables and accruals	**(4,317)**	(15,392)
Receipts on behalf of residents	**(33,965)**	(15,972)
Bank borrowings	**–**	(447)
Tax liabilities	**(153)**	(398)
Deferred tax liabilities	**(7,362)**	(453)
	23,966	5,944

The trade and other receivables acquired with a gross contractual of RMB23,541,000 (2013: RMB20,941,000) as at the date of acquisitions during the year ended 31 December 2014, are approximate to its fair value.

32. ACQUISITIONS SUBSIDIARIES *(Continued)*

Goodwill arising on acquisitions

	2014	2013
	RMB'000	RMB'000
Consideration transferred	**72,605**	40,900
Add: non-controlling interests	**6,012**	1,467
(Less): fair value of net identifiable assets acquired	**(23,966)**	*(5,944)*
Goodwill arising on acquisitions	**54,651**	36,423

Goodwill was arisen on the acquisitions of subsidiaries during the years ended 31 December 2014 and 2013, because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

Intangible assets of RMB29,448,000 (2013: RMB1,813,000) in relation to the acquisition of subsidiaries under property management segment have been recognised by the Group.

None of the goodwill arising on the acquisitions are expected to be deductible for tax purposes. The non-controlling interests arising from the acquisition of of respective subsidiaries were measured by reference to the proportionate share of the acquirees' net identifiable assets/liabilities at the acquisition dates.

Net cash outflows arising on acquisitions

	2014	2013
	RMB'000	RMB'000
Cash consideration	**(45,141)**	(40,900)
Bank balances and cash acquired	**13,345**	12,996
Deposits paid in prior years	**–**	*7,468*
	(31,796)	(20,436)

32. ACQUISITIONS SUBSIDIARIES *(Continued)*

Impact of acquisitions on the results of the Group

Revenue and profits attributable by the additional businesses generated by the acquirees included in the Group since the date of acquisition until the end of the year during the years ended 31 December 2014 and 2013 are as follows:

	2014 **RMB'000**	2013 RMB'000
Revenue	**8,863**	11,916
Profit (loss) for the year	**2,047**	*(969)*

Had the above acquisitions been completed on 1 January of respective year, the total Group's revenue and profit for the years ended 31 December 2014 and 2013 would be as follow:

	2014 **RMB'000**	2013 RMB'000
Revenue	**393,308**	241,145
Profit for the year	**153,066**	47,412

The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group for the years ended 31 December 2014 and 2013 that actually would have been achieved had the acquisitions been completed on 1 January 2014 and 2013 nor is it intended to be a projection of future results.

33. DISPOSALS OF SUBSIDIARIES

For the year ended 31 December 2013

The details of disposal of subsidiaries during the year ended 31 December 2013 are as follows:

Name of subsidiaries disposed of	Place of establishment	Disposal on	Equity interest disposed	Consideration	Principal activities
				RMB'000	
深圳市彩悦酒店有限公司 Shenzhen Caiyue Hotel Company Limited("Shenzhen Caiyue Hotel" (note a))	PRC	January	100%	2	Provision of hotel services
深圳市彩悦酒店管理有限公司 Shenzhen Caiyue Hotel Management Company Limited ("Shenzhen Caiyue Hotel Management" (note a))	PRC	March	100%	2	Investment holding
Ace Link Pacific Limited (note b)	BVI	April	100%	–	Investment holding
深圳市羅伯特管家物業管理有限公司 Shenzhen Robert Housekeeper Property Management Co., Ltd ("Shenzhen Robert Housekeeper" (note a))	PRC	July	51%	380	Provision of property management services
深圳市彩虹清潔服務有限公司 Shenzhen Colour Life Calhong Cleaning Services Co., Ltd (" Shenzhen Colour Life Qingjie service (note a))	PRC	July	100%	1,250	Provision of community leasing, sales and other services

33. DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes:

(a) During the year ended 31 December 2013, the Group disposed Shenzhen Caiyue Hotel, Shenzhen Caiyue Hotel Management, Shenzhen Robert Housekeeper and Shenzhen Colour Life Qingjie service to independent third parties. The net assets of the companies at disposal date were as follow:

	RMB'000
Net assets recognised at the dates of disposal	
Property, plant and equipment	725
Trade and receivables	1,604
Bank balances and cash	1,142
Trade and other payables	(2,635)
Tax liabilities	(254)
	582
Gain on disposal of subsidiaries	
Consideration received or receivable	1,634
Net assets disposed of	(582)
Non-controlling interests	(274)
Gain on disposal recognised in profit or loss	778
Satisfied by:	
Cash consideration received in 2013	4
Cash consideration received in 2014	1,630
	1,634
Net cash outflow arising on disposal	
Cash consideration	4
Less: bank balances and cash disposed of	(1,142)
	(1,138)

33. DISPOSALS OF SUBSIDIARIES *(Continued)*

Notes: *(Continued)*

(b) The entire equity interests in Ace Link, together with its interests in Colour Life Service Group (HK) Co., Limited and Yahao Technology Development (Shenzhen) Co., Ltd. were disposed to Zhao Xing Holdings, a fellow subsidiary of the Company, for a consideration of HK$100 as part of the Reorganisation and therefore, the loss on disposal of the entire interest in Ace Link amounting to RMB9,125,000, was recognised in equity.

The net assets of Ace Link at disposal date were as follows:

	RMB'000
Net assets recognised at the dates of disposal	
Amounts due from fellow subsidiaries	9,125
Loss on disposal	
Consideration received (note)	–
Net assets disposed of	9,125
Loss on disposal recognised in equity	(9,125)
Satisfied by:	
Cash consideration (note)	–
Net cash inflow arising on disposal	
Cash consideration (note)	–

Note:

The cash consideration represented HK$100.

The subsidiaries being disposed of did not contribute significantly to the Group's cash flows, revenue and profit for the year ended 31 December 2013.

34. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2014 and 2013 pursuant to the agreements entered into between the Group's certain fellow subsidiaries and independent third parties, all of which are customers of the Group, these customers agreed to dispose of their investment properties to the Group for the settlement of trade receivables due to the Group.

The carrying amounts of trade receivables which were settled by transfer of investment properties to the Group during the reporting period are as follows:

	2014 **RMB'000**	2013 RMB'000
Trade receivables due from:		
Fellow subsidiaries	**6,520**	8,657
Independent third party customers	**–**	1,904
	6,520	10,561

35. OPERATING LEASES

The Group as lessee

	2014 **RMB'000**	2013 RMB'000
Minimum lease payments paid under operating leases in respect of rented premises during the year	**5,351**	4,407

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	2014 **RMB'000**	2013 RMB'000
Within one year	**3,904**	3,649
Between one and five years	**6,647**	9,540
Over five years	**–**	720
	10,551	13,909

Operating lease payments represent rentals payable by the Group for certain office premises, shops. Leases are negotiated and rentals are fixed for terms of two to ten years.

35. OPERATING LEASES *(Continued)*

The Group as lessor

The Group had entered into contracts with residential communities to rent out the automation equipments to the residential communities managed by the Group in order to facilitate the automation equipment upgrade services provided to these residential communities. The relevant income is recognised as revenue under engineering services segment. For the automation equipments had been rented out, the committed lease terms are 5 years.

The Group entered into the lease agreements with landlords and then sub-leased the properties to various leases and recognised the net rental charge between the landlords and tenants as revenue under community leasing, sales and other services segment. These sub-leased properties have committed tenants from 1 year to 10 years.

The Group also rented out its investment properties to independent third parties. Property rental income earned during the years ended 31 December 2014 and 2013 were RMB24,000 and RMB28,000, respectively. For the investment properties that have been rented out, these investment properties have committed tenants for 3 years.

At the end of the reporting period, the Group had contracted with tenants or residential communities for the following future minimum lease payments:

	2014 **RMB'000**	2013 RMB'000
Within one year	**27,420**	14,111
Between one and five years	**61,453**	31,652
Over five years	**741**	1,921
	89,614	47,684

36. CAPITAL AND OTHER COMMITMENTS

	2014 **RMB'000**	2013 RMB'000
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	**21,335**	–
Consideration committed in respect of acquisition of subsidiaries authorised but not yet contracted	**241,936**	–
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**1,702**	11,620
Consideration committed in respect of capital expenditure in respect of the acquisition of property, plant and equipment authorised but not yet contracted	**93,243**	–

37. RETIREMENT BENEFITS SCHEME

The employees of the PRC entities are members of a state-managed retirement benefits scheme operated by the government of PRC. The Group is required to contribute 12% to 20% of the total monthly basic salaries of its current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of RMB7,356,000 (2013: RMB5,953,000) respectively, represented contributions from the continuing operation payable to the scheme.

38. SUBSIDIARIES

(a) Material subsidiaries of the Company

Particulars of the principal subsidiaries of the Company at the respective reporting dates are set out below:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group 2014 & 2013	Principal activities	Legal form
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Service Co., Ltd. ("Shenzhen Colour Life Network Service")	PRC	RMB10,000,000	100	Provision of community leasing, sales and other services	Limited liability company
深圳市星彥行置業有限公司 Shenzhen Xingyanhang Real Estate Co., Ltd. ("Shenzhen Xingyanhang Real Estate")	PRC	RMB4,000,000	93	Provision of community leasing, sales and other services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji")	PRC	RMB5,000,000	100	Provision of engineering services	Limited liability company
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Co., Ltd. ("Shenzhen Colour Life Property Management")	PRC	RMB35,000,000	100	Provision of property management services	Limited liability company

38. SUBSIDIARIES *(Continued)*

(b) Composition of the Group

Information about the subsidiaries of the Company that are not material to the Group at the end of each reporting period is as follows:

Principal activities	Places of incorporation/ registration operation	Number of subsidiaries	
		2014	2013
Investment holding	Cayman Islands	**2**	2
	BVI	**4**	3
	Hong Kong	**3**	3
	PRC	**2**	2
Provision of property management services	PRC	**25**	13
	Singapore	**1**	–
Provision of residents' community leasing, sales and other services	PRC	**3**	3
		40	26

38. SUBSIDIARIES *(Continued)*

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests

The table below show details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
		%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
深圳市安彩華能源投資有限公司 Shenzhen Ancaihua Energy Investment Co., Ltd. ("Shenzhen Ancaihua Energy Investment")	PRC	**49**	49	**1,117**	497	**2,332**	1,215
深圳市匯港物業管理有限公司 Shenzhen Huigang Property Management Co., Ltd ("Shenzhen Huigang Property Management")	PRC	**25**	25	**555**	169	**1,281**	1,228
深圳市星彥行置業有限公司 Shenzhen Xinyanhang Real Estate Co., Ltd. ("Shenzhen Xinyanhang Real Estate")	PRC	**7**	7	**918**	665	**2,023**	1,152
Individually immaterial subsidiaries with non-controlling interests				**2,221**	(231)	**10,027**	1,183
Total				**4,811**	1,100	**15,663**	4,778

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represented amounts before intragroup eliminations.

38. SUBSIDIARIES *(Continued)*

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Shenzhen Ancaihua Energy Investment

	2014 RMB'000	2013 RMB'000
Current assets	**9,640**	7,523
Non-current assets	**4,809**	3,910
Current liabilities	**(7,334)**	(8,389)
Non-current liabilities	**(2,355)**	(564)
Equity attributable to owners of the Company	**2,428**	1,265
Non-controlling interest	**2,332**	1,215

	2014 RMB'000	2013 RMB'000
Revenue	**5,752**	6,391
Expenses	**(3,472)**	(5,377)
Profit for the year	**2,280**	1,014
Profit attributable to owners of the Company	**1,163**	517
Profit attributable to the non-controlling interests	**1,117**	497
Net cash outflow used in operating activities	**(376)**	(542)
Net cash outflow used in investing activities	**(569)**	–
Net cash inflow from financing activities	**900**	1,722
Net cash (outflow) inflow	**(45)**	1,180

38. SUBSIDIARIES *(Continued)*

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Shenzhen Huigang Property Management

	2014 RMB'000	2013 RMB'000
Current assets	**10,057**	6,599
Non-current assets	**1,527**	1,319
Current liabilities	**(6,434)**	(2,925)
Non-current liabilities	**(26)**	(82)
Equity attributable to owners of the Company	**3,843**	3,683
Non-controlling interests	**1,281**	1,228

	2014 RMB'000	2013 RMB'000
Revenue	**7,453**	6,992
Expenses	**(5,235)**	(6,315)
Profit for the year	**2,218**	677
Profit attributable to owners of the Company	**1,663**	508
Profit attributable to the non-controlling interests	**555**	169
Dividend declared to the non-controlling interests	**(502)**	–
Net cash inflow from operating activities	**3,499**	154
Net cash inflow from (used in) investing activities	**17**	(18)
Net cash outflow used in financing activities	**(526)**	(220)
Net cash inflow (outflow)	**2,990**	(84)

38. SUBSIDIARIES *(Continued)*

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Shenzhen Xinyanhang Real Estate

	2014 RMB'000	2013 RMB'000
Current assets	**42,931**	24,722
Non-current assets	**1,408**	935
Current liabilities	**(15,427)**	(9,857)
Non-current liabilities	**(2)**	(2)
Equity attributable to owners of the Company	**26,887**	14,646
Non-controlling interests	**2,023**	1,152

	2014 RMB'000	2013 RMB'000
Revenue	**18,222**	13,818
Expenses	**(5,108)**	(4,321)
Profit for the year	**13,114**	9,497
Profit attributable to owners of the Company	**12,196**	8,832
Profit attributable to the non-controlling interests	**918**	665
Net cash inflow from operating activities	**17,512**	7,826
Net cash outflow used in investing activities	**(17,281)**	(261)
Net cash outflow used in financing activities	**(1,926)**	(6,533)
Net cash (outflow) inflow	**(1,695)**	1,032

39. RELATED PARTY DISCLOSURES

(a) Names and relationships with related parties during the years ended 31 December 2014 and 2013 are as follows:

Name	Principal Activities	Relationship
Immediate holding company		
Fantasia Holdings	Investment holding	Immediate holding company
Fellow subsidiaries		
Fellow subsidiaries are the subsidiaries of Fantasia Holdings exclude the Group		
Joint Venture		
Guilin Tongji	Provision of engineering services	A joint venture of the Company
Associate		
Shenzhen Yuezhong Property Management	Property management services	An associate of the Company
Other related parties		
艾勇 Ai Yong	N/A	A non-controlling shareholder of a subsidiary
惠東縣大亞灣三角洲俱樂部有限公司 Huidong Dayawan San Jiao Zhou Co., Ltd. ("Huidong Dayawan San Jiao Zhou")	Hotel operations	Entity controlled by Ms. Zeng Jie, Baby
秦皇島市宏添源物業服務有限公司 Qinhuangdao Hongtianyuan Property Service Limited Company No. 1 Branch ("Qinhuangdao Hongtianyuan Property Service Limited Company No. 1 Branch")	Property management services	A non-controlling shareholder of a subsidiary
錦江物業第一分公司 JinJiang Property Management No. 1 Company	Property management	A non-controlling shareholder of a subsidiary

39. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2014 and 2013 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Other related parties *(Continued)*		
劉莉 Liu Li	N/A	A non-controlling shareholder of a subsidiary
劉同 Liu Tong	N/A	A non-controlling shareholder of a subsidiary
慕曉明 Mu Xiaoming	N/A	A non-controlling shareholder of a subsidiary
毛逸清 Mao Yiqing	N/A	A non-controlling shareholder of a subsidiary
張華 Zhang Hua	N/A	A non-controlling shareholder of a subsidiary
吳濤 Wu Tao	N/A	A non-controlling shareholder of a subsidiary
深圳市安美華照明有限公司 Anmeihua Lighting Co., Ltd.	Engineering services	A non-controlling shareholder of a subsidiary
深圳市環益實業有限公司 Shenzhen Huangyi Industry Co., Ltd. equity	Property management services	A non-controlling shareholder of a subsidiary
鐵嶺正南房地產開發公司 Tieling Zhengnan Property Development Co., Ltd.	Property development	A non-controlling shareholder of a subsidiary

39. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances

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

	2014 RMB'000	2013 RMB'000
Amount due from immediate holding company	**–**	1
Amounts due from fellow subsidiaries		
Non-trade nature	**18,540**	29,377
Trade nature	**1,617**	2,776
	20,157	32,153

The following is an aging analysis of trade amounts due from fellow subsidiaries presented based on the invoice date at the end of the reporting period, which approximated to the respective revenue recognition date:

	2014 RMB'000	2013 RMB'000
0 to 30 days	**–**	669
31 to 90 days	**–**	922
91 to 180 days	**153**	–
181 to 365 days	**–**	646
Over 1 year	**1,464**	539
	1,617	2,776

39. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances *(Continued)*

Aging of past due but not impaired trade amounts due from fellow subsidiaries

	2014 RMB'000	2013 RMB'000
91 to 180 days	**153**	–
181 to 365 days	**–**	646
Over 1 year	**1,464**	539
	1,617	1,185
Amounts due from non-controlling shareholders	**14,989**	13,063

	2014 RMB'000	2013 RMB'000
Amounts due from related parties		
Jinjiang Property Management No. 1 Company	**336**	1,180
Qinhuangdao Hongtianyuan Property Services Company No. 1 Branch	**–**	123
	336	1,303

For the non trade balances with immediate holding company, fellow subsidiaries, non-controlling shareholders, and related parties, they are unsecured, interest-free and repayable on demand. For the trade balances due from fellow subsidiaries , a 30 to 90 days credit term is granted from the issuance of invoices.

39. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances *(Continued)*

Amounts due from directors

Particulars of amounts due from directors are as follows:

	2014	2013
	RMB'000	RMB'000
Name of director		
Mr. Tang Xuebin	**–**	–
Mr. Pan Jun	**–**	–
	–	–

	Maximum amount outstanding	
	2014	2013
	RMB'000	RMB'000
Name of director		
Mr. Tang Xuebin	**–**	600
Mr. Pan Jun	**–**	1,400
	–	2,000

The amounts are unsecured, interest-free and repayable on demand. The amounts due from directors during 31 December 2013 have been fully settled by the directors in November 2013.

39. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances *(Continued)*

	2014 RMB'000	2013 RMB'000
Amounts due to fellow subsidiaries	**1,777**	36,719
Amount due to immediate holding company	**–**	1,428
Amounts due to non-controlling shareholders		
Current	**5,846**	1,809
Non-current	**1,572**	1,091
	7,418	2,900
Amount due to an associate		
Shenzhen Yuezhong Property Management	**775**	2,387
Amount due to a joint venture		
Guilin Tongji	**94**	94

Except for amount due to Mu Xiaoming, a non-controlling shareholder of RMB1,198,000 (2013: RMB1,330,000) which is non-trade in nature, unsecured, bears interest of 8.9% per annum and matures during the year ending 31 December 2020, the above remaining amounts due to the above related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

39. RELATED PARTY DISCLOSURES *(Continued)*

(c) Related parties transactions

Apart from the related party transactions disclosed elsewhere in these consolidated financial statements, the Group also entered into following significant transactions with related parties:

	2014 RMB'000	2013 RMB'000
Engineering services income		
Fellow subsidiaries	**13,532**	14,983
Property management services income		
Fellow subsidiaries	**16,326**	12,615
Management service fee income		
An associate:		
Shenzhen Yuezhong Property Management	**58**	175
Other related party:		
Huidong Dayawan San Jiao Zhou	**784**	784
Interest expense		
Other related party:		
Mu Xiaoming	**145**	135

(d) Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 December 2014 and 2013 were as follows:

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	**3,773**	2,208
Post employment benefits	**199**	168
Share-based payments	**6,614**	370
	10,586	2,746

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

40. CONTINGENT LIABILITY

During the year ended 31 December 2012, Shenzhen Buji Water Supplies initiated a legal proceeding against Shenzhen Colour Life Property Management, a subsidiary of the Company, in relation to a water supply contract dispute for a compensation of RMB10,900,000, which included alleged non-payment of RMB2,600,000 and alleged late payment of RMB8,300,000.

During the year ended 31 December 2014, the lawsuit between Shenzhen Colour Life Property management and Shenzhen Buji Water Supplies had concluded and finalised. Defendant is responsible to pay the principal and interest payment of the water fee at amount RMB2,900,000 to the plaintiff. Shenzhen Colour Life Property had made provision for the settlement and included in general and administrative expenses for the year ended 31 December 2014, and had already made the payment on September 2014 accordingly. As a result, the previous seizure decision of the Group's assets made by the court was revoked and the legal deposit was returned.

41. EVENT AFTER END OF THE REPORTING PERIOD

On 16 February 2015, the Group announced for the acquisition of a target company and its subsidiaries (collectively referred to as the "Target Group") with certain indebtedness (the "Acquisition") at a cash consideration of approximately RMB330,000,000 from independent third parties. The Target Group are primarily engaged in the provision of property management services to manage over 130 communities in the PRC. At the date these consolidated financial statements were authorised for issue, the Acquisition has not been completed.

42. FINANCIAL SUMMARY OF THE COMPANY

	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**185,762**	2,664
Amounts due from subsidiaries (note)	**534,457**	33,190
	720,219	35,854
CURRENT ASSETS		
Other receivables and prepayments	**19,379**	7,426
Amount due from immediate holding company	**–**	1
Amount due from a related party	**–**	1
Bank balances and cash	**11,943**	–
	31,322	7,428
CURRENT LIABILITIES		
Other payables	**29,307**	20,972
Amounts due to fellow subsidiaries	**–**	1,631
Amounts due to subsidiaries	**–**	631
	29,307	23,234
NET CURRENT ASSETS (LIABILITIES)	**2,015**	(15,806)
TOTAL ASSETS LESS CURRENT LIABILITIES	**722,234**	20,048
NON-CURRENT LIABILITY		
Redeemable shares	**–**	(6,614)
NET ASSETS	**722,234**	13,434
CAPITAL AND RESERVES		
Share capital	**79,315**	164
Reserves	**642,919**	13,270
TOTAL EQUITY	**722,234**	13,434

Note: The amounts are unsecured, interest free and expected to be realised within 5 years from the end of the reporting period, and therefore measured at amortised cost at an effective interest rate of 6.15% per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

42. FINANCIAL SUMMARY OF THE COMPANY *(Continued)*

Statement of changes in equity of the Company

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2013	2	–	–	(108)	(106)
Capitalisation issue	156	(156)	–	–	–
Loss and total comprehensive income for the year	–	–	–	(23,524)	(23,524)
Issue of new shares	6	37,058	–	–	37,064
At 31 December 2013	164	36,902	–	(23,632)	13,434
Loss and total comprehensive income for the year	–	–	–	(38,026)	(38,026)
Recognition of equity-settled share-based payments	–	–	29,780	–	29,780
Issue of new shares pursuant to the initial public offering	19,829	729,698	–	–	749,527
Expenses incurred in connection with issue of shares	–	(39,313)	–	–	(39,313)
Capitalisation issue of shares	58,929	(58,929)	–	–	–
Transfer from redeemable shares	393	6,439	–	–	6,832
At 31 December 2014	**79,315**	**674,797**	**29,780**	**(61,658)**	**722,234**

Financial Summary

RESULTS

	For the year ended 31 December			
	2011	2012	2013	**2014**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	146,503	196,507	233,069	**389,287**
Profit before tax	38,381	60,861	70,935	**211,833**
Income tax expense	(14,929)	(15,996)	(25,467)	**(61,347)**
Profit for the year	(13,004)	44,336	45,468	**150,486**
Attributable to:				
Owners of the Company	6,652	43,432	44,368	**145,675**
Non-controlling interests	(19,656)	904	1,100	**4,811**
	(13,004)	44,336	45,468	**150,486**

ASSETS AND LIABILITIES

	As at 31 December			
	2011	2012	2013	**2014**
	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	466,889	655,942	494,467	**1,599,731**
Total liabilities	403,176	547,757	310,764	**512,467**
	63,713	108,185	183,703	**1,087,264**
Equity attributable to owners of the Company	62,649	106,248	178,925	**1,071,601**
Non-controlling interests	1,064	1,937	4,778	**15,663**
	63,713	108,185	183,703	**1,087,264**

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