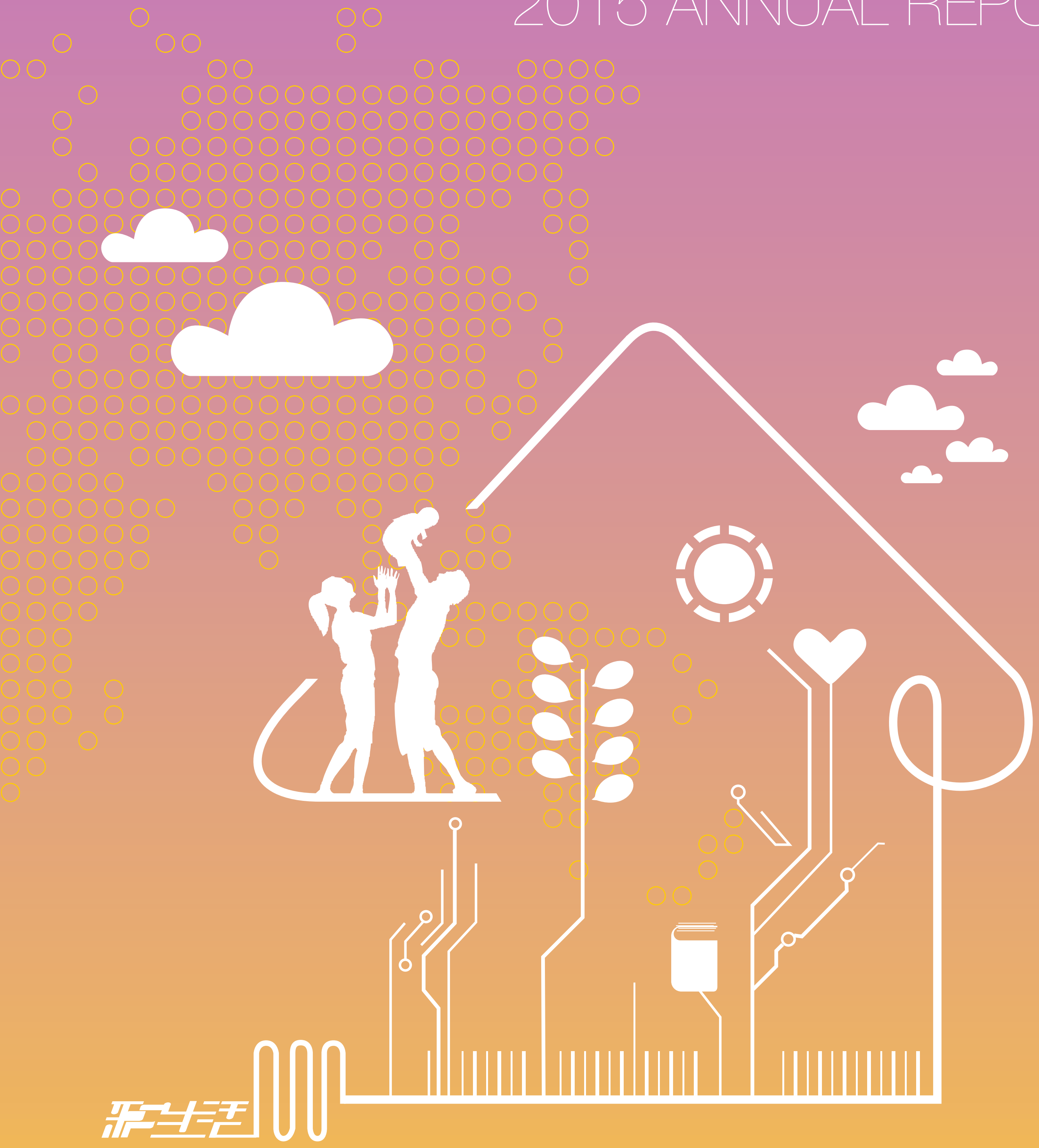
Stock Code :1778

Colour Life Services Group Co., Limited

2015 ANNUAL REPORT



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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. Zhou Hongyi

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

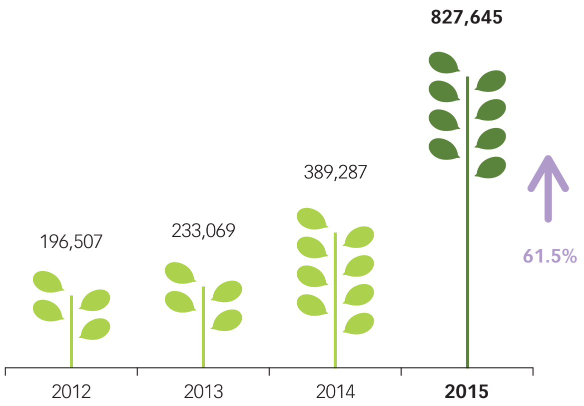
CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Codan Trust Company (Cayman)
Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

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

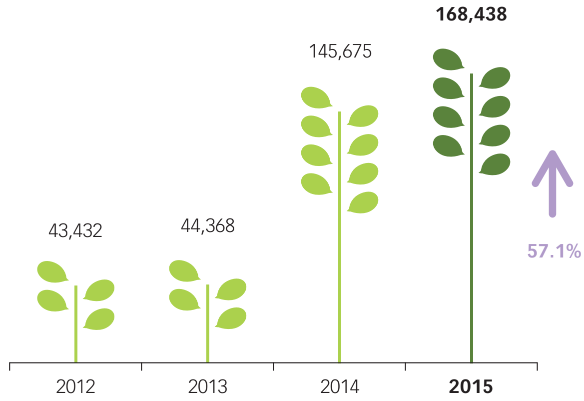
PRINCIPAL BANKERS (IN ALPHABETICAL ORDER)
Bank of China Limited
Industrial and Commercial Bank of
China Limited

Financial Highlights

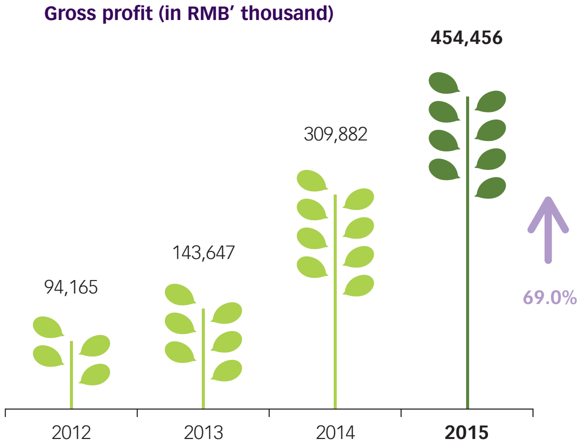
Revenue (in RMB' thousand)



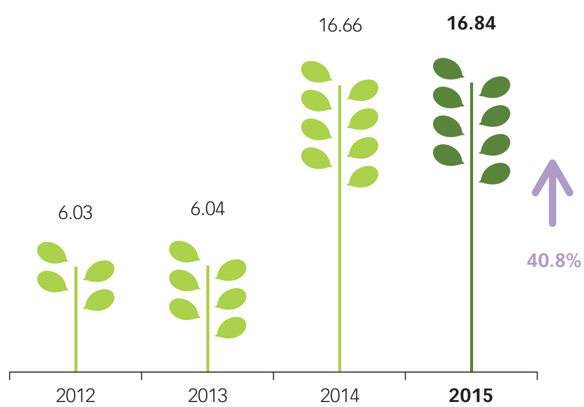
Profit attributable to owners of the Company (in RMB' thousand)



Gross profit (in RMB' thousand)



Basic earnings per share (in RMB cent)



	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Revenue	196,507	233,069	389,287	**827,645**
Gross profit	94,165	143,647	309,882	**454,456**
Profit attributable to owners of the Company	43,432	44,368	145,675	**168,438**
Basic earnings per share *(RMB cent)*	6.03	6.04	16.66	**16.84**
Total assets	655,942	494,467	1,599,731	**2,719,156**
Total liabilities	547,757	310,764	512,467	**1,418,424**
Bank balances and cash	24,980	146,113	687,031	**419,478**

Honors and Awards

1. In June 2015, Colour Life Services Group Co., Limited (the "Company", with its subsidiaries the "Group") was honoured as the "2015 China Specialized Property Service Leading Company — Intelligent Community" by China Index Academy.

2. In June 2015, the Group was honoured as the "2015 China Top 10 Property Management Companies in terms of Business Size" by China Index Academy.

3. In June 2015, the Group was honoured as the "China Top 100 Property Service Company in 7 Consecutive Years from 2009 — 2015" by China Index Academy.

4. In June 2015, the Group was honoured as the "2015 China Top 10 Property Management Companies in terms of Growth Potential" by China Index Academy.

Honors and Awards

5. In June 2015, the Group was honoured as the "2015 China Leading Property Management Companies in terms of Customer Satisfaction" by China Index Academy.

6. In June 2015, the Group was honoured as the "2014 World Largest Property Management Company in terms of Total GFA of residential properties managed" by China Index Academy.

7. In September 2015, the Group was honoured as the "2015 Featuring Companies in Residential Property Management" by China Property Management Institute.

8. In September 2015, the Group was honoured as the "2015 Top 100 Property Management Companies" by China Property Management Institute.

2015 Milestone of Business Development

2015

JANUARY
In January 2015, the Group expanded its presences to cities including Huanggang, Ziyang, Mianyang, and Chongqing.

FEBRUARY
In February 2015, the Group acquired Century Property Management Limited in Hong Kong and expanded its presence to Hong Kong.

FEBRUARY
In February 2015, the Group entered into a strategic cooperation framework agreement with Shenzhen Qihoo Kin Smart Technology Co., Ltd. (深圳奇虎健安智能科技有限公司) through Shenzhen Colour Life Services Group Company Limited, its indirect wholly-owned subsidiary, in order to build an intelligent household security service system.

FEBRUARY
In February 2015, the Group expanded its presences to cities including Zhanjiang, Fuzhou, Wenzhou, Shaoxing, Qingdao, Ji'ning, Bengbu, Liu'an, Anshun, Taiyuan, Shijiazhuang, Dalian, Wuhai, Tongliao, Xi'ning and Lijiang.

MARCH
In March 2015, the Group expanded its presences to cities including Deyang and Anshan.

APRIL
In April 2015, the Group issued the second batch of share option incentive scheme at the price of HK$11.00 per share, in which 94.3% of the shares were granted to employees of the Group and certain minority shareholders of the Company's subsidiaries.

MAY
In May 2015, the Group expanded its presences to cities including Baotou, Yulin, Luohe, Tongren, Suining and Guang'an.

JUNE
In June 2015, the Group acquired 100% interest of Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司) with a total amount of RMB 0.33 billion through Shenzhen Colour Life Services Group Company Limited, its indirect wholly-owned subsidiary.

JUNE
In June 2015, the Group expanded its presences to cities including Laibin and Yizhou.

JUNE
In June 2015, the Group introduced Colour Life Property Sales Mode to boost the sale of the developers as well as expanding the GFA which it managed and encouraging more active participation on its online platform.

JUNE
In June 2015, according to the research results of 2015 China Top 100 Property Management Companies by China Index Academy and China Real Estate Top 10 Research Team (中國房地產TOP10研究組), the Group was "2014 World Largest Property Management Company in terms of Total GFA of residential properties managed".

JULY
In July 2015, the Group expanded its presences to cities including Jingzhou, Jinggangshan and Danzhou.

JULY
In July 2015, Splendid Fortune Enterprise Limited (an enterprise which is wholly-owned by the management) and Fantasy Pearl International Limited (a controlling shareholder of Fantasia Holdings Group Co., Limited) repurchased the shares of the Company consecutively.

AUGUST
In August 2015, the Group expanded its presence to Guanghan.

SEPTEMBER
In September 2015, the Group expanded its presence to Changde.

OCTOBER
In October 2015, the Group expanded its presences to cities including Haining and Ji'nan.

OCTOBER
In October 2015, the property management model of the Group upgraded to 3.0 version and formally launched the reform of communities 3.0 version to introduce comprehensive productisation and professionalism to the organization in order to create an effective and professional community service mechanism.

NOVEMBER
In November 2015, the Group expanded its presences to cities including Tangshan, Loudi and Kunming.

DECEMBER
In December 2015, the Group expanded its presences to cities including Mudanjiang, Fengcheng and Luoyang.

DECEMBER
In December 2015, the Group entered into the Subscription Agreement with Home E&E, a subsidiary of Fantasia Holdings Group Co., Limited to acquire 4.17% interest of Home E&E.

Environmental, Social and Governance Report

WORKING ENVIRONMENT

Colour Life Services Group Co., Limited (the "Company", with its subsidiaries, the "Group", "we" or "us") 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 in 2015.

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 community services 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, great importance on the issue of health and safety.

1. 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 (the "Board") of directors (the "Directors") of the Company on hazards and unsafe practices in a timely manner. Once a 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 protection and environment.

2. The Group places 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.

3. The Group has strictly complied with relevant standard and there was no material non-compliance event in 2015.

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.

In 2015, the Group made active progress in terms of talents pooling and promotion of their development, building up a training strategy as the catalyst of further development. In addition to the training centre set up in the Group's Shenzhen headquarters, branch institutes were established in seven major regions of the country, namely the Eastern, Southern, Southwestern, Northeastern, Central and Northwestern China, as well as Shenzhen. Training efficiency was greatly enhanced as regular training subjects were implemented in each of these regional training institutes.

1. Professionalisation of training accelerated the internal reform of the Group. Professionalisation of the training organisation by setting up specialised training companies for the internal training of the company and the promotional work for the outside world, helped to transform corporate training from a cost-incurring department to a profitable business. Training materials became products as training covers the entire staff at different points of their career and diversified the contents of training to suit their career paths. Professional training sessions at different levels were set up, including security, cleaning, customer manager, community butlership, project management, district director and department manager.

2. Forms of training were diversified by using more up-to-date online learning platform to enrich the use of online platforms for learning and application. Exemplary projects were selected throughout the entire country, in whcih practical training was provided. A wide range of cooperating partners were incorporated in the Group's training, such as the joint education with Shenzhen Property Management College (深圳市物業管理學院), in order to promote the service model of Colour Life in the industry.

3. The Group arranged training of compulsory and elective courses through internet college platform for employees of different levels of the Group. 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 20 to over 60, with the majority of around 75% aged between 20 and 40;

1. In 2015, the Group underwent reform through online transformation, as its own recruitment platform was set up which allowed effective intra-company sharing of information on candidates and enhanced recruitment efficiency greatly. The Group set great store by the introduction of talents and employed multiple talents of the industry from related sectors in 2015 in order to assist the development of the Group.

2. The "Caizijiaren" (彩子家人) Plan was set up. Talks and recruitment fairs were held in key schools and educational institutions across the country, which attracted numerous college and university graduates of high calibre to join the Group, injecting a sense of newness to the development of the Group. The average age of the staff became younger as a result of effective staff composition adjustment.

3. 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.

REMUNERATION AND BENEFITS

In an effort to allow employees to share the fruits yielded from the Group's development, the Board resolved to implement the "Virtual Partnership" system in the Group in 2015. Under the Virtual Partnership system, whereby each segment of the Group is divided into a virtual company, where individual employees can enjoy a share of profits according to the proportion of shares deemed to be held by the employee when the segment the employee belongs to has yielded profits or bonus. The bonus share of profit is paid in addition to the basic wages and salaries of the employees. Through the Virtual Partnership system, the Group hopes to incentivise the employees to gain profits with integrity by taking active initiative in their work.

On 30 April 2015, the Group announced that 25,000,000 share options were granted, of which 1,430,500 were granted to nine Directors and 23,569,500 were granted to certain employees of the Group and certain minority shareholders of the Company's subsidiaries. The grant of share options was significant in that a relatively large portion of the share options was granted to employees in mid- to high-level management and certain low-level employees with excellent performance. Employees' benefits were greatly enhanced and their initiative was given a powerful boost.

ENERGY MANAGEMENT

Following the gradual strain on energy and resources, supply energy saving is becoming the mutual trend of the world. 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 these issues, for its own benefits and for environmental protection consideration, in order to contribute to the continuous development of society. In 2015, the Group continued to take the following specific actions in energy saving retrofit for high consumption equipment such as lighting, lift, water pump and central air-conditioning of the property communities and contributed investment in upgrading prepayment meters and solar photovoltaics power stations. The details are as follows:

1. 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 project.

2. The Prepaid Wattmeter power usage was designed as "pay-before-you-use" model. Customers were encouraged to purchase electricity and track in the E-energy function via "Caizhiyun" APP in order to save energy and distribute it in a proper way, while reducing the workload of employees on meter reading, solving the issue of low collection rate, and bringing convenience to the residents.

3. Upgrades of photovoltaic power generation system. Solar cells are the new form of eco-friendly renewable energy with the advantages in permanence, cleanliness and flexibility. In the second half of 2015, the Group made investment in photovoltaic add-ons in the ground floor car park of Sanjiaozhou Island in Huiyang and some other projects, greatly improving the living conditions for the residents and reducing power consumption.

4. Refining equipment to energy-saving designs. The Group invested in communities across the country to refine equipment to save energy. The details of the performance were as follows: 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. The abovementioned 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 property owners. Over 11 million units of energy was saved by the Group in 2015 following its commitment to energy conservation. Photovoltaic generation amassed generated over 30,000 units of energy from October to December 2015. In the upcoming year, a higher energy saving and emission reduction goal was set by the Group in anticipation of more contribution to society and the property owners.

COMMUNITY INVOLVEMENT

In May 2015, Wuhan Yu Qiao Xin Du Colour Life Service Centre (武漢玉橋新都彩生活服務中心) organized a badminton tournament for all residents in the community to enrich the leisure life of property owners, facilitate communication and interaction among property owners and create a relaxing, healthy and positive community environment.

Photo 1: The community residents from Wuhan Yu Qiao Xin Du were attending badminton competitions.

On 18 August 2015, "Macrobiotic Diet and Quality Life — Naturopathic Medicine and Health Preservation Public Talk" (「生機飲食，質量人生 — 自然療法健康養生公益講壇」) was held by the Group in Colour Space (彩空間) of Shenzhen Bi Shui Long Ting (深圳碧水龍庭) to promote health preservation and healthy living, enhance living standard of residents and popularize a new healthy living style including "macrobiotic diet" for residents in the community.

Photo 2: Public talk held in Shenzhen Bi Shui Long Ting.

In September 2015, Nanjing Hongyun Jiayuan Community Colour Life Service Centre (南京鴻運嘉園社區彩生活服務中心) co-organized a Mid-autumn Festival party for residents in the community with the sub-district office (街道辦) to enrich the cultural and recreational activities and facilitate the interaction among residents in the community.

Photo 3: Mid-autumn Festival party was held in Nanjing Hongyun Jiayuan.

In September 2015, Fantasia Hua Jun Colour Life Service Centre (花郡社區彩生活服務中心) organized an event themed "Parents-child Summer Camp — Little Superman Campaign" (「親子夏令營 — 小超人精英計劃」) to attract the enthusiastic participation and experience of residents in the community.

Photo 4: "Parents-Child Summer Camp" was held in Fantasia Hua Jun Colour Life Service Centre.

In November 2015, the Group first organized a community cultural event themed “Wonderful Life Square” (「精彩生活小廣場」) with 12 merchant representatives of the Caizhiyun (彩之雲) APP in Bi Shui Long Ting (碧水龍庭) community.

Photo 5: Community residents were showing their talents in performing arts.

Photo 6: Residents participated in creating civilization community activities.

In December 2015, Shenzhen Youlin International Community Colour Life Service Centre (深圳友鄰國際社區彩生活服務中心) organized the 1st “The Best Housewife and Heartwarming Property Owner” (「最佳阿姨暨愛心業主」) Competition with Shenzhen “home 51” online housekeeping platform in the community square.

Photo 7: The best housewife and heartwarming property owner competition was held in Youlin Internation community.

OPERATING PRACTICES

Supply Chain Management

In adherence to its philosophical conviction in innovation, openness, cooperation and mutuality, the Group adopts a personalised approach to the building of long-term relationships with its cooperative suppliers and gradually transforms its mode of supply chain management with electronic upgrades using Internet as a tool, aiming to set up platforms, digital database, intelligent processing and cloud-based computing, together with its suppliers. As strategic cooperation was entered into with major suppliers, the Group also uses other information tools such as management systems to help middle-to-small supplier optimise their own capacity for supply chain management in a bid for enhancing competitiveness and building up an "ecosystem" grounded in the community's collective interest.

1. In order to regulate sourcing activities, enhance the efficiency and effectiveness of procurements and promote fair transactions, the Group implemented a management system to professionalise and regularise its procurement-related employees. Open auction bidding, competitive negotiation, single-source procurement, price bidding, sourcing according to the pricing history recorded by the government, and other procurement methods required by the laws and regulations, are utilised. In addition, in daily business, the Group also performs continuous training and assessment on the compliance of its merchandisers to the work standards set out on the management manual, procedural documents and ethical codes.

2. An effective regulatory and assessment mechanism was set up for the supply chain. A conference was held with its cooperating suppliers in the middle and at the end of the year for suppliers across the country. Data analysis was conducted to find ways to achieve further optimisation.

3. On the other hand, upholding the principle of professionalism, the Group subcontracted 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 be against the legitimate rights of workers.

Protection of consumer interests

The Group placed significant emphasis on customer satisfaction even under rapid business expansion. 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 was the only indicator for project director assessment. The Group will further strengthen its efforts in managing its service quality and ensure service quality its core work focus in 2016 to deliver more quality community service and better user experience for the community residents.

The Group strictly complied with the Property Management Regulations (物業管理條例), Property Law of the People's Republic of China (中華人民共和國物權法), Contract Law of the People's Republic of China (中華人民共和國合同法) and adopts measures to prevent damage to the interests of customers. Through effective supervision mechanism, the Group ensures the protection of the interests of customers. At the same time, the Group trains its employees on a regular basis about customer interests protection knowledge, and reviews its internal control system, to make sure that it is able to play a role in protecting the interests of customers.

In addition, the Group established a 24-hour service hotline at 4008893893 and developed "Caizhiyun" APP to facilitate communication with property owners, which enables 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 headquarters 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 operation 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 notarial, 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 remains vigilant of corruption and deception and continues 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

Pan Jun
Chairman

LONG-TERM THINKING, OPENING-UP DEVELOPMENT AND COMPOUND GROWTH

Dear Shareholders,

Thank you for your trust and support to the Group. In 2015, different business segments of Colour Life Services Group Co., Limited together with its subsidiaries continued to develop rapidly, but the highlight is the milestone achieved in the development of our community ecosystem, which laid a solid foundation for the long-term development of the Group.

For the results of the year, as at 31 December 2015, the Group managed communities of an aggregate GFA of 322.1 million square metres, serving 2,001 communities. It is the largest service operator for residential community services. In 2015, revenue from the Group's principal businesses and adjusted profit were RMB827.6 million and RMB327.7 million respectively, representing a year-on-year increase of 112.6% and 50.7%, respectively. Meanwhile, in terms of the satisfaction level of the residents, the Group further rose to the sixth in the country, from the seventh in 2014.

In addition to the results, we would like to point out that the Group was innovating the development and operation of the community service business in its efforts to build community "ecosystems" by deconstructing and reconstructing traditional property service and value-added service, leading the industry to emerge from conventions and explore new directions. This is all in view of creating a company which creates more sustainable long-term value for its shareholders based on community services, a market full of potential.

Chairman's Statement

Firstly, in terms of the landscape for strategic development, a rare opportunity is ahead of us due to the external economic conditions as well as the industry landscape. On one hand, due to their needs to integrate various services, community service operators face straining requirements in terms of their capacities for resource integration and comprehensive management, in particular due to the imperfect specialisation in the division of labour in Chinese society. As labour costs are on the rise every year, entry barrier for community service industry is rapidly heightened, necessitating leading companies to integrate the industry. Making full use of its own "information + technique + management system", the Group effectively enhanced the quality and efficiency of its community service offerings, and successfully achieved rapid expansion in terms of the GFA covered by its community services, with the economies of scale becoming increasingly prominent. On the other hand, as consumption pattern of urban residents is restructured in favour of the community and the family as a result of decelerating economic growth and aging population, community and household expenditure are of top priority in the agenda for Internet megacorps and start-ups alike, which compete in seizing upon the latest development opportunities in online-to-offline businesses. The Group is already in possession of abundant offline resources and has become a growth shortcut for companies planning to penetrate into communities and provide related services therefor.

Secondly, the strategic core focus of the Group remains "concentration + evolution". Following the listing of the Group, the concept of community O2O servicing became immensely popular in the capital market within a short period of time, attracting numerous reputable property management companies into the ranks of community O2O businesses. Anticipating enormous market opportunities, we however believe that further success hinges on our conviction in concentration and evolution. The achievements of the Group thus far has originated from the management's persistent dedication to the community and community services during the last 13 years. In addition, the Group shifts its business focus from the administration of properties to the service to families. We changed the mentality of our staff to incorporate family life services as an important issue of their preoccupations on top of the daily routines of cleaning, security and greening. We convinced property owners that property management, more than after-sale services of real estates, is an active shaper of community life. Our mindful reflection and cautious practice brought out a new development for the community service industry.

In 2015, we made adjustment to new trends and evolved continuously. Set out below are the achievements we made last year, broken down to "Promoting horizontal expansion through reputation", "Openness towards vertical cooperation", "Achieving compound growth by mutually beneficial offering", and "Pooling talents by core values".

1. **Promoting horizontal expansion through reputation**

   Expansion strategy focusing on our GFA serviced is persistently adhered to, as we propose the goal to reach 100 cities and serve over 10 million GFA square metres. We expand mostly through merger & acquisition and organic growth. An acquisition of high strategic importance was completed in 2015 with Shenzhen Kaiyuan International Property Management Co., Ltd. ("Kaiyuan International") with whom we combined our strength in serving communities. A company with 15 years' experience, Kaiyuan International is committed to building its brand image of the "Oriental Butler" with high-end quality services, which equips us with capacity and power for quality management service comparable to other top property management companies.

   Meanwhile, the growth in GFA managed brought by new engagement (or organic expansion) is on the rise in recent years, due mainly to the fact that our early merger and acquisition efforts laid an excellent urban layout for us. As at 31 December 2015, the Group established its presences in 165 cities in China, and Singapore. It quickly built up positive reputation in the local markets, creating favourable preconditions for organic growth. New GFA under the

Group’s management reached 139.2 million square metres during 2015, of which 52.8% and 47.2% were attributable to M&A and new engagement respectively if excluding the GFA brought by the acquisition of Kaiyuan International, showcasing that its expansion way was optimized.

The key to realising increases in the share of organic growth arrangement is still the reputation we won in the local markets, especially by maintaining the level of resident satisfaction, which is indicated by our ranking in the 6th out of the “TOP 100 Property Management Companies — Leading Property Management Companies in terms of Customer Satisfaction (物業服務百強滿意度領先企業)” under the “2015 China Property Service Top 100 Companies Research Report” issued by China Index Academy, one ranking up as compared to 2014. The Group also was ranked 4th in the “Top 100 Property Companies by Comprehensive Strength” issued by China Property Management Institute. These reflected the further enhancement of the Group’s brand and word-of-mouth reputation, which are the necessary conditions to expand markets in organic way.

It is believed that further expansion in scale of greater quality can be anticipated as the Group achieves better reputation in the market and potential cooperative partners become more diversified.

2. Openness towards vertical cooperation

Contact in different dimensions between us and the community residents we serve happens on a daily basis, as the community is naturally a social scene which creates coherence and interaction. The Group is committed to the use of Internet technology to create social scenes and points of entry, building a community “ecosystem” jointly with various types of vertical community O2O service providers as cooperating partners, with a view to bringing a more secure and convenient living environment to the residents of the community.

In 2015, the Group launched “Scan to Access the Community Gate” functionality in the basic property service portfolio of its online platform. Further, the Group intensified its cooperation with its competent suppliers so as to diversity the offerings of its online platfom. Through the above methods, the community residents were able to enjoy more quality and convenient services. As at 31 December 2015, our online platform “Caizhiyun” (彩之雲) application had 2,003,000 registered users and 858,000 active users, a year-on-year increase of 100.3% and 112.5%, respectively.

As for our vertical business segments, we continued to link up with our cooperating partners, with an open attitude. Through the “online + offline” platform, our three core vertical applications, which involved cooperation at different levels, delivered satisfactory statistical performance. As at 31 December 2015, E-Master received 6,000 orders per day, a 200% increase from 30 June 2015. E-Wealth Management amassed aggregate investment amount of RMB 533.0 million. E-Leasing completed its transformation from offline to online operation in 2015, contributing revenue of RMB23.6 million for the Group.

Meanwhile, as we further evolved in the second half of 2015, we launched “Colour Life Property”(彩生活品牌住宅), a “property + service” sales model (彩生活品牌住宅) and the deluxe version for E-Wealth Management, “Colour Wealth Life” (彩富人生), which were developed with our cooperating partners. In accordance with the direction of national reform and development, Colour Life Property operated a mode which ensured the multilateral benefits of house buyers, developers, financial institutes and the Group, in adherence to the principle of “Creating Civil Well-being while Reducing Unsold Properties and Stimulating Expenditure”. Colour Wealth Life is a product that benefits the property owner, financial institutes and our staff. Certainly these two applications will be an indispensable engine that drives further growth for our “Community +” plan.

3. **Achieving compound growth by mutually beneficial offering**

We are deeply aware that the fundamental issues of community service and the key to achieving customer satisfaction are the problems of security, cleaning and maintenance. However, the traditional method of enhancing service quality by more staffing has been proven ineffective. E-Master, a cooperating partner in our "ecosystem" has set a very good example showing that mobile internet connectivity and the deconstruction and reconstruction of the value chain will be the key to smooth out these difficulties in the traditional property service line. E-Master solved the problems of matching the skills, available timeslots and materials of the repairmen through an online platform, ensuring the timeliness of the repair work, while making cost structure transparent and changing the traditional lump sum basis under which conflicts may arise between the property management company and the repair workers. The service gained a 5-point rating from 85% of the evaluating customers, further proving its viability. E-Master benefits the Group with an advantage of efficiency to a very great extent, and enables us to offer household services for the property owners by leveraging on our basic property services, creating potential sources of growth for future revenue.

On the other hand, traditional collections and payments of property management fees were "deconstructed" and "reconstructed" with financial products, improving the efficiency of collection work which is a monthly, seasonal and annual routine. Under Colour Wealth Life Value-added plan, community residents may opt to purchase wealth management products to set off against their property management fee payables and enjoy an investment returns at a slightly higher rate than fixed bank deposit after the maturity of the wealth management product. Colour Wealth Life, being more than simply a derivative value-added service offering, is an effective means to enhance the efficiency in our customer management. Colour Wealth Life helped our customer managers build up a person-oriented sense of trust within the community which can be translated into monetary values.

Our creative deconstruction and reconstruction of our service portfolio led us to continuously find new ways to enhance efficiency and obtain advantages in pricing, achieving compound growth throughout the entire community "ecosystem" by multilaterally beneficial offerings.

4. **Pooling talents by core values**

We recognise the necessity of innovative mentality and pragmatic implementation for all changes and developments, which cannot be achieved without a pool of talents. All business institutions are grounded on the human being. In 2015, we introduced business elites from the related fields to develop the Group in joined hands, including Mr. Zhang Qiliang, former chief architect of Cisco in the financial industry in Greater China; Mr. Zheng Jiabin, a successful entrepreneur with years of experience in operating top-grade Internet companies as well as the former product operation director of Alibaba Group; Mr. Fu Guojun, former operation director of Haidilao, a food and beverage company widely regarded as the business equivalent of the Whampoa Military Academy in terms of talent training, to join us as senior management personnel. Together with the original team members, they will form an elite management team with aligned values, open-mindedness, eagerness for innovation, technical excellence and rich experience.

The enhancement brought by this change to the Group is immeasurable. Much more than practical experience and technical resources were brought by this pooling of talents from different sectors; for long-term impact, the inventive ideas brought forth by the collision of new and existing team members will reinvigorate the entire system to ensure that the Group can ceaselessly adapt to new changes and maintain its leadership in the industry in the Internet era.

5. **Heading to the future with devotion and evolution**

While fairly good results were achieved over last year, new opportunities and challenges will arise in the future, and further room for improvement exists for the quality of our community services. "Community +" is a concept based on the Internet whose lifeblood — its essential and indispensable condition — is the approval and satisfaction of the property owners. Moreover, the diversity of our online vertical products and the user experience they offer are still in need of further improvement. Currently it is certain that the Group needs to realise "compound growth" in the community scene through ceaseless thinking and practice. What does not change, however, is our philosophy of "devotion + evolution", to which we faithfully adhered so as to make active adjustment and bring forth innovation and distinguish ourselves in the era of great changes.

Finally, I would like to express gratitude to all of you. The results achieved by the Group in the past, at present and in the future rely on the trust and support of our shareholders and different sectors of society as well as the active endeavours of our employees. Sincere gratitude is extended to all the shareholders, Board members, senior management team members, employees and cooperating partners who share our common values for their support and assistance for the Group.

In 2016, we shall march forward.

In 2016, we believe that the community will be a better place because of our joint efforts.

Management Discussion and Analysis

BUSINESS REVIEW

Business Overview

The Group is a leading community services provider in the PRC. Based on the gross floor area ("GFA") of residential communities which the Group was contracted to manage as at 31 December 2014, the Group was named as the provider with the largest coverage of community services in the world in terms of the area of residential properties by China Index Academy in 2015. 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 including 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.

Property Management Services

The Group sticks to its strategy of rapid expansion of the contracted GFA under its management. During the year ended 31 December 2015, the Group acquired 100% equity interests in Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司) (hereafter referred to as "Kaiyuan International") for a total consideration of RMB330 million. Kaiyuan International is a leader in the provision of high-end community management in the PRC's domestic market. It provided services to 130 communities in 41 cities in the PRC with the total contracted GFA of approximately 29.3 million sq.m. at the end of 2014. As at 31 December 2015, the number of communities served by Kaiyuan International increased to 158, and the managed GFA increased to 31.7 million sq.m., representing a year-on-year growth of 21.5% and 8.3% respectively. Meanwhile, Kaiyuan International was selected and ranked No.34 among the Top 100 Enterprises in Overall Strength by the China Property Management Institute in 2015. The acquisition is conducive to the consolidation of resources and fostering of complementary benefits, bringing more value to the communities.

In addition, the Group also focused on driving its organic growth through word-of-mouth marketing and brand building. As at 31 December 2015, the communities managed by the Group reached 165 cities in the PRC and Hong Kong and one overseas country, namely Singapore, which brought reputation to the Group in each local market. It also effectively maintained the trend of rapid growth via organic way by entering into property management contracts directly with the property developers or with the property owner's committees. The total contracted GFA under new engagement reached 51.8 million sq.m. during the year.

Through the expansion by ways of acquisitions and organic growth, as at 31 December 2015, the contracted GFA of the Group reached 322.1 million sq.m. and the number of residential communities which managed or entered into consultancy services contracts reached 2,001, representing a year-on-year growth of 56.9% and 58.2% respectively and realising the rapid expansion of service area.

In order to speed up the market expansion, the Group launched the Colour Life Property Sales model, under which, with the property developers and financial institutions, sales of properties are bundled with coupons that can be used later on the Caizhiyun Platform. Since Colour Life Property primarily targets buyers with limited disposable income, the coupons can ease the pressure of the living cost of the targeted customers. In turn, by launching such coupons, Colour Life Property Sales model can greatly improve the Caizhiyun platform's user loyalty and activity.

Geographical Presence

As at 31 December 2015, the regions with residential communities which the Group managed or provided consultancy services to were as follows:

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

Eastern China
42. Changzhou
43. Dongtai
44. Gaoyou
45. Huai'an
46. Jiangyin
47. Jurong
48. Lianyungang
49. Nanjing
50. Nantong
51. Shanghai
52. Suzhou
53. Wuxi
54. Wuhu
55. Xinghua
56. Yancheng
57. Yangzhou
58. Yixing
59. Changshu
60. Kunshan
61. Xuzhou
62. Hangzhou
63. Chuzhou
64. Huzhou
65. Fuyang
66. Jiaxing
67. Linyi
68. Yantai
69. Zhenjiang
70. Zibo
71. Bengbu
72. Hefei
73. Ji'ning
74. Liu'an
75. Qingdao
76. Quzhou
77. Shaoxing
78. Taicang
79. Wenzhou
80. Haining
81. Ji'nan
82. Taizhou
83. Suqian

Southwestern China
84. Chengdu
85. Liuzhou
86. Dali
87. Guilin
88. Nanning
89. Zigong
90. Chongzuo
91. Baise
92. Guigang
93. Zunyi
94. Guiyang
95. Fangchenggang
96. Deyang
97. Guang'an
98. Laibin
99. Lijiang
100. Mianyang
101. Pingnan
102. Suining
103. Tongren
104. Yizhou
105. Chongqing
106. Ziyang
107. Anshun
108. Beihai
109. Guanghan
110. Kunming

Northeastern China
111. Gaizhou
112. Harbin
113. Huludao
114. Shenyang
115. Shuangyashan
116. Tieling
117. Yingkou
118. Diaobingshan
119. Benxi
120. Changchun
121. Panjin
122. Anshan
123. Dalian
124. Mudanjiang

Northwestern China
125. Xi'an
126. Yinchuan
127. Lanzhou
128. Hancheng
129. Xi'ning
130. Yulin

Northern China
131. Beijing
132. Qinhuangdao
133. Tianjin
134. Shijiazhuang
135. Baotou
136. Tongliao
137. Wuhai
138. Beidaihe, Qinhuangdao
139. Taiyuan
140. Tangshan

Central China
141. Changsha
142. Xinxiang
143. Yiyang
144. Zhengzhou
145. Wuhan
146. Chenzhou
147. Kaifeng
148. Anyang
149. Xiangyang
150. Jingmen
151. Puyang
152. Yichang
153. Yueyang
154. Zhangjiajie
155. Zhuzhou
156. Huixian
157. Luohe
158. Xiangtan
159. Huanggang
160. Changde
161. Jingzhou
162. Loudi
163. Luoyang
164. Wugang

Non-Mainland China
165. Hong Kong

Oversea
166. Singapore

The Group's total contracted GFA had grown continuously during 2015. The table below sets forth the total contracted GFA and the number of residential communities the Group managed or provided consultancy services to in different regions of the PRC and overseas country as at the dates indicated below:

	As at 31 December							
	2015				2014			
	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	**7,578**	**129**	**753**	**18**	4,780	102	720	18
Southern China (excluding Shenzhen)[1]	**58,439**	**414**	**3,807**	**17**	34,914	194	13,386	113
Eastern China[2]	**104,313**	**652**	**7,483**	**43**	38,777	230	40,011	228
Southwestern China[3]	**40,702**	**236**	**798**	**2**	17,701	60	3,488	34
Northeastern China[4]	**10,044**	**58**	**3,429**	**21**	5,068	33	4,015	26
Northwestern China[5]	**15,439**	**68**	**76**	**1**	10,869	53	76	1
Northern China[6]	**13,855**	**70**	**2,005**	**19**	8,807	17	2,522	20
Central China[7]	**52,076**	**198**	**300**	**1**	15,545	78	3,868	29
Non-Mainland China(8)	**40**	**16**	**–**	**–**	–	–	–	–
Singapore	**987**	**38**	**–**	**–**	703	29	–	–
Total	**303,473**	**1,879**	**18,651**	**122**	137,164	796	68,086	469

Notes:

(1) The Group newly entered Danzhou, Fuzhou, Shantou, Zhanjiang, Jinggangshan, Fengcheng and Ji'an during the year 2015.

(2) The Group newly entered Bengbu, Hefei, Ji'ning, Liu'an, Qingdao, Quzhou, Shaoxing, Taicang, Wenzhou, Haining, Ji'nan, Taizhou and Suqian during the year 2015.

(3) The Group newly entered Deyang, Guang'an, Laibin, Lijiang, Mianyang, Pingnan, Suining, Tongren, Yizhou, Chongqing, Ziyang, Anshun, Beihai, Guanghan and Kunming during the year 2015.

(4) The Group newly entered Anshan, Dalian and Mudanjiang during the year 2015.

(5) The Group newly entered Hancheng, Xi'ning and Yulin during the year 2015.

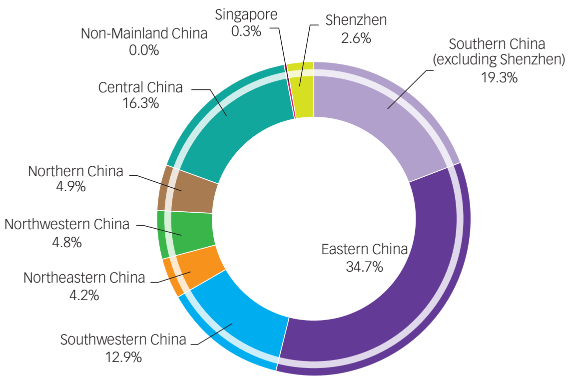
(6) The Group newly entered Shijiazhuang, Baotou, Tongliao, Wuhai, Beidaihe in Qinhuangdao, Taiyuan and Tangshan during the year 2015.

(7) The Group newly entered Huixian, Luohe, Xiangtan, Huanggang, Changde, Jingzhou, Loudi, Luoyang and Wugang during the year 2015.

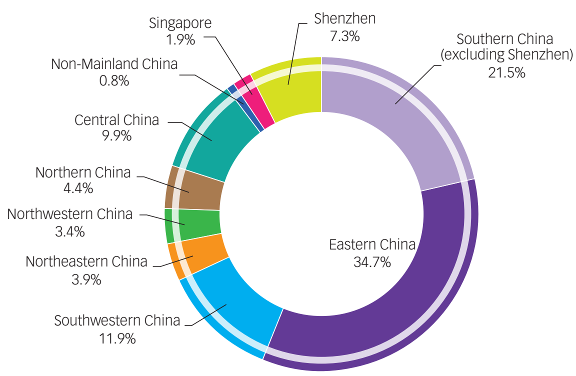
(8) The Group newly entered Hong Kong during the year 2015.

Management Discussion and Analysis

Contracted GFA distribution in different regions



Number of residental communities distribution in different regions



As at 31 December 2015, the Group had grown its coverage to 165 cities in China and one overseas country, namely Singapore where the Group was contracted to manage 1,879 residential communities with an aggregate contracted GFA of approximately 303.5 million sq.m. and entered into consultancy services contracts with 122 residential communities with an aggregate contracted GFA of approximately 18.7 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 2015:

	As at 31 December							
	2015				2014			
	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	137,164	796	68,086	469	63,285	436	28,248	179
New engagements[1]	51,804	221	241	1	42,866	136	46,450	338
Acquisitions	85,083	657	2,040	8	32,870	241	–	–
Transfer from consultancy service to self-management[2]	47,540	341	(47,540)	(341)	2,069	15	(2,069)	(15)
Terminations[3]	(18,118)	(136)	(4,176)	(15)	(3,926)	(32)	(4,543)	(33)
As at the end of the year	303,473	1,879	18,651	122	137,164	796	68,086	469

Management Discussion and Analysis

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 2015, the Group managed to acquire eighteen 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 renew certain property management contracts and manage primarily due to commercial factors.

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 and its subsidiaries (collectively, the "Fantasia Group"), a 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							
	2015				2014			
	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	**314,416**	**97.6%**	**1,970**	**98.5%**	197,271	96.1%	1,233	97.5%
Properties constructed by the Fantasia Group	**7,708**	**2.4%**	**31**	**1.5%**	7,979	3.9%	32	2.5%
Total	**322,124**	**100.0%**	**2,001**	**100.0%**	205,250	100.0%	1,265	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:

Securities 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 sub-contractors.

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 2015, the Group employed over 35,378 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			
	2015		2014	
	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	**0.8–8.0**	**1.0–6.9**	0.5–8.8	3.5
Southern China (excluding Shenzhen)(1)	**0.4–3.75**	**0.75–2.9**	0.6–6	–
Eastern China(2)	**0.2–6.5**	**1.0–4.2**	0.1–2.9	1.2
Southwestern China(3)	**0.3–5.68**	**0.5–5.0**	0.55–5.68	–
Northeastern China(4)	**0.4–3.7**	**1.8**	0.7–1.5	–
Northwestern China(5)	**0.6–1.2**	**1.88**	0.8–3.95	–
Northern China(6)	**1.8–3.4**	**0.75–3.5**	0.4–2.8	–
Central China(7)	**0.5–4.18**	**0.5–2.48**	0.5–2.48	–
Non-Mainland China(8)	**1.42–20.35**	**–**	1.23	–
Singapore	**1.23**	**–**	–	–

Notes:

(1) The Group newly entered Danzhou, Fuzhou, Shantou, Zhanjiang, Jinggangshan, Fengcheng and Ji'an during the year 2015.

(2) The Group newly entered Bengbu, Hefei, Ji'ning, Liu'an, Qingdao, Quzhou, Shaoxing, Taicang, Wenzhou, Haining, Ji'nan, Taizhou and Suqian during the year 2015.

(3) The Group newly entered Deyang, Guang'an, Laibin, Lijiang, Mianyang, Pingnan, Suining, Tongren, Yizhou, Chongqing, Ziyang, Anshun, Beihai, Guanghan and Kunming during the year 2015.

(4) The Group newly entered Anshan, Dalian and Mudanjiang during the year 2015.

(5) The Group newly entered Hancheng, Xi'ning and Yulin during the year 2015.

(6) The Group newly entered Shijiazhuang, Baotou, Tongliao, Wuhai, Beidaihe in Qinhuangdao, Taiyuan and Tangshan during the year 2015.

(7) The Group newly entered Huixian, Luohe, Xiangtan, Huanggang, Changde, Jingzhou, Loudi, Luoyang and Wugang during the year 2015.

(8) The Group newly entered Hong Kong during the year 2015.

The Group believes that, the community services industry is experiencing the transformation from a labour-intensive industry to a technology-based industry, thus, the Group has spared no effort to provide better quality experience to the communities through the use of internet, investment in smart devices and improvement of the management system. According to the research report on top 100 property services enterprises of 2015 issued by China Index Academy, Colour Life was ranked the sixth in terms of customers' satisfaction, one place higher than that in 2014. It should be noted that the application of new technology has also greatly enhanced the Group's capability to meet the challenge brought from the increase of labour cost. Currently, the number of labour force for every million sq. m. is approximately half of that of the top 100 enterprises in the industry.

For example, the use of Internet of Things and Mobile Internet facilitates the effective monitoring of the Group's projects across the country from its headquarter's control centre, which greatly reduces the number of middle management staff and improves towards a flat organisation. The Group has also classified its managed communities into various classes based on the difference of charging standards and developed tailored equipment alteration and service package standards to ensure consistency of customer experience in different classes of projects and secure the Group's rapid expansion in the PRC. The establishment of an automated, centralised and standardised management system maintains the customer satisfaction, while at the same time secure the efficiency to ensure the Group's effective cost control.

Meanwhile, the Group is actively building up an online platform Caizhiyun for its community services, and migrated functions of remittance of fees, repair and maintenance services ordering, issuing of notices and submitting complaints from a traditional offline approach to an our online platform, which not only provides convenience to the residents of the communities but also strengthens the interactions and communications between the Group and property owners of residential communities. Meanwhile, the Group designates customer managers to serve the communities based on the proportion to the number of the residents in such communities. The customer managers will schedule visits with the residents through the online platform for following up works and feedbacks relating to customer satisfaction in a timely manner in order to, on one hand, ensure the quality of the offline community services and, on the other hand, efficiently become aware of the services that the property owners demanding. The Group will grow the corresponding value-added businesses and organically integrate the community's online and offline businesses, which will further enhance the Group's competitive edges.

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 2015, the Group was contracted to provide consultancy services to 122 residential communities in the PRC. For the year ended 31 December 2015, income generated from the Group's consultancy services was RMB49.2 million (2014: RMB53.5 million), or 5.9% of its total revenue for 2015 (2014: 13.7%). 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.

To further increase the efficiency of its property services and bring better customer experience, Colour Life has been conducting Internet-based transformation, in all projects under management. In the first half of 2015, the Colour Life Smart Community Model was upgraded from Version 2.2 to Version 2.3, featuring further improvements in operation plans, budget systems, smart equipment, monitoring of hardware upgrading work, APP registration and introducing more vertical applications for the ecosystem (including but not limited to E-Repair, E-leasing, E-wealth management and micro business circle, etc). In October 2015, Colour Life further completed the upgrade of Model 3.0, realising primarily comprehensive professionalism, commercialisation, the use of ICE system and synergistic working of operating centre which create a highly efficient and professional community service system. Meanwhile, Model 3.0 enlarges the design of access and scenario and research so as to make it more convenient for customers to connect to the Caizhiyun APP and effectively improve customers loyalty, and to create an Internet ecosystem from multiple aspects such as users' demand and highly efficient support. In 2015, the Group completed hardware upgrade and modification for 432 communities, and the modification for a total of 842 communities has been completed so far, representing 42.1% of the number of all communities managed by the Group.

Management Discussion and Analysis

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 strives to provide installation of automation equipment 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 that 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 2015, the Group was engaged to provide repair and maintenance services to 899 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 2015, the Group had completed automation and other equipment upgrades at 842 residential communities.

COMMUNITY LEASING, SALES AND OTHER SERVICES

With more than ten years of experience in community management and services, the Group has established a comprehensive offline service team who had built up trust with the residents and has more comprehensive understanding on the demands of the community residents and the creation of the community scenarios. Leveraging the understanding on the residents of the communities for which the Group provides management services or consultancy services, the Group focuses on the construction of an open online platform, enabling the residents to contact with local vendors for services or goods via the online platform and creating a community living environment which offers goods and services with better value for money and more convenience.

Caizhiyun APP, the online operating platform of the Group, reported significant progress in 2015. In addition to basic functions such as handling property fee payments and complaints as well as issuing service notices, functions with higher utilisation rates, such as "Scan to Access the Community Gate" (掃一掃開社區大門), were also introduced to enhance interaction and connection between community property owners and the Group, as well as to strengthen owners' stickiness with Caizhiyun. As at 31 December 2015, registered users of Caizhiyun increased to 2,003,000, of which 858,000 were active users, each representing an increase of 100% and 112.5% respectively as compared with those as at the end of 2014. In the future, the Group will further strengthen its ability to investigate and foster community accesses and community scenarios, facilitating the seamless integration of its online and offline businesses.

At the same time, the Group continue to focus on its strategy of building up an open platform and has commenced cooperation with a number of third parties for vertical application through business incubation and value chain restructuring strategy to jointly explore opportunities for business expansion in a diversified community scenarios. Currently, the Group has established cooperation with E Master (易師傅) (the provider of E-Repair services), Hehenian (合和年) (the provider of E-wealth management services), Caizhijia (彩之家) (the provider of E-leasing services), JD.com (京東), etc. As at 31 December 2015, E-master recorded a daily order volume of more than 6,000 orders, 90% of which came from property owners' households, while E-wealth management amassed aggregate investment of RMB533.0 million. Such positive operating data have underlined the initial success of the Colour Life ecosystem. With the progress of the Colour Life Residential Units Strategy, the amounts of the meal coupons that the community residents save in the Caizhiyun APP will be continuously accumulated, which may further facilitate the construction and improvement of the ecosystem. In addition, it should be noted that the Group is also actively soliciting financial institutions with proven strengths to work with it in relevant areas within the ecosystem. In this connection, the Group has entered into strategic cooperation agreements with Anbang Insurance Group Co., Ltd. and Ping An Bank, Shenzhen Branch for joint investigation of new models in community financial services.

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 and the Company's website which covered 1,634 residential communities as at 31 December 2015. Typically, for purchases of rice, bottled water and cooking oil, residents place orders at the Group's on-site management offices and through the toll free service hotline. The Group's on-site management offices maintain a certain amount of bottled water to cater the urgent needs of residents. 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 generally settled upon the delivery. 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 some stock of fruit and sells to residents of 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.

Enhancement of human resources

Besides the outstanding development of main businesses, the Group put the emphasis on recruiting talents who can help with the long-term strategies. The Group is of the view that the key factors of constructing the community ecosystem platform depend on three aspects: the construction of the architecture of fundamental IT system, the operating ability of the online platform and the service quality of the offline communities. Therefore in 2015, the Group recruited Zhang Qiliang (張其亮), former chief architect of Cisco in the financial industry in Greater China, who is currently the chief scientist of Colour Life Academy and is responsible for improving the IT architecture of the Group, as well as research activities to transform upgrade and launch of new tools or application of new technologies to support future property management service development; Zheng Jiabin (鄭家斌), former product operation director and supervisor for several business lines in the Alibaba Group (阿里巴巴集團), who currently engages in improving the operation of Caizhiyun APP online platform; and Fu Guojun (付國君), former operation director of the Haidilao Group (海底撈集團), who currently engages in the management of our central command centre, in the aim to improve our quality of traditional property management services through effort in enhancing standardization and deviation management. The elites from various sectors of the industry will work together for the future development of the Group.

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 2015, the total revenue increased by 112.6% to approximately RMB827.6 million from RMB389.3 million for the year ended 31 December 2014.

The increase in revenue was primarily driven by (i) an increase in the total revenue-bearing GFA; (ii) particularly a significant increase in lump sum basis contracts arising from the acquisition of property management companies (e.g. Kaiyuan International) during the year and (iii) an increase in the amount of community leasing, sales and other services the Group delivered.

– *Property Management Services*

For the year ended 31 December 2015, revenue from property management services increased by 148.1% to RMB586.3 million from RMB236.3 million for the year 2014. Breakdown of revenue from property management services are as below:

	For the year ended 31 December		**Variance**	
	2015	2014	**Amount**	**%**
	RMB'000	RMB'000	RMB'000	
Commission basis	**143,696**	121,488	22,208	18.3%
Lump sum basis	**288,603**	30,236	258,367	854.5%
Pre-sale services	**104,837**	31,069	73,768	237.4%
Consulting Fees	**49,196**	53,512	(4,316)	(8.1%)
Total of property management services fees	**586,332**	236,305	350,027	148.1%

Such increase was primarily attributable to:

(a) An increase in the revenue of approximately RMB258.4 million under lump sum basis due to the completion of the acquisition of Kaiyuan International, as well as other property management companies, whose service fees are charged with a larger proportion in terms of GFA being under lump sum basis. As at 31 December 2015, the revenue-bearing GFA under lump sum basis increased by 20.9 million sq.m. to 21.2 million sq.m. from 0.3 million sq.m. as at the same date in 2014;

(b) An increase in revenue of RMB73.8 million from service fee charged for rendering pre-sale related services for the year ended 31 December 2015 as compared to that charged for the year ended 31 December 2014, which was associated with the growth of property management contracted that the Group directly entered into with property developers, for which the property developers required services like concierge or cleaning etc;

(c) An increase in revenue of RMB22.2 million from service fees charged under commission basis which in turn was driven by the growing revenue-bearing GFA. As at 31 December 2015, the revenue-bearing GFA under commission basis increased by 88.0 million sq.m., or 81.5%, to 196.0 million sq.m. from 108.0 million sq.m. as at the same date in 2014;

(d) A slight decrease in revenue of RMB4.3 million from fees charged under consultancy services contracts as driven by the completion of acquisition towards the property management company previously under the Group's consultancy service. As at 31 December 2015, the revenue-bearing GFA under consultancy services contracts decreased by 41.9 million sq.m., or 73.4%, to 15.2 million sq.m. from 57.1 million sq.m. as at 31 December 2014.

Due to the factors discussed, revenue from property management services for the year ended 31 December 2015 accounted for 70.8% of the Group's total revenue, representing an increase of 10.1 percentage points as compared to that of 60.7% for the year ended 31 December 2014.

– *Engineering Services*

For the year ended 31 December 2015, revenue from engineering service increased by 54.5% to RMB135.4 million from RMB87.7 million for the year ended 31 December 2014. Breakdown of revenue from engineering services are as below:

	For the year ended 31 December		**Variance**	
	2015	2014	**Amount**	**%**
	RMB'000	RMB'000	RMB'000	
Equipment installation	**31,660**	18,992	12,668	66.7%
Repair and maintenance services	**79,105**	57,099	22,006	38.5%
Equipment leasing	**24,661**	11,574	13,087	113.1%
Total of engineering services fees	**135,426**	87,665	47,761	54.5%

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

(a) The growth in community repair and maintenance service income which increased by 38.5% to RMB79.1 million for the year ended 31 December 2015 from RMB57.1 million for the year ended 31 December 2014, which was driven by the growing number of projects under the management of those newly acquired property management companies that required maintenance services to improve the service quality;

(b) An increase in the revenue of RMB13.1 million charged for the community equipment leasing income in the year 2015 in line with the Group's community equipment upgrade program;

(c) An increase in equipment installation service income of 66.7% to RMB31.7 million for the year ended 31 December 2015 from RMB19.0 million for the year ended 31 December 2014, which was associated with the GFA contracted or to be contracted with the Group's property management services.

– *Community Leasing, Sales and Other Services*
For the year ended 31 December 2015, community leasing, sales and other services income increased by 62.1% to RMB105.9 million from RMB65.3 million for the year ended 31 December 2014.

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

	For the year ended 31 December		**Variance**	
	2015	2014	**Amount**	**%**
	RMB'000	RMB'000	RMB'000	
Common area rental assistance	**30,397**	23,307	7,090	30.4%
Platform usage fees	**45,071**	21,081	23,990	113.8%
Purchase assistance	**6,856**	11,714	(4,858)	(41.5%)
Residential and retail units rental and sales assistance	**23,563**	9,215	14,348	155.7%
Total of community leasing, sales and other services fees	**105,887**	65,317	40,570	62.1%

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

(a) A growth in platform usage fees at approximately RMB24.0 million in 2015 as driven by the Group's growth in the total revenue-bearing GFA, as well as a result of the Group's strategy in introducing more contracts providers, i.e., E-maintenance and E-wealth management, etc. As a result, the revenue from platform usages fees increased by 113.8% to RMB45.1 million in the year 2015 from RMB21.1 million of that in the year 2014;

(b) An increase in community common area rental assistance commission income of 30.4% to RMB30.4 million in the year 2015 from RMB23.3 million for the year 2014 related to the GFA growth;

(c) An increase in residential and retail units rental and sales assistance income of RMB14.4 million to RMB23.6 million in the year 2015 from RMB9.2 million for the year 2014, which was driven by the growing GFA.

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 2015, cost of sales and services increased by 370.0% from approximately RMB79.4 million for the year 2014 to approximately RMB373.2 million. The increase was primarily attributable to the acquisition of Kaiyuan International and other property companies. The majority of the cost is charged with the property management services under lump sum basis and pre-sale services contracted with property developers.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2015, the overall gross profit increased by 46.7% to approximately RMB454.5 million from approximately RMB309.9 million for the year 2014. The increase of gross profit was in line with the growth of revenue in all segments.

The overall gross profit margin decreased by 24.7 percentage points to 54.9% in the year 2015 from that of 79.6% in the year 2014. The decrease was primarily attributable to the acquisition of Kaiyuan International and other property companies, of which significant portion of property management services fee under lump sum basis and pre-sale services were rendered, which in turn gave rise to a lower gross profit margin.

(i) *Property Management Services*

For the year ended 31 December 2015, the gross profit margin of property management services decreased by 33.6 percentage points from 80.4% in the year 2014 to 46.8%, primarily due to the increase in the revenue generated from property management services under lump sum basis, which had a relatively lower gross profit margin compared to the property management services under commission basis and consulting service.

(ii) *Engineering Services*

For the year ended 31 December 2015, gross profit margin for engineering services segment decreased by 6.9 percentage points to approximately 55.9% from approximately 62.8% for the year 2014. The decrease was primarily attributable to the growing repair and maintenance service income with lower gross profit margin due to the rising labor cost.

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

For the year ended 31 December 2015, gross profit from community leasing, sales and other services segment increased by 61.1% to approximately RMB104.1 million from approximately RMB64.6 million for the year 2014. Gross profit margin remained at nearly 100%, being 98.3%, which was stable as compared to that of the year ended 31 December 2014.

Other Gains and Losses

For the year ended 31 December 2015, the Group's other gains and losses increased by 125.2% to a loss of RMB26.8 million from a loss of RMB11.9 million for the year ended 31 December 2014. The increase was primarily due to (i) an increase in impairment loss recognised on payments on behalf of residents under commission basis from RMB5.8 million to RMB19.1 million; and (ii) an increase in impairment loss recognised on trade receivables from RMB5.6 million to RMB9.4 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

For the year ended 31 December 2015, other income increased by 228.6% to RMB13.8 million from RMB4.2 million for the year ended 31 December 2014. The increase was primarily attributable to (i) an increase in bank interest income from RMB1.3 million to RMB5.3 million and (ii) an increase in unconditional government grants from RMB2.0 million to RMB6.3 million.

Selling and Distribution Expenses

For the year ended 31 December 2015, selling and distribution expenses increased by 858.8% to RMB16.3 million from RMB1.7 million for the year ended 31 December 2014, mainly attributable to the promotion fee for the online platform Caizhiyun APP.

Administrative Costs

For the year ended 31 December 2015, the Group's administrative costs increased by 133.5% to RMB216.9 million from 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 30 April 2015, together with the batch granted on 29 September 2014, resulting in a charge of an amount of RMB88.5 million administrative costs for the year ended 31 December 2015; (ii) with the expansion of the Group's business scale which is in line with the Group's growing GFA, more back offices function personnel were retained for headquarter management function as well as other centralized services like finance and human resources services; and (iii) increase in the Group's regional administrative costs associated with some of the acquisitions of local property management companies by the Group, as a result of the Group's expansion to more new areas/cities.

Expenses recharged to Residential Communities under Commission Basis

For the year ended 31 December 2015, the Group's expenses recharged to residential communities under commission basis amounted to RMB47.2 million, representing an increase of 136.0% as compared to RMB20.0 million for the year ended 31 December 2014. 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 as such the re-charge of such expenses back to the community level increased consistently.

Finance Costs

The Group's finance costs were RMB11.1 million for the year ended 31 December 2015, which have increased by 484.2% as compared to RMB1.9 million for the year ended 31 December 2014, mainly due to an increase of RMB9.4 million in the interest expense, being the services fee incurred for transferring the offshore cash to onshore entities with the aim to comply with current State Administration of Foreign Exchanges requirement.

Share Options

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

On 29 September 2014 and 30 April 2015, the Company granted 45,000,000 and 25,000,000 share options to its employees, Directors, and certain minority shareholders of the Company's subsidiaries for which the exercise price is HK$6.66 each and HK$11.00 each respectively. The share option expense charged to the statement of profit or loss for the year ended 31 December 2015 was approximately RMB88.5 million.

Changes in Fair Value of Investment Properties

The Group's changes in fair value of investment properties increased by 268.4% to a gain of RMB7.0 million in 2015 from a gain of RMB1.9 million in 2014. The increase was primarily due to the addition of investment properties and the growth in market value of the respective investment properties.

Income Tax Expenses

The Group's income tax expenses increased by 13.2% to approximately RMB69.4 million in 2015 from approximately RMB61.3 million in 2014. The increase was primarily due to an increase of current tax for EIT by 22.4% to RMB78.1 million from 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, the option program, depreciation, amortization and allowance for doubtful debt 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	
	2015	2014		
	RMB'000	RMB'000	RMB'000	%
Profit for the year under HKFRS	**182,655**	150,486	32,169	21.4%
Add:				
Listing expenses	**–**	16,282	(16,282)	(100%)
Share option expenses	**88,479**	29,780	58,699	197.1%
Depreciation and amortization	**28,073**	9,884	18,189	184.0%
Allowance for doubtful debt	**28,466**	11,054	17,412	157.5%
Adjusted profit for the year	**327,673**	217,486	110,187	50.7%

Property, Plant and Equipment

As at 31 December 2015, the carrying value of property, plant and equipment of the Group increased by 147.6% to approximately RMB167.1 million from approximately RMB67.5 million as at 31 December 2014, which was mainly due to (i) acquisitions of subsidiaries including Kaiyuan International, whose property, plant and equipment amounted to RMB60.3 million; (ii) additions of the intelligent system alteration projects, which amounted to approximately RMB52.3 million; offset by (iii) depreciation of RMB15.1 million provided for the year.

Intangible Assets

As at 31 December 2015, the carrying value of intangible assets held by the Group amounted to RMB152.0 million (31 December 2014: RMB26.9 million). The increase of intangible assets was mainly attributable to the increase of the property management contracts of the subsidiaries acquired by the Group, which were valued through the application of an income approach. The 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 2015, the investment properties held by the Group amounted to approximately RMB88.8 million (31 December 2014: RMB29.8 million). These investment properties had been assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, with independent assessment reports issued. The investment properties increased by approximately RMB59.0 million as compared to 31 December 2014, which was mainly due to additions from acquisition of Kaiyuan International, which amounted to approximately RMB53.6 million, as well as several sets of properties received from developers for settlement of outstanding management fees.

Goodwill

Since 1 January 2015, the Group has acquired 42 property companies, which generated the goodwill of RMB470.4 million for the year ended 31 December 2015. 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 2015.

Deferred Taxes

As at 31 December 2015, the deferred tax assets that resulted from the allowance on doubtful debt amounted to approximately RMB19.7 million. The Group's deferred tax liabilities that resulted from the amortisation of intangible assets, fair value adjustments of investment properties and temporary difference on long-term receivables and others were RMB54.0 million, in total.

Bank Balances and Cash

As at 31 December 2015, the Group's bank balances and cash decreased by 38.9% to the equivalent of approximately RMB419.5 million from approximately RMB687.0 million as at 31 December 2014. The decrease in bank balances and cash primarily resulted from: (i) net cash inflows of RMB238.7 million generated from operating activities; (ii) net cash inflows arising from the drawdown of purely credit loans of RMB50.0 million; (iii) net cash outflows arising on acquisitions of 42 property management companies amounted to approximately RMB486.2 million and (iv) cash outflows of RMB71.0 million resulting from the payment of dividend declared for 2014.

Trade and Other Receivables and Prepayments

Trade receivables mainly arose 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.

As at 31 December 2015, total trade receivables of the Group amounted to approximately RMB186.5 million, which increased by approximately RMB29.0 million as compared to approximately RMB157.5 million as at 31 December 2014. The increase was attributable to the significant increase in GFA of properties from which the Group effectively generated income during the year 2015. The Group has subsequently collected the trade receivables of more than RMB27.6 million.

Other receivables and prepayments increased from approximately RMB75.1 million as at 31 December 2014 to approximately RMB117.7 million as at 31 December 2015, primarily attributable to: (i) the increase in advance to staffs of RMB19.1 million due to the expansion of the Group's business and housing loans amounting to RMB6.9 million granted to staffs by the Group for their purchases of own properties; (ii) the increase in payments on behalf of residents under lump sum basis of RMB20.4 million due to the addition of communities under lump sum basis; and (iii) increase in other miscellaneous receivables of RMB3.1 million due to the expansion of the Group's business.

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 status. 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. 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 increase in balance of receipt on behalf of residents are primarily due to the fact that, in line with the growing revenue-bearing GFA under the Group's management, 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 and Accruals

Trade and other payables and accruals primarily comprise items such as payables to receipts on behalf of residents under lump sum basis, receipts on behalf of residents for residential communities under consultancy services arrangement, advance from customers, accrued staff costs, other tax payable, and other payables and accruals, the specific analysis of which is as follows:

(1) Trade payables increased from approximately RMB26.0 million as at 31 December 2014 to approximately RMB80.2 million as at 31 December 2015. This was primarily due to growth of the Group's property management services business under lump sum basis.

(2) Other payables and accruals increased from approximately RMB176.3 million as at 31 December 2014 to approximately RMB421.2 million as at 31 December 2015, primarily attributable to:

   (i) Increase of RMB42.9 million in receipts on behalf of residents under lump sum basis and RMB64.6 million in advances from customers, respectively, due to the addition of 199 communities under lump sum basis via acquisitions of subsidiaries of Kaiyuan International and other property management companies;

   (ii) Increase of RMB42.5 million in accrued staff costs and RMB51.6 million in provision for retirement benefit contributions due to increase in number of employees with acquisition of new subsidiaries;

   (iii) An increase of RMB16.7 million in consideration payable for acquisition of subsidiaries due to increased acquisition activities in 2015;

   (iv) An increase of RMB24.6 million in other tax payable due to the Group's increase in business scale; the outstanding tax payables increased from RMB23.2 million as at 31 December 2014 to RMB47.8 million as at 31 December 2015.

Management Discussion and Analysis

Paid-In Capital

As at 31 December 2015, the total number of issued shares of the Company was 1,000,119,000 (31 December 2014: 1,000,000,000) and the share capital was RMB79,325,000 (31 December 2014: RMB79,315,000). During the year, share options granted under the Company's share option scheme were exercised to subscribe for 119,000 (2014: nil) shares in the SEHK at a consideration of RMB664,000 (2014: nil).

Cash Position

As at 31 December 2015, the Group's total cash including pledged/restricted bank deposits increased by 17.9% to approximately RMB970.9 million from approximately RMB823.4 million as at 31 December 2014. Among the total cash, RMB551.4 million (31 December 2014: RMB136.3 million) of restricted bank deposits was pledged to guarantee the drawdown of loans by the Group in order to transfer the Group's IPO net proceeds from offshore to onshore entities.

The financial position continued to be stable. As at 31 December 2015, the current ratio (current asset/current liabilities) of the Group was 1.5, which decreased from the 2.4 as at 31 December 2014. This decrease arose from the spending for acquisitions of 42 property management companies during the year, amounting to approximately RMB486.2 million.

Borrowings and Charges on the Group's Assets

As at 31 December 2015, the Group had an aggregate bank borrowings of RMB593.0 million (31 December 2014: approximately RMB127.9 million), among which, approximately RMB543.0 million (31 December 2014: 127.7 million) of it was secured by the Group's bank deposit amounted to approximately RMB551.4 million (31 December 2014: RMB136.3 million), while the rest of RMB50.0 million was purely credit loan.

Net Gearing Ratio

The net gearing ratio was 3.8% as at 31 December 2015 (31 December 2014: nil), resulting from RMB50.0 million of purely credit loan drawn down during the year. The net gearing ratio was measured by net debt (unsecured bank borrowings) over the total equity.

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 2015, 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 2015, excluding the employees for communities under commission basis, the Group had approximately 7,537 employees (31 December 2014: approximately 1,265 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.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. TANG Xuebin (唐學斌), aged 48, is an executive director, the chief executive officer and a member 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 16 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 52, is an executive director and the dean of research institute 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 16 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 the 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.

Mr. ZHOU Qinwei (**周勤偉**), aged 36, is an executive director and the chief financial officer of the Company. He joined the Group in 2013 and is responsible for financial management of the Group. Mr. Zhou has approximately 14 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 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 Yat-Sen University (中山大學) with a Bachelor's degree of management in July 2001. He also 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 45, 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 the overall operation of the Fantasia Group excluding the Group (the "Retained Group"). Mr. Pan is also an executive director, the chairman and the chief 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 17 years of experience in the real estate development industry in China and prior to joining the Fantasia Group, he 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 47, is a non-executive director of the Company. He 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 (中國奧園地產股份有限公司) (stock code: 3883), a company listed on the Main Board of the Hong Kong Stock Exchange 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 15 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 (綠城中國控股有限公司) (stock code: 3900), a company listed on the Main Board of the Hong Kong Stock Exchange from May 2006 to October 2008. Mr. Lam was an independent non-executive director of Sheng Yuan Holdings Limited (盛源控股有限公司) (stock code: 851), a company listed on the Main Board of the Hong Kong Stock Exchange from November 2010 to March 2014. Mr. Lam is also currently an independent non-executive director of Pegasus Entertainment Holdings Limited (天馬影視文化控股有限公司) (stock code: 1326), a company listed on the Main Board of the Stock Exchange.

Mr. ZHOU Hongyi (**周鴻禕**), aged 45, was appointed as a non-executive director of the Company on 15 May 2015. He is the chairman of Qihoo 360 Technology Co. Ltd. ("Qihoo 360"), a company listed on the New York Stock Exchange. He has been a co-founder and the chief executive officer of Qihoo 360 since August 2006. Mr. Zhou has over ten years of managerial and operational experience in China's Internet industry. Prior to founding Qihoo 360, Mr. Zhou was a partner at IDG Ventures Capital since September 2005, a global network of venture capital funds, where he assisted small- to medium-sized software companies in sourcing funding to support their growth. Mr. Zhou was the chief executive officer of Yahoo! China from January 2004 to August 2005. In 1998, Mr. Zhou founded www.3721.com, a company engaged in Internet search and online marketing business in China, and served as its chairman and chief executive officer until www.3721.com was acquired by Yahoo! China in January 2004. He also serves as a director of a number of privately owned companies based in China. Mr. Zhou received his Bachelor's degree in computer software in 1992 and his Master's degree in system engineering in 1995 from Xi'an Jiaotong University, China.

Directors' Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TAM Chun Hung, Anthony (**譚振雄**), aged 65, is an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Mr. Tam was appointed as an independent non-executive director of the Company on 11 June 2014. 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. Mr. Tam was the Deputy Chairman of the Tax Faculty of the Hong Kong Institute of Certified Public Accountants (the "Tax Faculty of HKICPA") until January 2016 and was appointed as the Chairman of the Tax Faculty of HKICPA in January 2016. He is one of the two program directors of the Advanced Taxation Program of the HKICPA. Mr. Tam was appointed as an independent non-executive director of Sundart Holdings Limited (承達集團有限公司) (stock code: 1568), a company listed on the Main Board of the Hong Kong Stock Exchange, on 1 December 2015. 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 HKICPA, 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 48, is an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee and the nomination committee of the Company. Dr. Liao was appointed as an independent non-executive director of the Company on 11 June 2014. Dr. Liao has extensive business teaching experience in the United States, Hong Kong and the People's Republic of China ("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 Doctoral 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 Fantasia Holdings, 361 Degrees International Limited (361度國際有限公司) (stock code: 1361) and China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司) (stock code: 2319), all of which are listed on the Main Board of the Hong Kong Stock Exchange. In addition, he holds the position of independent director of Qihoo 360, a company listed on New York Stock Exchange.

Mr. XU Xinmin (**許新民**), aged 64, is an independent non-executive director and a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Xu was appointed as an independent non-executive director of the Company on 29 September 2014. He has the title of real estate economist with over 21 years of experience in the real estate industry. Mr. Xu has participated in the setting up of the China Property Management Institute (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 Institute. Since June 2003, Mr. Xu has been the deputy secretary-general of the China Property Management Institute and is primarily responsible for the organisation and implementation of the national property management model evaluation and acceptance. From 2004 to 2009, he was a senior consultant of the Property Management Branch of the Higher Education Academy of China (中國高等教育學會). From June 1991 to February 2001, Mr. Xu 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 Institute (常州市物業管理協會). He obtained a Bachelor's degree in Business Administration from China Forestry University (中國林業大學) in 2005.

Senior Management's Profile

Mr. YE Hui (**葉暉**), aged 43, is a vice president of the Group. He joined the Group in 2004 and is responsible for the strategy development and management of the Group. 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 Hui has over 21 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. Mr. Ye 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 Hui graduated from Zhejiang University (浙江大學) with a Bachelor's degree of industrial electrical automation (工業電氣自動化) in July 1992. Mr. Ye Hui obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in July 2013 and began to attend the EMBA course at Tsinghua University, Beijing in September 2015.

Mr. CHANG Rong (**昌榮**), aged 39, is a vice president of the Group. He joined the Group in 2002 and is responsible for the operation and management of operation and management center of the Group. He has about 15 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 Rong obtained an executive education program certificate from Cheung Kong Graduate School of Business in July 2013 and began to attend the EMBA course at Tsinghua University, Beijing in September 2015.

Mr. GUAN Jiandong (**關建東**), aged 38, is a vice president of the Group. He joined the Group in 2001 and is responsible for the 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 16 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 Jiandong obtained a Bachelor's degree of 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. He obtained an executive education program certificate from Cheung Kong Graduate School of Business in July 2013 and began to attend the EMBA course at China Europe International Business School in September 2015.

Senior Management's Profile

Mr. QIAN Kun (**錢坤**), aged 46, is a vice president of the Group. Mr. Qian Kun joined the Group in August 2006 and is responsible for the overall budgeting and cost management of the Group. Mr. Qian Kun has about 23 years of work experience in financial management, budgeting and cost control. Prior to joining the Group, from January 2001 to July 2006, he held the position of 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) and he was responsible for the financial management of the company. From October 1997 to December 2000, he served as the head of the financial department of Shenzhen Zhenghua Holding Transportation Group Company (深圳市政華控股交通集團公司) and was responsible for the financial management of the company. Mr. Qian Kun graduated with the profession of accounting in 1992 and he became a qualified accountant in 1999. He obtained a Master's degree in accounting from Wuhan University in 2008 and obtained an executive education program certificate from Cheung Kong Graduate School of Business in August 2014.

Mr. DUAN Feiqin (**段斐欽**), aged 37, 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 11 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 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 40, 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 11 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 36, 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 8 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 50, 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 11 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.

Ms. HAN Jinjin (**韓金金**), aged 39, 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 11 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.

Senior Management's Profile

Mr. YAO Qi (姚琦), aged 48, was appointed as the senior director of the Group's marketing 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 24 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.

Mr. FU Guojun (付國君), aged 42, joined the Group in August 2015 as the senior director of the Group's operation center and is responsible for the management of the urban business unit and the operation of communities projects of the Group. He has approximately 16 years of experience in the service industry. Prior to joining the Group, he taught at Yangzhou Hospitality Institute, a partner institution of Ecole hôtelière de Lausanne (瑞士洛桑酒店管理學院), from July 2014 to July 2015 with the responsibility of teaching hotel operation and management, students enrolment as well as duties of teaching management. He worked as the operation director of Hai Di Lao Group (海底撈集團) from October 2010 to July 2014. Mr. Fu was the general manager of operation of Banana Leaf Catering Group (蕉葉飲食集團) from June 2008 to September 2010 and the senior marketing director of South Beauty Group (俏江南餐飲集團) from April 2007 to May 2008. He was the sales and marketing director of Xibei Catering Group (西貝餐飲集團) from August 2004 to March 2007. He graduated from Beijing Institute of Graphic Communication in 1998 and obtained a Master's degree in Business Administration from Business School of Beijing Normal University in July 2013.

Senior Management's Profile

Mr. ZHENG Jiabin (**鄭家斌**), aged 32, joined the Group in September 2015 as the senior director of the Group's community platform center, responsible for the establishment, product building and implementation, operation, planning and promotion and management of the Group's internet platform. He has more than 10 years of experience in internet and operating. Prior to joining the Group, he was the product operation director of Jiazheng online (家政在綫) (Jiazheng O2O model (家政O2O模式)) from November 2014 to July 2015 and was mainly responsible for the establishment of product system and operation system. He worked in Alibaba Group from May 2008 to May 2013 and his last position was the product operation director and supervisor for several business lines. During his period of service in Alibaba, he was responsible for the planning and the establishment and implementation of the operating rules of cloud market business of YunOS (雲OS) (a subsidiary of Alibaba Group) from September 2011 to May 2013 and has worked in various subsidiaries including PayPal and Alibaba Cloud Computing. He was the product technical director of PHPWIND, which was co-founded by him and was the second largest community generic product service provider in China, from June 2005 to May 2008 with responsibilities mainly covering product planning, operation, promotion and team management until May 2008, in which PHPWind was acquired by Alibaba and Mr. Zheng and his team joined Alibaba. In regard to experience in other projects, he acted as the telephone advisor of PeoplePlus Network (怡信諮詢), the implementation advisor of World's Factory (世界工廠) and the implementation advisor of yangche51.com (養車無憂網) in an advisory capacity from June 2013 to November 2014, assisting various enterprises in establishment of internet system platforms, development of business models and modification of product systems and operating systems.

Mr. ZHANG Qiliang (**張其亮**), aged 43, joined the Group in December 2015 as the chief research scientist of the Group and was responsible for relevant research in development, transformation and upgrade of future properties service, including development of property ERP system, Internet of Things, community finance and big data. He has approximately 20 years of experience in the development of information technology in large commercial banks. Prior to joining the Group, he worked for Cisco from December 2002 to September 2014 and mainly provided system design and consultation service for large commercial banks in China in respect of their information technology infrastructure throughout the banks, before leaving, his position was the chief architect of Cisco in the financial industry in Greater China. He was the senior consultant engineer in Marconi Communications Inc. (Beijing) from December 2000 to November 2002 and the Advisory IT Specialist in IBM (China) from July 1998 to December 2000. Mr. Zhang has been a part-time lecturer in the Executive Education Center of PBC School of Finance of Tsinghua University since 2013, teaching courses related to internet finance and transformation of traditional businesses. He graduated from the Department of Electronic Engineering in Tsinghua University with a Bachelor's degree in engineering in July 1995, and owns triple CCIE (number 6099, including SNA/IP, safety and routing switching) as well as ITILv3.0 and TOGAF developed by The Open Group.

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 2015.

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 AND BUSINESS REVIEW

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 78.

A fair review of the business of the Group during the year and its future development, an analysis of the Group's performance during the year using financial key performance indicators, a discussion on environmental policies and performance, and relationships with stakeholders as required under Schedule 5 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong) are set out in "Environmental, Social and Governance Report" on pages 7 to 14,"Chairman's Statement" on pages 15 to 19 and the "Management Discussion and Analysis" on pages 20 to 38 of this annual report which constitute part of this report of the Directors.

DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK10.00 cents per share amounting to HK$100,011,900 payable on Monday, 30 May 2016 to all persons registered as holders of shares of the Company on Friday, 20 May 2016, 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 30 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 2015, calculated under the Cayman Islands Companies Law, amounted to RMB603.8 million (2014: RMB642.9 million) representing share premium of RMB604.5 million, share option reserve of RMB118.1 million, and accumulated loss of RMB118.8 million.

Report of Directors

DIRECTORS

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

Non-executive Directors:
Mr. Pan Jun (Chairman)
Mr. Lam Kam Tong
Mr. Zhou Hongyi (appointed on 15 May 2015)
Mr. Zeng Liqing (resigned on 21 April 2015)

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

In accordance with article 83(3) of the Company's articles of association, Mr. Zhou Hongyi who has been appointed by the Board shall hold office until the forthcoming AGM and shall then be eligible for re-election. In accordance with Article 84 of the Articles of Association, Mr. Tang Xuebin, Mr. Pan Jun and Mr. Tam Chun Hung, Anthony shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

Each of the Directors has entered into a service contract (for executive Directors) or signed an appointment letter (for non-executive Directors and independent non-executive Directors) with the Company for a term of three years with effect from either 30 June 2014 (date of listing of the Company's shares on SEHK) or their respective effective date of appointment which may be terminated by not less than three months' notice in writing served by either the Director or the Company.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company 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 2015 is set out below:

	Number of individuals
Nil to HK$1,000,000	4
HK$1,000,001 to HK$2,000,000	6
HK$2,000,001 to HK$3,000,000	3
HK$3,000,001 to HK$4,000,000	–
	13

Details of the remuneration of each of the Directors for the year ended 31 December 2015 are set out in note 11 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION

As at 31 December 2015, 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 positions in the shares and underlying shares of the Company:

Name of director	Capacity/ Nature of interest	Number of ordinary shares/ underlying shares of the Company interested	Approximate percentage of shareholding interest
Mr. Tang Xuebin	Interest of controlled corporation(1)&(2)	720,638,259	72.06%
	Beneficial owner(3)	998,940	0.10%
		721,637,199	72.16%
Mr. Dong Dong	Beneficial owner(3)	926,300	0.09%
Mr. Zhou Qinwei	Beneficial owner(3)	590,800	0.06%
Mr. Pan Jun	Beneficial owner(3)	1,075,440	0.11%
Mr. Zhou Hongyi	Beneficial owner(3)	180,000	0.02%
Mr. Lam Kam Tong	Beneficial owner(3)	330,000	0.03%
Mr. Tam Chun Hung, Anthony	Beneficial owner(3)	330,000	0.03%
Dr. Liao Jianwen	Beneficial owner(3)	330,000	0.03%
Mr. Xu Xinmin	Beneficial owner(3)	330,000	0.03%

Notes:

(1) Mr. Tang Xuebin ("Mr. Tang") is interested in 43.34% shares in Colour Success Limited ("Colour Success") which wholly owns Splendid Fortune Enterprise Limited ("Splendid Fortune"). Mr. Tang Xuebin is therefore deemed to be interested in the 216,681,477 shares of the Company held by Splendid Fortune for the purpose of Part XV of the SFO.

(2) Under a concert party agreement dated 29 June 2015 entered into between Fantasia Holdings and Splendid Fortune ("Concert Party Agreement"), each of Fantasia Holdings and Splendid Fortune is taken to be interested in the shares of the Company in which each other is interested for the purpose of Part XV of the SFO. As such, Mr. Tang is also deemed to be interested in the 503,956,782 shares of the Company in which Fantasia Holdings is interested for the purpose of Part XV of the SFO.

(3) These are share options granted to the Directors of the Company under the Share Option Scheme (details of which are stated under the sub-section headed "Share Option Scheme" below).

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

Name of director	Name of associated corporation	Capacity/ Nature of interest	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 2015, none of the Directors and chief executive of the Company had any interests or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the 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.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, no equity-linked agreements were entered into by the Company, during or subsisted at the end of the year 2015.

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 and any other share option scheme by the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following the listing of the shares of the Company on the Stock Exchange, being 100,011,900 shares, which represented approximately 10% of the issued share capital of the Company as at the date of this annual report, unless with the prior approval from the Company's shareholders. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 66,483,140, representing 6.6% of the total number of shares of the Company in issue. The total 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. 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 the share options for the year ended 31 December 2015 pursuant to the Share Option Scheme:

				Number of share options						
Name	Date of grant	Exercise price HK$	Closing price of the shares on the date of grant HK$	Balance as at 1 January 2015	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance as at 31 December 2015	Weighted average closing price immediately before exercise HK$	Note
Mr. Tang Xuebin	29 September 2014	6.66	6.66	547,790	–	–	–	547,790	–	(1)
				347,650				347,650		(2)
	30 April 2015	11.00	10.88	–	103,500	–	–	103,500	–	(3)
Mr. Dong Dong	29 September 2014	6.66	6.66	455,150	–	–	–	455,150	–	(1)
				347,650				347,650		(2)
	30 April 2015	11.00	10.88	–	123,500	–	–	123,500	–	(3)
Mr. Zhou Qinwei	29 September 2014	6.66	6.66	128,800	–	–	–	128,800	–	(1)
				338,500				338,500		(2)
	30 April 2015	11.00	10.88	–	123,500	–	–	123,500	–	(3)
Mr. Pan Jun	29 September 2014	6.66	6.66	547,790	–	–	–	547,790	–	(1)
				347,650				347,650		(2)
	30 April 2015	11.00	10.88	–	180,000	–	–	180,000	–	(3)
Mr. Lam Kam Tong	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	–	180,000	–	–	180,000	–	(3)
Mr. Zhou Hongyi	30 April 2015	11.00	10.88	–	180,000	–	–	180,000	–	(3)
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	–	180,000	–	–	180,000	–	(3)
Dr. Liao Jianwen	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	–	180,000	–	–	180,000	–	(3)
Mr. Xu Xinmin	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	–	180,000	–	–	180,000	–	(3)
Employees of the Group, a resigned non-executive Director and certain minority shareholders of the Company's subsidiaries	29 September 2014	6.66	6.66	18,320,470	–	(119,000)	(773,460)	17,428,010	10.41	(1)
				23,018,550			(2,507,200)	20,511,350	–	(2)&(4)
	30 April 2015	11.00	10.88	–	23,569,500	–	(117,200)	23,452,300	–	(3)
Total				45,000,000	25,000,000	(119,000)	(3,397,860)	66,483,140	–	

Notes:

(1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date of grant; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) and the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.

(2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.

(3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.

(4) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive Director on 21 April 2015, has been extended at the discretion of the Board.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2015.

BORROWINGS

Details of the borrowings of the Group are set out in note 29 of the consolidated financial statements.

RIGHTS TO ACQUIRE SHARES

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 acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director or an entity connected with 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.

CONTRACTS OF SIGNIFICANCE

During the year under review, save as disclosed in the paragraph headed "Continuing Connected Transaction" in this annual report, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as the Directors are aware, the following substantial shareholders (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 shareholder	Capacity/Nature of interest	Number of ordinary shares of the Company interested	Approximate percentage of shareholding interest
Fantasia Holdings	Beneficial owner[1]	503,956,782	
	Other interest[2]	216,681,477	
		720,638,259	72.06%
Fantasy Pearl	Beneficial owner	1,343,000	
	Interest of controlled corporation[1]&[2]	720,638,259	
		721,981,259	72.19%
Ice Apex	Interest of controlled corporation[1]&[2]	721,981,259	72.19%
Ms. Zeng Jie, Baby	Interest of controlled corporation[1]&[2]	721,981,259	72.19%
Splendid Fortune	Beneficial owner[3]	216,681,477	
	Other interest[4]	503,956,782	
		720,638,259	72.06%
Colour Success	Interest of controlled corporation[3]&[4]	720,638,259	72.06%

Notes:

(1) Fantasia Holdings is owned as to 57.51% 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.

(2) Under the Concert Party Agreement, each of Fantasia Holdings and Splendid Fortune is taken to be interested in the shares of the Company in which each other is interested for the purpose of Part XV of the SFO. As such, Fantasia Holdings, Fantasy Pearl, Ice Apex and Ms. Zeng Jie, Baby are also deemed to be interested in the shares of the Company in which Splendid Fortune is interested 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.

(4) Under the Concert Party Agreement, each of Fantasia Holdings and Splendid Fortune is taken to be interested in the shares of the Company in which each other is interested for the purpose of Part XV of the SFO. As such, Splendid Fortune and Colour Success are also deemed to be interested in the shares of the Company in which Fantasia Holdings is interested for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2015, no other persons, 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 2015, 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 2015, 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.

CONNECTED TRANSACTION

On 9 December 2015, Home E&E, Fantasia Group (China) Company Limited* (花樣年集團(中國)有限公司) ("Fantasia China"), Shenzhen Meilijia Investment Partnership (深圳市美利家投資合夥企業(有限合夥)) ("Meilijia Investment"), Shenzhen Qianhai Shengfeng Tongda Equity Investment Co., Limited* (深圳市前海盛峰通達股權投資有限公司) ("Qianhai Shengfeng") and seven independent subscribers (the "Subscribers") entered into a subscription agreement (the "Subscription Agreement") pursuant to which Home E&E has agreed to issue and Fantasia China, Qianhai Shengfeng and the Subscribers have agreed to subscribe for, a total of 5,150,752 shares in Home E&E (the "Subscription"), representing approximately 17.08% of the total number of issued shares of Home E&E immediately after the completion of the Subscription, at a total consideration of approximately RMB205.0 million by way of capital injection into Home E&E in cash.

As at the date of the Subscription Agreement, as (i) Mr. Pan Jun, an executive Director, is a general partner of Meilijia Investment; and (ii) Home E&E is owned as to 30% by Meilijia Investment, Home E&E is a connected subsidiary and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Subscription Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transaction entered into by the Group during the year ended 31 December 2015. Details of the Subscription Agreement are set out in the announcement of the Company dated 9 December 2015.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions during the year ended 31 December 2015. Details of the transactions are set out in note 38 to the consolidated 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 2015, the fees payable by the Fantasia Group to the Group for the provision of the Engineering Services under the Engineering Services Agreement amounted to RMB15.5 million, which was within the annual cap of RMB16,000,000 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 2015 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 RMB13.4 million, which was within the annual cap of RMB19,600,000 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 have an initial term of 10 years which is renewable for a successive term of 10 years. The Company is exploring various opportunities in building up our 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. For details of the Structured Contracts, please refer to the section headed "History, Reorganization and the Group Structure — The Structured Contracts" in the Company's prospectus dated 17 June 2014.

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 Fantasia Holdings, 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 Company, 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 Arrangements amounted to approximately RMB13.0 million for the year ended 31 December 2015 and approximately RMB3.4 million as of 31 December 2015, 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.

The Company 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 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 minimize 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 year 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 discussed with the senior management of the Company on the agreements of the abovementioned continuing connected transactions and reviewed these continuing connected transactions and confirmed that the continuing connected transactions abovementioned have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better;

(iii) and 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 all material respects, in accordance with the pricing policies of the Group if the transactions involve provision of goods and services by the Group;

(iii) have not been entered into, in all material respects, in accordance with the relevant agreements governing the transactions;

(iv) have exceeded the 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 38 to the consolidated financial statements. Save for 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 year ended 31 December 2015, (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 year ended 31 December 2015, the Company has not received any notice from Fantasia Holdings to purchase any part or all of its Retained Business.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the Revised Hong Kong Financial Reporting Standards. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year ended 31 December 2015, none of the Directors or any of their respective associates has 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.

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 2015.

Total emolument of RMB313.6 million was charged to the consolidated statement profit loss and other comprehensive income, representing RMB10.9 million for the Directors' remuneration and RMB302.7 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 Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. For the year ended 31 December 2015, the Board is of the view that the Company has complied with all code provisions set out in the CG Code save and except for code provisions A.1.1 and E.1.2, details of which are set out in the "Corporate Governance Report" on pages 67 to 75 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, it is confirmed that the Company has maintained a sufficient public float throughout the year ended 31 December 2015 and up to the latest practicable date prior to the issue of this annual report.

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 RMB39.3 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.

By 31 December 2015, approximately RMB520.7 million of the total listing proceeds has been utilised as intended for the purposes as follows: 1) approximately RMB 380.7 million for acquisitions of regional property management companies; 2) approximately RMB47.6 million for the Group's purchasing hardware equipment used for upgrading the communities under our engineering services business segment; 3) approximately RMB20.8 million for the Group's sales and marketing activities and investment of information technology software to further develop our community leasing, sales and other services platform and 4) approximately RMB71.6 million for working capital and general corporate purposes. As at 31 December 2015, RMB 189.3 million of the Company's listing proceeds remained to be used as intended.

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 39 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for the directors and officers of the Company.

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 2016

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximise their benefits from good corporate governance. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and applied the code provisions in the CG Code save and except for code provisions A.1.1 and E.1.2, details of which will be explained below.

In respect of the code provision A.1.1 of the CG Code, the Board had held seven meetings, two of which were regular meetings to approve the final results for the year ended 31 December 2014 and the interim results for the six months ended 30 June 2015. Although the Company only held two regular Board meetings, the directors of the Company (the "Directors") are of the view that there was sufficient time and opportunity for each Director to discuss the operations of the Company as seven Board meetings (including two regular Board meetings) were held in 2015. Going forward, the Board will use its best endeavours to meet regularly and hold at least four regular Board meetings each year.

In respect of the code provision E.1.2 of the CG Code, the Chairmen of the Audit Committee and the Remuneration Committee and other committee members were not present at the AGM of the Company held on 14 May 2015 due to other business commitment and no delegate was appointed to attend the AGM.

Save for the deviation set out above,the Board is of the view that throughout the year ended 31 December 2015, 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 year ended 31 December 2015 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the year ended 31 December 2015.

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

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. Zhou Hongyi

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 39 to 42 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 year ended 31 December 2015, 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 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 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 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.

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. Zhou Hongyi (appointed on 15 May 2015), Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen, Mr. Xu Xinmin and Mr. Zeng Liqing (resigned on 21 April 2015) for their reference and studying.

During the year ended 31 December 2015, Mr. Zhou Hongyi, the newly appointed director, received induction on the first occasion of his appointment so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction was supplemented by meetings with senior management of the Company.

During the year ended 31 December 2015, Mr. Tam Chun Hung, Anthony also attended a training session arranged by a professional firm.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee 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 systems, making recommendations to the Board on the appointment and dismissal of the external auditors, and reviewing 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 2 meetings during the year ended 31 December 2015. During the meetings, the Audit Committee has been provided with the Group's financial statements including audited annual results for the year ended 31 December 2014 and unaudited interim results for the six months ended 30 June 2015, internal controls reports and other necessary financial information to consider, review and assess significant issues arising from the financial statements, 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.

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 associates is involved in deciding his own remuneration.

The Remuneration Committee held 2 meetings during the year ended 31 December 2015. During the meetings, 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. Zhou Hongyi as a non-executive Director and the granting of share options to the Directors. 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 31 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 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 year ended 31 December 2015. During the meeting, the Nomination Committee nominated Mr. Zhou Hongyi as a non-executive Director, 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 AT BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

The attendance records of each Director at the meetings of the Board and Board Committees and the general meetings of the Company held during the year ended 31 December 2015 is set out in the table below:

	Attendance/Number of Meetings During Tenure of Office					
Name of Directors	**Board**	**Remuneration Committee**	**Nomination Committee**	**Audit Committee**	**2015 AGM**	**Extraordinary General Meeting**
Executive Directors						
Mr. Tang Xuebin	7/7	2/2	1/1	N/A	1/1	0/1
Mr. Dong Dong	4/7	N/A	N/A	N/A	1/1	1/1
Mr. Zhou Qinwei	6/7	N/A	N/A	N/A	1/1	0/1
Non-executive Directors						
Mr. Pan Jun	7/7	N/A	1/1	N/A	1/1	0/1
Mr. Lam Kam Tong	4/7	N/A	N/A	N/A	1/1	1/1
Mr. Zhou Hongyi (appointed on 15 May 2015)	1/1	N/A	N/A	N/A	N/A	0/1
Mr. Zeng Liqing (resigned on 21 April 2015)	3/4	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Mr. Tam Chun Hung, Anthony	5/7	2/2	1/1	2/2	0/1	0/1
Dr. Liao Jianwen	4/7	2/2	0/1	2/2	0/1	0/1
Mr. Xu Xinmin	5/7	2/2	1/1	2/2	0/1	0/1

The Chairman also held meeting with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year ended 31 December 2015.

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 2015.

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 76 to 77 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 2015 is set out below:

Service Category	**Fees Paid/ Payable** HKD'000
Audit Service	2,690
Non-audit Services	
— Due diligence check on very substantial acquisition	3,600
— Interim review of financial results for the six months ended 30 June 2015	980
— Review on continuing connected transactions	30
	7,300

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 year under review, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management; and considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function . The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board will also perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

In respect of the year ended 31 December 2015, the Board considered the internal control and risk management systems effective and adequate. No significant areas of concern that might affect shareholders were identified during the year ended 31 December 2015.

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.

Constitutional Documents

During the year under review, there was no change in the Company's 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.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

The compliance of the Deed of Non-competition by Fantasia Holdings is set out in the section headed "Compliance with the deed of non-competition" on page 62 of this annual 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 78 to 185, which comprise the consolidated statement of financial position as at 31 December 2015, 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 financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
2 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	7	**827,645**	389,287
Cost of sales and services		**(373,189)**	(79,405)
Gross profit		**454,456**	309,882
Other gains and losses	8	**(26,822)**	(11,943)
Other income	8	**13,765**	4,241
Selling and distribution expenses		**(16,322)**	(1,687)
Administrative expenses		**(216,870)**	(92,864)
Expenses recharged to residential communities under commission basis		**47,182**	20,029
Finance costs	9	**(11,082)**	(1,920)
Listing expenses		**–**	(16,282)
Changes in fair value of investment properties		**6,987**	1,941
Share of results of associates		**627**	58
Share of results of a joint venture		**162**	378
Profit before tax		**252,083**	211,833
Income tax expense	10	**(69,428)**	(61,347)
Profit for the year	12	**182,655**	150,486
Profit for the year attributable to:			
– Owners of the Company		**168,438**	145,675
– Non-controlling interests		**14,217**	4,811
		182,655	150,486
Earnings per share (RMB cents)	14		
– Basic		**16.84**	16.66
– Diluted		**16.83**	16.66

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	15	**167,099**	67,546
Investment properties	16	**88,804**	29,790
Interests in associates	17	**6,332**	1,295
Interest in a joint venture	18	**1,108**	946
Intangible assets	19	**152,033**	26,850
Goodwill	20	**575,634**	105,188
Trade receivables	21	**7,199**	4,802
Other receivables and prepayments	21	**5,964**	5,657
Deferred tax assets	22	**19,722**	5,839
Deposits paid for potential acquisitions of subsidiaries	23	**106,736**	142,661
		1,130,631	390,574
Current assets			
Inventories		**2,106**	862
Amounts due from customers for contract works	24	**34,328**	41,113
Trade receivables	21	**179,350**	152,662
Other receivables and prepayments	21	**111,751**	69,470
Payments on behalf of residents	25	**169,626**	86,214
Amounts due from fellow subsidiaries	38(b)	**46,548**	20,157
Amounts due from non-controlling shareholders of the subsidiaries	38(b)	**46,422**	14,989
Amounts due from related parties	38(b)	**7,228**	336
Amount due from an associate	38(b)	**1,105**	–
Financial assets designated as at fair value through profit or loss	26	**19,200**	–
Pledged/restricted bank deposits	27	**551,383**	136,323
Bank balances and cash	27	**419,478**	687,031
		1,588,525	1,209,157
Current liabilities			
Amounts due to customers for contract works	24	**17,141**	8,195
Trade payables	28	**80,231**	25,975
Other payables and accruals	28	**421,177**	176,252
Receipts on behalf of residents	25	**104,033**	72,745
Amounts due to fellow subsidiaries	38(b)	**4,734**	1,777
Amounts due to non-controlling shareholders of the subsidiaries	38(b)	**30,125**	5,846
Amount due to an associate	38(b)	**5,040**	775
Amount due to a joint venture	38(b)	**94**	94
Tax liabilities		**108,010**	83,906
Borrowings due within one year	29	**302,990**	127,927
		1,073,575	503,492
Net current assets		**514,950**	705,665
Total assets less current liabilities		**1,645,581**	1,096,239

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Deferred tax liabilities	22	**54,033**	7,385
Amount due to a non-controlling shareholder of a subsidiary	38(b)	**816**	1,572
Borrowings due after one year	29	**290,000**	18
Total non-current liabilities		**344,849**	8,975
Net assets		**1,300,732**	1,087,264
Capital and reserves			
Share capital	30	**79,325**	79,315
Reserves		**1,180,066**	992,286
Equity attributable to owners of the Company		**1,259,391**	1,071,601
Non-controlling interests		**41,341**	15,663
Total equity		**1,300,732**	1,087,264

The financial statements on pages 78 to 185 were approved and authorised for issue by the Board of Directors on 2 March 2016 and signed on behalf by:

Tang Xuebin
DIRECTOR

Zhou Qinwei
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	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 2014	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
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**168,438**	**168,438**	**14,217**	**182,655**
Acquisition of additional interest Subsidiaries from non-controlling shareholders	**–**	**–**	**–**	**–**	**1,242**	**–**	**1,242**	**(3,242)**	**(2,000)**
Issue of shares upon exercise of share option	**10**	**751**	**–**	**(97)**	**–**	**–**	**664**	**–**	**664**
Dividend paid to shareholders of the Company	**–**	**(71,033)**	**–**	**–**	**–**	**–**	**(71,033)**	**–**	**(71,033)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,956)**	**(3,956)**
Acquisition of subsidiaries (note 32)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**15,809**	**15,809**
Capital injection by a non-controlling shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,850**	**2,850**
Recognition of equity-settled share-based payment (note 31)	**–**	**–**	**–**	**88,431**	**48**	**–**	**88,479**	**–**	**88,479**
Transfer	**–**	**–**	**10,041**	**–**	**–**	**(10,041)**	**–**	**–**	**–**
At 31 December 2015	**79,325**	**604,515**	**31,517**	**118,114**	**(62,072)**	**487,992**	**1,259,391**	**41,341**	**1,300,732**

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 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**252,083**	211,833
Adjustments for:		
Allowance for doubtful debts/bad debt written off – net	**28,466**	11,054
Depreciation of property, plant and equipment	**15,069**	6,662
Amortisation of intangible assets	**13,004**	3,222
Bank interest income	**(5,304)**	(1,308)
Interest income from advance to staffs	**(125)**	–
Imputed interest income on non-current interest-free trade receivables	**(1,096)**	(774)
Fair value adjustment on non-current interest-free deposit	**(343)**	(323)
Investment income of financial assets designated as at FVTPL	**(442)**	–
Finance costs	**11,082**	1,920
Share-based payment expenses	**88,479**	29,955
Share of results of a joint venture	**(162)**	(378)
Share of results of associates	**(627)**	(58)
Loss on disposal of property, plant and equipment	**587**	174
Changes in fair value of investment properties	**(6,987)**	(1,941)
Operating cash flows before movements in working capital	**393,684**	260,038
Decrease (increase) in inventories	**2,524**	(662)
Decrease (increase) in trade receivables	**11,305**	(105,552)
Increase in other receivables and prepayments	**(3,704)**	(21,365)
(Increase) decrease in amounts due from fellow subsidiaries	**(21,668)**	1,158
Changes in payments/receipts on behalf of residents	**(113,222)**	(103,558)
Changes in amounts due from/to customers for contract works	**15,731**	8,190
Increase in trade payables	**24,077**	42,419
(Decrease) increase in other payables	**(5,361)**	2,500
Cash generated from operations	**303,366**	83,168
Income taxes paid	**(64,633)**	(25,981)
NET CASH FROM OPERATING ACTIVITIES	**238,733**	57,187

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
INVESTING ACTIVITIES			
Interest received		**5,304**	1,308
Acquisitions of subsidiaries (net of cash and cash equivalent acquired)	32	**(486,209)**	(31,796)
Deposit paid for acquisition of subsidiaries		**(76,207)**	(142,661)
Deposit for acquisition of subsidiaries refunded		**66,747**	–
Dividend received from an associate		**–**	360
Consideration on disposal of subsidiaries in prior year received		**–**	1,630
Purchase of property, plant and equipment		**(51,433)**	(50,003)
Proceeds of disposal of property, plant and equipment		**181**	5,429
Purchase of financial assets designated as at FVTPL		**(74,558)**	–
Redemption of financial assets designated as at FVTPL		**109,958**	–
Capital injection to an associate		**(4,410)**	(490)
Increase in restricted bank deposits		**(415,060)**	(135,326)
Advance to a customer		**–**	(12,000)
Repayment from a customer		**12,000**	1,752
Repayment from the immediate holding company		**–**	1
Repayment from fellow subsidiaries		**18,540**	29,377
Advances to fellow subsidiaries		**(24,463)**	(18,539)
Advance to an associate		**(1,105)**	–
Repayment from a related party		**336**	967
Advance to a related party		**(7,228)**	–
Repayment from non-controlling shareholders of a subsidiary of the Company		**78,702**	26,901
Advances to non-controlling shareholders of a subsidiary of the Company		**(43,926)**	(11,370)
Advance to staffs		**(6,794)**	–
Repayment from staffs		**158**	–
Advance to a former shareholder of a subsidiary of the Company		**(1,979)**	(3,202)
NET CASH USED IN INVESTING ACTIVITIES		**(901,446)**	(337,662)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
FINANCING ACTIVITIES		
Interest paid	**(11,215)**	(1,557)
Repayments of bank borrowings	**(128,231)**	(162)
New bank borrowings raised	**592,977**	127,730
Capital contribution from a non-controlling shareholder	**2,850**	588
Advances from fellow subsidiaries	**4,734**	1,697
Repayment to fellow subsidiaries	**(1,777)**	(36,639)
Repayment to immediate holding company	**–**	(1,428)
Advance from an associate	**5,040**	–
Repayment to an associate	**(775)**	(1,612)
Advance from non-controlling shareholders of a subsidiary of the Company	**29,660**	7,416
Repayment to non-controlling shareholders of a subsidiary of the Company	**(6,469)**	(3,043)
Acquisition of additional interest in subsidiaries	**(2,000)**	–
Dividend paid to non-controlling shareholders of a subsidiary of the Company	**(3,956)**	(526)
Dividend paid to shareholders of the Company	**(71,033)**	–
Net proceeds in issue of new shares upon initial public offering	**–**	749,527
Listing expense paid	**(15,309)**	(20,598)
Issue of share upon exercise of share option	**664**	–
NET CASH FROM FINANCING ACTIVITIES	**395,160**	821,393
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(267,553)**	540,918
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**687,031**	146,113
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**419,478**	687,031

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 for the year ended 31 December 2015.

The Company's immediate holding company is Fantasia Holdings Group Co., Limited ("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 HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle

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[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]

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 2016
4 Effective for annual periods beginning on or after a date to be determined.

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 2014 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2015 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("FVTPL"), 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.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*

The amendments to HKAS 16 *Property, Plant and Equipment* prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 *Intangible Assets* introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances.

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements has been prepared on the historical cost basis except for investment properties and financial assets designated as at FVTPL 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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, 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 designated as at FVTPL

Financial assets designated as 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 are cent 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 designated as at 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 designated as 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 assets (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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Share options granted to employees *(Continued)*

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 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 RMB169,626,000 (2014: RMB86,214,000).

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 RMB186,549,000 (2014: RMB157,464,000), net of allowance for bad and doubtful debt of RMB14,987,000 (2014: RMB5,620,000).

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

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 RMB88,804,000 (2014: RMB29,790,000).

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 RMB31,660,000 (2014: RMB18,992,000).

Estimated recoverability of amounts 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 RMB34,328,000 (2014: RMB41,113,000) as disclosed in note 24.

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 RMB575,634,000 (2014: RMB105,188,000).

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

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 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 RMB167,099,000 (2014: RMB67,546,000).

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 2015, the carrying amount of intangible assets net of accumulated impairment loss was RMB152,033,000 (2014: carrying amount of RMB26,850,000).

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

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,468,788**	1,116,539
Financial assets designated as at FVTPL	**19,200**	–
Financial liabilities		
Amortised cost	**914,140**	266,250

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, an associate and related parties, pledged 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 and fellow subsidiaries and borrowings. 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:

	2015 RMB'000	2014 RMB'000
Assets		
Hong Kong Dollars ("HKD")	**71,980**	135,431
Singapore Dollars ("SGD")	**1,655**	–

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 *(Continued)*

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 10% increase and decrease in the RMB against the relevant foreign currencies. 10% 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 10% change in foreign currency rates. The sensitivity analysis includes bank balances and redeemable shares. A negative number indicates a decrease in profit for the year where the RMB strengthens 10% against the relevant currencies. For a 10% 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 positive.

Foreign currency sensitivity analysis

	2015 **RMB'000**	2014 RMB'000
HKD		
Decrease in profit for the year	**(5,399)**	(10,158)
SGD		
Decrease in profit for the year	**(124)**	–

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 borrowings and amount due to a non-controlling shareholder (see notes 29 and 38(b)). 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 2015 (2014: 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 RMB1,856,000 (2014: RMB1,544,000).

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 2015. A 25 basis points increase or decrease during the year ended 31 December 2015 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 RMB1,112,000 (2014: RMB 122,000).

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk

As at 31 December 2015, 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 38(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% (2014: 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 2015, the Group has concentration of credit risk on the deposits paid for potential acquisition of subsidiaries paid to counterparties which are all engaged in PRC property management service. The Group's credit risk on deposits paid on potential acquisition of subsidiaries is not significant as the counterparties are enterprises potential 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 and amounts due to fellow subsidiaries as a significant source of liquidity. The Group had bank borrowings of RMB592,990,000 (2014: RMB127,945,000) (note 29) and amounts to fellow subsidiaries of RMB4,734,000 (2014: RMB1,777,000) (note 38).

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 years to 8 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2015							
Trade and other payables	–	94,332	81,976	–	–	176,308	176,308
Receipts on behalf of residents	–	104,033	–	–	–	104,033	104,033
Amounts due to fellow subsidiaries	–	4,734	–	–	–	4,734	4,734
Amounts due to non-controlling shareholders (note)	8.9	30,125	60	179	1,074	31,438	30,941
Amount due to an associate	–	5,040	–	–	–	5,040	5,040
Amount due to a joint venture	–	94	–	–	–	94	94
Bank borrowings — variable rates	2.71	–	203,888	108,527	305,462	617,877	592,990
		238,358	285,924	108,706	306,536	939,524	914,140

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk (Continued)

Liquidity and interest risk tables *(Continued)*

	Weighted average interest rate %	Repayable on demand RMB'000	Less than 3 months RMB'000	3 months to 1 years 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

Note: Except for amount due to Mr. Mu Xiaoming of RMB1,055,000 (2014: RMB1,198,000) 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
	2015 RMB'000	2014 RMB'000	
Investment properties	**88,804**	29,790	Level 3

The valuation of investment properties was arrived at using market evidence of transaction prices for similar properties ranging from RMB3,600 to RMB47,000 (2014: RMB3,600 to RMB25,000) per square metre and adjusted to reflect the conditions of the subject property.

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

6. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value *(Continued)*

Fair value of the Group's financial assets designated at FVTPL that are measured at fair value on a recurring basis

The investment in money market funds of the Group are designated as at FVTPL. The fair value of these investments of RMB 19,200,000 as at 31 December 2015 are determined based on the unit price provided by the corporations that issuing the securities, which the Group has the right to sell the funds back to the corporations that issuing securities at the quoted price. The fair value is categorised as level 2 under the fair value hierarchy.

Fair value of the Group's other 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 other 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, 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, share of results of associates and a joint venture, finance costs, share -based payment expenses 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 2015					
External revenue	586,332	135,426	105,887	–	827,645
Inter-segment revenue	–	2,487	935	(3,422)	–
Segment revenue	586,332	137,913	106,822	(3,422)	827,645
Segment profit	206,223	62,823	71,336		340,382
Changes in fair value of investment properties					6,987
Share of results of associates					627
Share of results of a joint venture					162
Finance costs					(11,082)
Bank interest income					5,304
Rental income from investments properties					46
Share — based payment expense					(88,479)
Other unallocated expenses					(1,864)
Profit before tax					252,083

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 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 expense					(29,955)
Other unallocated expenses					(3,419)
Profit before tax					211,833

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 2015				
Segment information included in the measure of segment profit:				
Amortisation of intangible assets	13,004	–	–	13,004
Depreciation of property, plant and equipment	3,848	9,574	1,647	15,069
Fair value gain on non-current interest-free deposit	343	–	–	343
Impairment loss recognised on payments on behalf of residents under commission basis	15,140	3,959	–	19,099
Impairment loss recognised on trade receivables	4,663	2,274	2,430	9,367
Imputed interest income on non-current interest-free trade receivables	–	1,096	–	1,096
Loss on disposal of property, plant and equipment	429	–	158	587

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 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)*

Revenue from major services

	2015 RMB'000	2014 RMB'000
Property management services		
Property management services fee under commission basis	**143,696**	121,488
Property management services fee under lump sum basis	**288,603**	30,236
Pre-sale services	**104,837**	31,069
Property management consultancy services fee	**49,196**	53,512
	586,332	236,305
Engineering services		
Installation service fees from provision of engineering services	**31,660**	18,992
Services fee from provision of repair and maintenance services	**79,105**	57,099
Equipment leasing income	**24,661**	11,574
	135,426	87,665
Community leasing, sales and other services		
Community rental, purchase and sales assistance services	**105,887**	65,317
	827,645	389,287

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 years ended 31 December 2015 and 2014, the subsidiaries of Fantasia Holdings, other than the Group, contributed less than 10% of the 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

	2015 RMB'000	2014 RMB'000
Other gains and losses		
Recovery of other receivables previously written off	–	372
Impairment loss recognised on trade receivables	(9,367)	(5,577)
Impairment loss recognised on payments on behalf of residents under commission basis	(19,099)	(5,849)
Loss on disposal of property, plant and equipment	(587)	(174)
Fair value adjustment on non-current interest-free deposit	343	323
Exchange gain (loss)	2,356	(1,362)
Donation to an education organisation	(1,000)	–
Others	532	324
	(26,822)	(11,943)
Other income		
Bank interest income	5,304	1,308
Unconditional government grants	6,284	2,029
Imputed interest income on non-current interest-free trade receivables	1,096	774
Interest income from non-current advance to staffs	125	–
Rental income from investment properties (note)	46	24
Investment income of financial assets designated as at FVTPL	442	–
Others	468	106
	13,765	4,241

Note: Direct operating expenses incurred for investment properties that generated rental income during the years ended 2015 and 2014 were insignificant.

9. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on:		
Amount due to a non-controlling shareholder of a subsidiary (note 38(b))	(133)	(145)
Redeemable shares	–	(218)
Bank borrowings wholly repayable within five years (note 29)	(10,949)	(1,557)
	(11,082)	(1,920)

10. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current tax		
PRC Enterprise Income Tax ("EIT")		
Current year	**(82,408)**	(63,756)
Over provision in respect of prior year	**4,515**	–
	(77,893)	(63,756)
Singapore profit tax	**(164)**	(68)
	(78,057)	(63,824)
Deferred tax (note 22)		
Current year	**8,629**	2,477
	(69,428)	(61,347)

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 RMB533,826,000 (2014: RMB276,905,000) 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:

	2015 RMB'000	2014 RMB'000
Profit before tax	**252,083**	211,833
Tax at the PRC EIT rate of 25%	**63,021**	52,958
Tax effect of expenses not deductible for tax purpose (note a)	**25,045**	11,535
Tax effect of non-taxable income	**(3,304)**	–
Tax effect of tax losses not recognised	**725**	1,259
Over provision in respective of prior year	**(4,515)**	–
Utilisation of tax loss previously not recognised	**(110)**	(364)
Tax effect of deductible temporary difference not recognised	**1,497**	225
Utilisation of deductible temporary difference previous not recognised	**–**	(93)
Tax effect of share of results of associates	**(157)**	(14)
Tax effect of share of results of a joint venture	**(41)**	(94)
Tax effect of different tax rates of subsidiaries (note b)	**(6,450)**	(4,555)
Tax effect of adopting prescribed tax calculation method by PRC subsidiaries (note c)	**(6,494)**	–
Others	**211**	490
Income tax expense	**(69,428)**	(61,347)

Notes:

(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 (i) 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, (ii) a PRC company, which is registered in Shenzhen and regarded as energy conservation and environmental protection enterprise by local tax bureau, enjoys the former three-year income tax exemptions and later six-year halves and (iii) a PRC company, which is registered in Chengdu and engage in the encouraged industries in the western region by local tax bureau, and entitled to the PRC income tax at a preferential rate of 15% (iv) a Singapore company which applied 17% income tax rate.

(c) Under the Law of Enterprise Income Tax and Implementation Rules of the People's Republic of China and approved by tax bureaus, some PRC subsidiaries are subject to statutory enterprise income tax beard on its respective deemed taxable income, which are at 10% of revenue or at a certain amount per season in accordance with the prescribed tax calculation method pursuant to the applicable PRC tax regulations.

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 follow:

	2015 RMB'000	2014 RMB'000
Directors' fee	–	–
Other emoluments		
— salaries and other benefits	3,514	2,162
— retirement benefits scheme contributions	31	54
— share-based payment expense	7,315	2,895
	10,860	5,111

The emoluments of the directors and chief executive, disclosed pursuant to the applicable. Listing Rule and CO, 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 2015						
Executive directors						
Mr. Tang Xuebin	–	360	416	5	1,198	1,979
Mr. Dong Dong	–	273	339	5	1,147	1,764
Mr. Zhou Qinwei (note b)	–	643	59	21	856	1,579
Non-executive directors						
Mr. Pan Jun (note a)	–	240	–	–	1,314	1,554
Mr. Lam Kam Tong (note a)	–	240	–	–	560	800
Mr. Zeng Liqing (note b)	–	74	–	–	233	307
Mr. Zhou Hongyi (note b)	–	150	–	–	327	477
Independent non-executive directors						
Mr. Tam Chun Hung, Anthony (note b)	–	240	–	–	560	800
Mr. Liao Jianwen (note b)	–	240	–	–	560	800
Mr. Xu Xinmin (note b)	–	240	–	–	560	800
	–	2,700	814	31	7,315	10,860

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

	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)*

Notes:

(a) For the year ended 31 December 2014, 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 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. Zeng Liqing was appointed as a non-executive director of the Company on 11 June 2014 and resigned on 20 April 2015.

Mr. Zhou Hongyi was appointed as non-executive director of the Company on 15 May 2015.

Mr. Tam Chun Hung, Anthony and Dr. Liao Jianwen were appointed as an independent non-executive director 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.

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

The executive directors' emolument shown were mainly for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were mainly for their services as director of the Company or its subsidiaries.

The independent non-executive directors' emolument shown above were mainly for their services as directors of the Company.

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 (2014: 3) directors for the years ended 31 December 2015. The remunerations of the remaining 2 (2014: 2) individuals for the years ended 31 December 2015, details are as follow:

	2015 **RMB'000**	2014 RMB'000
Employees		
— salaries and other benefits	**1,411**	781
— contributions to retirement benefits scheme	**9**	9
— share-based payment	**2,498**	1,258
	3,918	2,048

Their emoluments were within the follow bands:

	No. of employee	
	2015	2014
HK$500,001 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**–**	1
HK$2,000,001 to HK$2,500,000	**2**	–
	2	2

During the year ended 31 December 2015 and 2014 , 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 2015 and 2014.

12. PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	**10,860**	5,111
Other staffs' salaries and allowance	**302,714**	70,053
Retirement benefits scheme contributions	**28,326**	7,302
Share-based payment expenses	**81,164**	27,060
Total staff costs	**423,064**	109,526
Auditors' remuneration	**2,887**	2,504
Amortisation of intangible assets	**13,004**	3,222
Depreciation for property, plant and equipment	**15,069**	6,662
Allowance for doubtful debts on trade receivables	**9,367**	5,577
Impairment loss recognised on payments on behalf of residents under commission basis	**19,099**	5,849

13. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Dividends recognised as distribution during the year:		
2014 final dividend HK9.00 cents (2014: nil) per share	**71,033**	–

Subsequent to 31 December 2015, a final dividend for the year ended 31 December 2015 of HK10.00 cents, equivalent to RMB8.42 cents (2014: HK9.00 cents, equivalent to RMB7.28 cents) per share amounting to RMB842,000,000 in aggregate has been proposed by the directors for approval by the shareholders of the company in the forthcoming 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:

	2015	2014
Earnings (RMB'000)		
Earning for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**168,438**	145,675
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,000,074**	874,271
Effective of dilutive potential ordinary shares:		
Share options	**464**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,000,538**	874,271

The weighted average number of the ordinary shares in issue during the year ended 31 December 2014 of 874,271,087 is based on the assumption that the corporate reorganization (details are set out in "History, Development and Reorganization" of the prospectus issued by the Company date 17 June 2014) and the capitalisation issue had completed on 1 January 2013.

The computation of diluted earnings per share for the year ended 31 December 2014 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 2014 up to the date of transfer of redeemable shares to ordinary shares at 30 June 2014.

The computation of diluted earnings per share for the year ended 31 December 2014 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 during the year ended in 31 December 2014.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	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 2014	–	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**
Additions	**550**	**1,526**	**12,911**	**774**	**39,425**	**55,186**
Acquisitions of subsidiaries (note 32)	**88,068**	**–**	**3,944**	**1,841**	**–**	**93,853**
Transfer	**–**	**–**	**45,658**	**–**	**(45,658)**	**–**
Transfer to investment property	**(33,649)**	**–**	**–**	**–**	**–**	**(33,649)**
Disposals	**–**	**(459)**	**(584)**	**–**	**–**	**(1,043)**
At 31 December 2015	**58,455**	**5,653**	**117,943**	**4,246**	**9,547**	**195,844**
ACCUMULATED DEPRECIATION						
At 1 January 2014	–	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**
Provided for the year	**568**	**410**	**13,249**	**842**	**–**	**15,069**
Eliminated on disposals	**–**	**(30)**	**(245)**	**–**	**–**	**(275)**
At 31 December 2015	**864**	**3,406**	**23,015**	**1,460**	**–**	**28,745**
CARRYING VALUES						
At 31 December 2015	**57,591**	**2,247**	**94,928**	**2,786**	**9,547**	**167,099**
At 31 December 2014	3,190	1,560	46,003	1,013	15,780	67,546

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:

Buildings	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 2014	26,758
Additions	6,520
Disposals	(5,429)
Net increase in fair value recognised in profit or loss	1,941
At 31 December 2014	**29,790**
Additions	**3,011**
Addition from acquisition of subsidiaries	**15,367**
Transfer from property, plant and equipment	**33,649**
Net increase in fair value recognised in profit or loss	**6,987**
At 31 December 2015	**88,804**

The fair values of the Group's completed investment properties at 31 December 2015 and 2014 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

	2015 RMB'000	2014 RMB'000
Cost of investment, unlisted	**5,400**	990
Share of post-acquisition results, net of dividends received	**932**	305
	6,332	1,295

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 2015 & 2014	Principal activity
深圳市越眾物業管理有限公司 Shenzhen Yuezhong Property Management Co., Ltd. ("Shenzhen Yuezhong Property Management") (note a)	PRC	RMB1,000,000	**50%**	Provision of property management services
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	RMB10,000,000	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.

	2015 **RMB'000**	2014 RMB'000
Non-current assets	**18**	6
Current assets	**22,710**	9,764
Total assets	**22,728**	9,770
Current liabilities	**(9,872)**	(7,160)
Net assets	**12,856**	2,610
Group's share of net assets	**6,332**	1,295

	2015 **RMB'000**	2014 RMB'000
Revenue	**3,145**	1,729
Profit for the year	**1,246**	115
Group's share of profit of associates	**627**	58
Dividend received from Shenzhen Yuezhong Property Management	**–**	360

18. INTEREST IN A JOINT VENTURE

	2015 RMB'000	2014 RMB'000
Cost of investment, unlisted	**250**	250
Share of post-acquisition results, net of dividends received	**858**	696
	1,108	946

Particulars of the Group's interest in a 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 2015 & 2014	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 Tongji")	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. 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:

	2015 RMB'000	2014 RMB'000
Current assets	**3,509**	2,903
Current liabilities	**1,293**	1,012

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

The above amounts of assets and liabilities include the following:

	2015 RMB'000	2014 RMB'000
Bank balances and cash	**308**	201
Other payables	**120**	796

	2015 RMB'000	2014 RMB'000
Revenue	**6,975**	4,574
Profit for the year	**325**	756
Group's share of results of a joint venture	**162**	378

The above profit for the year include the following:

	2015 RMB'000	2014 RMB'000
Income tax expense	**108**	255

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%:

	2015 RMB'000	2014 RMB'000
Net assets of the joint venture	**2,216**	1,891
Carrying amount of the Group's interest in the joint venture	**1,108**	946

19. INTANGIBLE ASSETS

	Property management contracts and customer relationship RMB'000
COST	
At 1 January 2014	1,813
Acquired on acquisition of subsidiaries (note 32)	29,448
At 31 December 2014	31,261
Acquired on acquisition of subsidiaries (note 32)	138,187
At 31 December 2015	**169,448**
AMORTISATION	
At 1 January 2014	1,189
Provided for the year	3,222
At 31 December 2014	4,411
Provided for the year	13,004
At 31 December 2015	**17,415**
CARRYING VALUES	
At 31 December 2015	**152,033**
At 31 December 2014	26,850

The property management contracts and customer relationship were acquired from third parties through the acquisition of subsidiaries during the years ended 31 December 2015 and 2014.

The intangible assets have finite useful lives and amortised on a straight line basis over the remaining contract term ranging from 54 months to 120 months.

20. GOODWILL

	RMB'000
COST	
At 1 January 2014	51,407
Arising on acquisition of business (note 32)	54,651
At 31 December 2014	106,058
Arising on acquisition of business (note 32)	470,446
At 31 December 2015	**576,504**
IMPAIRMENT	
At 31 December 2014 and 2015	870
CARRYING VALUES	
At 31 December 2015	**575,634**
At 31 December 2014	105,188

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 2015 and 2014, 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 ranges from 14% to 20% (2014: range from 15% to 20%) per annum. The cash flows beyond the five-year period are extrapolated using a growth rate of 0% (2014: 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	2015 RMB'000	2014 RMB'000
Trade receivables		**184,594**	152,834
Retention receivables		**3,880**	1,508
Invoices to be issued	(a)	**13,062**	8,742
		201,536	163,084
Less: allowance for doubtful debts		**(14,987)**	(5,620)
Total trade receivables		**186,549**	157,464
Other receivables and prepayments:			
Deposits paid in relation to consultancy service arrangements	(b)	**–**	5,657
Other deposits		**16,330**	10,989
Advance to a customer	(c)	**–**	12,000
Advances to staffs	(d)	**25,760**	6,627
Prepayments to suppliers		**14,325**	16,412
Receivables from customers for residential and retail units rental assistance services on behalf of Shenzhen Caizhijia Real Estate Planning Co., Ltd. ("Caizhijia")		**2,430**	3,832
Payments on behalf of residents under lump sum basis	(e)	**22,356**	2,025
Payments on behalf of residents for residential communities under consultancy service arrangements	(f)	**24,186**	9,844
Receivables from former shareholders of subsidiaries		**5,181**	3,202
Others		**7,147**	4,539
		117,715	75,127
		304,264	232,591
Classified as:			
Non-current			
Trade receivables	(g)	**7,199**	4,802
Other receivables and prepayments	(h)	**5,964**	5,657
		13,163	10,459
Current			
Trade receivables		**179,350**	152,662
Other receivables and prepayments		**111,751**	69,470
		291,101	222,132
		304,264	232,591

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% (2014: 8.3%) per annum for the year ended 31 December 2015. 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 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. According to the terms of the service agreement, the deposit would be refund in 2016 and the Group classified the deposit as a non-current asset as of 31 December 2014. During the year ended 31 December 2015, the Group entered into a sale and purchase agreement with the shareholder of the property management company in relation to acquisition of the 70% equity interest of the property management company and the deposit would constitutes the consideration of the proposed transaction. According to the aforesaid sale and purchase agreement, the deposit is reclassified to deposits paid for potential acquisitions of subsidiaries.

(c) During the year ended 31 December 2014, the Group advanced a sum of RMB12,000,000 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 balance has been settled by Shenzhen Long Xing in 2015.

(d) The balances included the housing loans amounting to RMB6,919,000 granted to staffs by the Group for their purchases of own properties. The housing loans bear interests at the rate ranged from 5.4% to 10% per annum and would be repaid in 10 years. Based on the terms of the housing loans agreements, the amount of RMB955,000 to be repaid in 1 year are classified as current assets and the amount of RMB5,964,000 to be repaid after 1 year are classified as non-current assets.

(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 status. 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. During the year ended 31 December 2015, the group entered into a sale and purchase agreement with a property management company, as disclosed in noted 21(b) above, an amount of RMB17,000,000 has been transferred from payments on behalf of residents for residential communities under consultancy service arrangements to deposit paid for potential acquisitions of subsidiaries.

(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) 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 assets as of 31 December 2014 represented the deposit paid in relation to the consultancy service and is reclassified to deposit for acquisition of subsidiaries in 2015, as disclosed in note 21(b) above. The balance as of 31 December 2015 represents the housing loans to be repaid after one year, as disclosed in note 21(d).

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.

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

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 income 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 90 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.

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:

	2015 **RMB'000**	2014 RMB'000
0 to 30 days	**81,728**	49,339
31 to 90 days	**36,922**	40,522
91 to 180 days	**26,453**	27,969
181 to 365 days	**33,280**	21,009
Over 1 year	**6,211**	13,995
	184,594	152,834

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.

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

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 RMB87,878,000 (2014: RMB96,160,000), 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.

Aging of past due but not impaired trade receivables

	2015	2014
	RMB'000	RMB'000
0 – 90 days	**36,665**	37,504
91 – 180 days	**24,682**	27,969
181 – 365 days	**23,128**	18,009
Over 365 days	**3,403**	12,678
	87,878	96,160

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.

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

Movement in the allowance for doubtful debts

	2015 **RMB'000**	2014 RMB'000
Balance at the beginning of the year	**5,620**	1,041
Impairment losses recognised on receivables	**9,367**	5,577
Amounts written off as uncollectible	**–**	(998)
Balance at the end of the year	**14,987**	5,620

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB14,987,000 (2014: RMB5,620,000), with reference to the historical experience of these receivables, the collection of these receivables may not be recoverable. The Group does not hold 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 2015 and 2014:

	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 2014	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)
Acquisition of subsidiaries (note 32)	5,902	–	(12,749)	(34,547)	(41,394)
Credit (charge) to profit or loss	7,116	9	(1,747)	3,251	8,629
At 31 December 2015	**19,722**	**(987)**	**(15,038)**	**(38,008)**	**(34,311)**

22. DEFERRED TAXATION *(Continued)*

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:

	2015	2014
	RMB'000	RMB'000
Deferred tax assets	**19,722**	5,839
Deferred tax liabilities	**(54,033)**	(7,385)
	(34,311)	(1,546)

The Group had unutilised tax losses of RMB10,489,000 (2014: RMB8,029,000). 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 RMB89,853,000 (2014: RMB31,793,000). A deferred tax asset has been recognised in respect of RMB78,888,000 (2014; RMB26,816,000). No deferred tax asset has been recognised for the remaining amounts of RMB10,965,000 (2014: RMB4,977,000), 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 2015, the Group has made deposits of RMB106,736,000 in relation to the proposed acquisition of business through acquisition of Nanchang Futian Property Management Co., Ltd. (南昌福田物業管理有限公司), Hangzhou Mingcheng Property Management Co., Ltd. (杭州銘城物業有限公司), Shanghai Youquan Property Management Co., Ltd. (上海友全物業管理有限公司), Benxi Jinli Property Management Co., Ltd. (本溪金利物業有限公司), Jiangsu Jinyang Property Management Co., Ltd. (江蘇金陽物業管理有限公司), Lianyungang Hongxin Property Management Co., Ltd. (連雲港市鴻鑫物業管理有限公司), Shanghai Xuanyu Property Management Co., Ltd. (上海軒宇物業管理有限公司), Zhejiang Sanhua Property Management Co., Ltd. (浙江三花物業管理有限公司), Hepu Nanzhu Property Service Co., Ltd. (合浦縣南珠物業服務有限公司), Jinan Qihua Property Management Co., Ltd. (濟南齊華物業管理有限公司), Kunshan Zhongheng Property Management Co., Ltd. (昆山中恒物業管理有限公司), Hangzhou Zhuoyue Property Management Co., Ltd. (杭州卓越物業管理有限公司), Changzhou Yuanxin Property Service Co., Ltd. (常州源鑫物業服務有限公司), Changzhou Jiuzhou Fuan Property Service Co., Ltd. (常州九洲福安物業服務有限公司), Changsha Meijing Property Management Co., Ltd. (長沙美景物業管理有限公司), Nanjing Zizhu Property Management Co., Ltd. (南京紫竹物業管理有限公司) 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, no new subsidiary has been acquired by the Group.

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

	2015 RMB'000	2014 RMB'000
Contracts in progress at the end of the reporting period		
Contract costs incurred plus recognised profits less recognised losses	**121,303**	139,342
Less: progress billing	**(104,116)**	(106,424)
	17,187	32,918
Represented by:		
Amounts due from contract customers within 1 year	**34,328**	41,113
Amounts due to contract customers within 1 year	**(17,141)**	(8,195)
	17,187	32,918

Retentions held by customers for contract works for installation contracts was included in trade receivables at 31 December 2015 and 2014. No significant advance was received from customers prior to commencement of contract works at 31 December 2015 and 2014.

25. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	2015 RMB'000	2014 RMB'000
Receivables	**169,626**	86,214
Payables	**(104,033)**	(72,745)

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.

25. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS *(Continued)*

Movements of allowance for doubtful debts

	2015 RMB'000	2014 RMB'000
At beginning of the year	**18,335**	12,486
Additional allowance for doubtful debts	**19,099**	5,849
At end of the year	**37,434**	18,335

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. FINANCIAL ASSETS DESIGNATED AS AT FVTPL

During the year ended 31 December 2015, the Group invested in money market funds issued by a reputable securities corporation through acquisition of 深圳市開元國際物業管理有限公司, Shenzhen Kaiyuan International Property Management Co., Ltd. ("Shenzhen Kaiyuan"). The return and principal were not guaranteed by the securities corporation and the value of the funds varies by reference to the performance of the underlying investments comprising mainly debt investments in the PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits. The investments in money market funds have been designated as at FVTPL at initial recognition as the investments are managed and the performance is evaluated on fair value basis. As at 31 December 2015, the principal of the investments in the money market funds are RMB19,200,000 (2014: nil). In the opinion of directors, the fair value of investment at 31 December 2015 approximated to their principal account.

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

The bank deposits as at 31 December 2015 amounting to RMB551,383,000 (2014: RMB136,323,000) were pledged to banks to secure the banking facilities granted to the Group.

The Group's bank balances carry interest at rates which range from 0.01% to 1.6% (2014: 0.01% to 1.5%) per annum.

28. TRADE AND OTHER PAYABLES AND ACCRUALS

	Notes	**2015** **RMB'000**	2014 RMB'000
Trade payables		**80,231**	25,975
Other payables and accruals:			
Receipts on behalf of residents under lump sum basis	(a)	**50,181**	7,275
Receipts on behalf of residents for residential communities under consultancy services arrangement		**3,367**	25,628
Accrued listing expenses		**670**	15,979
Advances from customers	(b)	**78,837**	14,273
Deposits received		**41,217**	18,690
Other tax payable		**47,843**	23,243
Rental payable		**1,745**	2,057
Accrued staff costs		**58,559**	16,087
Provision for retirement benefit contributions		**60,998**	9,447
Other payables and accruals		**33,609**	16,109
Consideration payable for acquisition of subsidiaries (note 32)		**44,151**	27,464
		421,177	176,252
Total		**501,408**	202,227

Notes:

(a) The balances represented the receipts on behalf of community residents to settle the utilities bills from utilities suppliers.

(b) The balances represented the advances for settlement of property management service fees.

28. 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:

	2015 **RMB'000**	2014 RMB'000
0 – 60 days	**60,805**	17,716
61 – 180 days	**9,367**	2,310
181 – 365 days	**6,574**	2,285
Over 1 year	**3,485**	3,664
	80,231	25,975

29. BORROWINGS

	2015 **RMB'000**	2014 RMB'000
Secured bank loans	**542,990**	127,730
Unsecured bank loans	**50,000**	215
	592,990	127,945
Variable rate borrowing	**592,990**	79,000
Fixed-rate borrowings	**–**	48,945
	592,990	127,945
Carrying amounts repayable:		
Within one year	**302,990**	127,927
More than one years, but not exceeding two years	**–**	18
More than two years, but not exceeding five years	**290,000**	–
	592,990	127,945
Less: Amounts due within one year shown under current liabilities	**(302,990)**	(127,927)
Amount shown under non-current liabilities	**290,000**	18

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

29. BORROWINGS *(Continued)*

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

	2015	2014
Variable-rate borrowings		
Benchmark Rate	**0.49% to + 0.97%**	0.45% to 1.07%
Benchmark Deposit Rate of the People's Bank of China	**1.80%**	–
Fixed-rate borrowings		
Effective interest rate	**–**	4.5%

30. SHARE CAPITAL

	Notes	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each			
Authorised			
At 1 January 2014		3,800,000	380
Increase on 11 June 2014	(a)	49,996,200,000	4,999,620
At 31 December 2014 and 31 December 2015		**50,000,000,000**	**5,000,000**
Issued and fully paid			
At 1 January 2014		2,069,760	207
Issue of new shares upon initial public offering	(b)	250,000,000	25,000
Capitalisation issue	(c)	742,979,945	74,298
Transfer from redeemable shares		4,950,295	495
At 31 December 2014		1,000,000,000	100,000
Issue of shares upon exercise of share options	(d)	119,000	12
At 31 December 2015		**1,000,119,000**	**100,012**

30. SHARE CAPITAL *(Continued)*

	Amount
	RMB'000
Shown in the consolidated financial statements:	
At 31 December 2014	79,315
At 31 December 2015	**79,325**

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) On 30 June 2014, 250,000,000 ordinary shares of HK$0.1 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.

(c) 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.

(d) During the year, share options granted under the Company's share option scheme were exercised to subscribe for 119,000 (2014: nil) shares in the SEHK at a consideration of RMB664,000 (2014: nil).

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"). 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 2015, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 66,427,000 (2014: 45,000,000) of HK$0.1 each, representing 6.6% (2014: 4.5%) of the issued share capital of the Company.

31. SHARE OPTION SCHEMES *(Continued)*

(a) The Company *(Continued)*

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
	30 April 2015	HK$11.00	30/4/2015 – 29/4/2016	30/4/2016 – 29/4/2025
			30/4/2015 – 29/4/2017	30/4/2017 – 29/4/2025
			30/4/2015 – 29/4/2018	30/4/2018 – 29/4/2025
Employees and non-controlling shareholders of certain subsidiaries	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
	30 April 2015	HK$11.00	30/4/2015 – 29/4/2016	30/4/2016 – 29/4/2025
			30/4/2015 – 29/4/2017	30/4/2017 – 29/4/2025
			30/4/2015 – 29/4/2018	30/4/2018 – 29/4/2025

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 years ended 31 December 2015 and 2014:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2014 '000	Granted during the year '000	Cancelled/ lapsed during the year '000	Exercised during the year '000	Outstanding at 31 December 2014 '000	Granted during the year '000	Cancelled/ lapsed during the year '000	Exercised during the year '000	Outstanding at 31 December 2015 '000
Directors	29 September 2014	N/A	–	560	–	–	560	–	–	–	560
		29/9/2014 – 28/9/2015	–	1,270	–	–	1,270	–	–	–	1,270
		29/9/2014 – 28/9/2016	–	1,270	–	–	1,270	–	–	–	1,270
		29/9/2014 – 28/9/2017	–	711	–	–	711	–	–	–	711
	30 April 2015	30/4/2015 – 29/4/2016	–	–	–	–	–	477	–	–	477
		30/4/2015 – 29/4/2017	–	–	–	–	–	477	–	–	477
		30/4/2015 – 29/4/2018	–	–	–	–	–	476	–	–	476
			–	3,811	–	–	3,811	1,430	–	–	5,241
Employees and non- controlling shareholders of certain subsidiaries	29 September 2014	N/A	–	6,107	–	–	6,107	–	(308)	(119)	5,680
		29/9/2014 – 28/9/2015	–	13,730	–	–	13,730	–	(1,070)	–	12,660
		29/9/2014 – 28/9/2016	–	13,730	–	–	13,730	–	(1,070)	–	12,660
		29/9/2014 – 28/9/2017	–	7,622	–	–	7,622	–	(763)	–	6,859
	30 April 2015	30/4/2015 – 29/4/2016	–	–	–	–	–	7,857	(62)	–	7,795
		30/4/2015 – 29/4/2017	–	–	–	–	–	7,857	(62)	–	7,795
		30/4/2015 – 29/4/2018	–	–	–	–	–	7,856	(62)	–	7,795
			–	41,189	–	–	41,189	23,570	(3,397)	(119)	61,243
Total			–	45,000	–	–	45,000	25,000	(3,397)	(119)	66,484
Exercisable at the end of the year			–				6,667				20,170

31. SHARE OPTION SCHEMES *(Continued)*

(a) The Company *(Continued)*

The closing price of the shares on the date of grant was HK$6.66 on 29 September 2014 and HK$10.88 on 30 April 2015, 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 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:

	30 April 2015	29 September 2014
Market price	**HK$10.88**	HK$6.66
Exercise price	**HK$11.00**	HK$6.66
Expected volatility	**46.26%**	48.82%
Risk-free rate	**1.63%**	2.01%
Expected dividend yield	**0.83%**	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 2015, the estimated fair value of the options at the date of grant was RMB104,714,000 (2014: RMB114,802,000). The Group recognised the total expense of RMB88,432,000 (2014: RMB29,780,000) for the year ended 31 December 2015 in relation to share options granted by the Company.

(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.

31. SHARE OPTION SCHEMES *(Continued)*

(b) Fantasia Holdings *(Continued)*

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.

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 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 2015 and 2014, 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	29/8/2013 – 28/8/2021
			29/8/2011 – 28/8/2013	29/8/2014 – 28/8/2021
			29/8/2011 – 28/8/2014	29/8/2015 – 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 2015 and 2014:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2014 '000	Granted during the year '000	Cancelled/ lapsed during the year '000	Exercised during the year '000	Outstanding at 31 December 2014 '000	Granted during the year '000	Cancelled/ lapsed during the year '000	Exercised during the year '000	Outstanding at 31 December 2015 '000
Directors of the Company (note)	29 August 2011	29/8/2011 – 28/8/2012	634	–	–	–	634	–	–	–	634
		29/8/2011 – 28/8/2013	1,268	–	–	–	1,268	–	–	–	1,268
		29/8/2011 – 28/8/2014	4,438	–	–	–	4,438	–	–	–	4,438
	16 October 2012	16/10/2012 – 15/10/2013	861	–	–	–	861	–	–	–	861
		16/10/2012 – 15/10/2014	1,722	–	–	–	1,722	–	–	–	1,722
		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	29/8/2011 – 28/8/2012	112	–	–	–	112	–	–	–	112
		29/8/2011 – 28/8/2013	224	–	–	–	224	–	–	–	224
		29/8/2011 – 28/8/2014	784	–	–	–	784	–	–	–	784
	16 October 2012	16/10/2012 – 15/10/2013	112	–	–	–	112	–	–	–	112
		16/10/2012 – 15/10/2014	224	–	–	–	224	–	–	–	224
		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 the year			3,211				10,379				17,190

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 SCHEMES *(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 RMB47,000 for the year ended 31 December 2015 (2014: RMB175,000) in relation to share options granted by by the Fantasia Holdings to the eligible directors and employees of the Company.

32. ACQUISITIONS OF SUBSIDIARIES

For the year ended 31 December 2015

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration
				RMB'000
蘇州悦華置合物業服務有限公司 Suzhou Yuehua Zhihe Property Service Co., Ltd.	PRC	January	85%	30,890
蘇州易亞物業管理有限公司 Suzhou Yiya Property Management Co., Ltd.	PRC	January	90%	19,470
徐州市濱湖花園物業管理有限公司 Xuzhou Binhu Garden Property Management Co., Ltd.	PRC	January	90%	7,880
廣西南寧瀚新物業服務有限公司 Guangxi Nanning Hanxin Property Service Co., Ltd.	PRC	January	80%	3,280
撫州鴻德物業有限公司 Fuzhou Hongde Property Management Co., Ltd.	PRC	January	90%	2,880
長沙高盛物業管理有限公司 Changsha Gaosheng Property Management Co., Ltd.	PRC	January	80%	2,280
鐵嶺世紀中天物業管理有限公司 Tieling Shiji Zhongtian Property Management Co., Ltd.	PRC	January	100%	1,590
瀋陽天盛河畔物業管理有限公司 Shenyang Tiansheng Hepan Property Management Co., Ltd.	PRC	January	95%	1,500
南昌名泰物業管理有限公司 Nanchang Mingtai Property Management Co., Ltd.	PRC	January	90%	1,000
清遠市大管家物業管理有限公司 Qingyuan Daguanjia Property Management Co., Ltd.	PRC	January	80%	900
陝西彩逸飛物業管理有限公司 Shanxi Caiyifei Property Management Co., Ltd.	PRC	January	100%	500

32. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2015 *(Continued)*

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration RMB'000
陝西鑫昌物業管理有限公司 Shanxi Xinchang Property Management Co., Ltd.	PRC	January	90%	– (note)
寧夏天雨子越物業服務有限公司 Ningxia Tianyu Ziyue Property Service Co., Ltd.	PRC	January	80%	– (note)
世紀物業管理有限公司 Century Property Management Co., Ltd.	PRC	February	85%	1,187
鞍山市大德物業有限公司 Anshan Dade Property Management Co., Ltd.	PRC	March	80%	1,580
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan	PRC	June	100%	330,000
常州江南中鑫物業服務有限公司 Changzhou Jiangnan Zhongxin Property Service Co., Ltd.	PRC	June	80%	57,060
蘇州萬寶物業管理有限公司 Suzhou Wanbao Property Management Co., Ltd.	PRC	June	70%	37,330
揚州市恒久物業服務發展有限公司 Yangzhou Hengjiu Property Service Development Co., Ltd.	PRC	June	80%	10,660
廈門市創優物業管理有限公司 Xiamen Chuangyou Property Management Co., Ltd.	PRC	June	70%	10,040
河南瑞祥物業管理有限公司 Henan Ruixiang Property Management Co., Ltd.	PRC	June	80%	6,160
贛州錦通物業管理有限公司 Ganzhou Jintong Property Management Co., Ltd.	PRC	June	100%	6,260
桂林市仁和物業服務有限公司 Guilin Renhe Property Service Co., Ltd.	PRC	June	70%	4,190

32. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2015 *(Continued)*

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration
				RMB'000
四川蜀峰物業服務有限公司 Sichuan Shufeng Property Service Co., Ltd.	PRC	July	80%	– (note)
葫蘆島市萬廈物業管理有限公司 Huludao Wanxia Property Management Co., Ltd.	PRC	July	80%	3,680
杭州利軒物業管理有限公司 Hangzhou Lixuan Property Management Co., Ltd.	PRC	July	80%	11,325
揚州市興達物業服務有限公司 Yangzhou Xingda Property Service Co., Ltd.	PRC	July	90%	2,450
長沙祥旺物業管理有限公司 Changsha Xiangwang Property Management Co., Ltd.	PRC	July	100%	500
廣西福來物業服務有限責任公司 Guangxi Fulai Property Service Co., Ltd. ("Guangxi Fulai")	PRC	July	80%	47,800
西安榮鑫物業管理有限公司 Xi'an Rongxin Property Management Co., Ltd.	PRC	July	60%	18,889
襄陽江山新苑物業服務有限責任公司 Xiangyang Jiangshan Xinyuan Property Service Co., Ltd.	PRC	July	80%	1,661
清遠市金力物業管理有限公司 Qingyuan Jinli Property Management Co., Ltd.	PRC	July	80%	1,000
榆林市榮鑫物業管理有限公司 Yulin Rongxin Property Management Co., Ltd.	PRC	July	75%	1,990
武漢凱樂豐垠物業管理有限公司 Wuhan Kaile Fengyin Property Management Co., Ltd.	PRC	July	70%	3,080
荊州市楚陽物業管理有限公司 Jingzhou Chuyang Property Management Co., Ltd.	PRC	September	80%	3,080

32. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2015 *(Continued)*

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration RMB'000
成都合力物業服務有限公司 Chengdu Heli Property Service Co., Ltd. ("Chengdu Heli")	PRC	September	80%	56,500
成都忠信英聯華物業管理顧問有限公司 Chengdu Zhongxin Yinglianhua Property Management Consultant Co., Ltd.	PRC	September	80%	380
上海新貴盛物業管理有限公司 Shanghai Xinguisheng Property Management Co., Ltd.	PRC	September	90%	11,880
河南聯盛物業服務有限公司 Henan Liansheng Property Service Co., Ltd.	PRC	December	80%	9,280
無錫市盛泰物業管理有限公司 Wuxi Shengtai Property Management Co., Ltd.	PRC	December	80%	5,580
上海通翼物業有限公司 Shanghai Tongyi Property Management Co., Ltd.	PRC	December	51%	2,880
南昌幸福物業管理有限公司 Nanchang Xingfu Property Management Co., Ltd.	PRC	December	70%	8,180

32. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2014

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration RMB'000
南京安居物業有限公司 Nanjing Anju Property Management Co., Ltd.	PRC	July	87%	15,000
杭州高盛物業管理有限公司 Hangzhou Gaosheng Property Management Co., Ltd.	PRC	July	70%	16,880
南昌居安物業管理有限公司 Nanchang Juan Property Management Co., Ltd.	PRC	July	100%	800
上海銀順物業管理有限公司 Shanghai Yinshun Property Management Co., Ltd.	PRC	July	80%	3,480
江蘇城置物業服務有限公司 Jiangsu Chengzhi Property Service Co., Ltd.	PRC	July	51%	– (note)
哈爾濱盛恒基物業管理有限公司 Harbin Shenghengji Property Management Co., Ltd.	PRC	July	100%	500
河南華璟物業服務有限公司 Henan Huajing Property Service Co., Ltd.	PRC	July	80%	1,880
湖北楓林物業服務有限公司 Hubei Fenglin Property Service Co., Ltd.	PRC	July	70%	20,000
銀川都市佳物業服務有限公司 Yinchuan Dushijia Property Service Co., Ltd.	PRC	July	68%	400
宜昌坤達物業有限公司 Yichang Kunda Property Management Co., Ltd.	PRC	August	70%	2,000
九江天宏物業服務有限公司 Jiujiang Tianhong Property Service Co., Ltd.	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 Co., Ltd.	PRC	November	100%	3,800

Note: The consideration was less than RMB1,000.

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.

All the acquisitions were acquired from independent third parties.

32. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

Consideration transferred

	2015 RMB'000	2014 RMB'000
Cash consideration paid in current year	**614,476**	45,141
Deposit paid in prior years	**68,385**	–
Consideration payable due within one year included in trade and other payables	**43,911**	27,464
	726,772	72,605

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 accrued and liabilities recognised at the dates of acquisition are as follows:

	2015 RMB'000	2014 RMB'000
Property, plant and equipment	**93,853**	866
Investment properties	**15,367**	–
Deferred tax assets	**5,902**	–
Intangible assets	**138,187**	29,448
Inventories	**3,768**	–
Trade receivables	**52,472**	–
Other receivables and prepayments	**43,585**	6,084
Amounts due from subsidiaries of the Company	**21,216**	–
Amounts due from non-controlling shareholders	**66,209**	17,457
Payments on behalf of residents	**43,777**	2,563
Financial assets designated as at FVTPL	**54,158**	–
Bank balances and cash	**155,491**	13,345
Trade payables	**(26,426)**	–
Other payables and accruals	**(195,216)**	(4,317)
Receipts on behalf of residents	**(87,776)**	(33,965)
Amounts due to subsidiaries of the Company	**(53,692)**	–
Amounts due to non-controlling shareholders	**(465)**	–
Bank borrowings	**(299)**	–
Tax liabilities	**(10,680)**	(153)
Deferred tax liabilities	**(47,296)**	(7,362)
	272,135	23,966

The trade and other receivables, amounts due from subsidiaries of the Company and non-controlling shareholders acquired with a gross contractual of RMB183,482,000 (2014: RMB23,541,000) as at the date of acquisitions during the year ended 31 December 2015, are approximate to their fair value.

32. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

Goodwill arising on acquisitions

	2015 RMB'000	2014 RMB'000
Consideration transferred	**726,772**	72,605
Add: non-controlling interests	**15,809**	6,012
Less: fair value of net identifiable assets acquired	**(272,135)**	(23,966)
Goodwill arising on acquisitions	**470,446**	54,651

Goodwill was arisen on the acquisitions of subsidiaries during the years ended 31 December 2015 and 2014, 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 RMB138,187,000 (2014: RMB29,448,000) 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

	2015 RMB'000	2014 RMB'000
Cash consideration paid in current year	**(614,476)**	(45,141)
Bank balances and cash acquired	**155,491**	13,345
	(458,985)	(31,796)

32. ACQUISITIONS OF 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 2015 and 2014 are as follows:

	2015 **RMB'000**	2014 RMB'000
Revenue	**348,981**	8,863
Profit for the year	**53,994**	2,047

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 2015 and 2014 would be as follow:

	2015 **RMB'000**	2014 RMB'000
Revenue	**1,179,176**	393,308
Profit for the year	**183,516**	153,066

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 2015 and 2014 that actually would have been achieved had the acquisitions been completed on 1 January 2015 and 2014 nor is it intended to be a projection of future results.

33. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2015 and 2014 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:

	2015 RMB'000	2014 RMB'000
Trade receivables due from:		
Fellow subsidiaries	**1,200**	6,520
Independent third party customers	**1,811**	–
	3,011	6,520

34. OPERATING LEASES

The Group as lessee

	2015 RMB'000	2014 RMB'000
Minimum lease payments paid under operating leases in respect of rented premises during the year	**6,437**	5,351

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:

	2015 RMB'000	2014 RMB'000
Within one year	**5,190**	3,904
Between one and five years	**5,877**	6,647
	11,067	10,551

Operating lease payments represent rentals payable by the Group for certain office premises and shops. Leases are negotiated and rentals are fixed for terms of two to ten years.

34. 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 2015 and 2014 were RMB46,000 and RMB24,000, 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:

	2015	2014
	RMB'000	RMB'000
Within one year	**44,646**	27,420
Between one and five years	**91,939**	61,453
Over five years	**236**	741
	136,821	89,614

35. CAPITAL AND OTHER COMMITMENTS

	2015 RMB'000	2014 RMB'000
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	**84,556**	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	**3,695**	1,702
Consideration committed in respect of capital expenditure in respect of the acquisition of property, plant and equipment authorised but not yet contracted	**39,575**	93,243

36. 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 RMB28,357,000 (2014: RMB7,356,000) respectively, represented contributions from the continuing operation payable to the scheme.

37. SUBSIDIARIES

(a) Material subsidiaries of the Company

Particulars of the principal subsidiaries of the Company at the respective reporting date are set out below:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group		Principal activities	Legal form
			2015 %	2014 %	**2015 & 2014**	
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Service Co., Ltd.	PRC	RMB10,000,000	**100**	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.	PRC	RMB4,000,000	**100**	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.	PRC	RMB5,000,000	**100**	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.	PRC	RMB35,000,000	**100**	100	Provision of property management services	Limited liability company
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan	PRC	RMB11,000,000	**100**	–	Provision of property management services	Limited liability company

(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	
		2015	2014
Investment holding	Cayman Islands	**2**	2
	BVI	**4**	4
	Hong Kong	**3**	3
	PRC	**4**	2
Provision of property management services	PRC	**69**	25
	Singapore	**1**	1
	Hong Kong	**1**	–
Provision of residents' community leasing, sales and other services	PRC	**6**	3
		90	40

37. 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 nterests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
		%	%	**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")	PRC	**49**	49	**3,261**	1,117	**4,776**	2,332
廣西福來物業服務有限責任公司 Guangxi Fulai	PRC	**20**	–	**(141)**	–	**3,571**	–
成都合力物業服務有限公司 Chengdu Heli	PRC	**20**	–	**209**	–	**3,438**	–
Individually immaterial subsidiaries with non– controlling interests				**10,888**	3,694	**29,556**	13,331
Total				**14,217**	4,811	**41,341**	15,663

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 intergroup eliminations.

37. SUBSIDIARIES *(Continued)*

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Shenzhen Ancaihua

	2015 RMB'000	2014 RMB'000
Current assets	**21,610**	9,640
Non-current assets	**7,202**	4,809
Current liabilities	**(17,243)**	(7,334)
Non-current liabilities	**(1,823)**	(2,355)
Equity attributable to owners of the Company	**4,970**	2,428
Non-controlling interest	**4,776**	2,332

	2015 RMB'000	2014 RMB'000
Revenue	**9,752**	5,752
Expenses	**(3,096)**	(3,472)
Profit for the year	**6,656**	2,280
Profit attributable to owners of the Company	**3,395**	1,163
Profit attributable to the non-controlling interests	**3,261**	1,117
Net cash from (used in) operating activities	**7,197**	(376)
Net cash outflow used in investing activities	**(138)**	(569)
Net cash (used in) from financing activities	**(1,669)**	900
Net cash inflow (outflow)	**5,390**	(45)

37. SUBSIDIARIES *(Continued)*

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Guangxi Fulai

	2015 RMB'000	2014 RMB'000
Current assets	**34,912**	–
Non-current assets	**18,112**	–
Current liabilities	**(30,750)**	–
Non-current liabilities	**(4,421)**	–
Equity attributable to owners of the Company	**14,282**	–
Non-controlling interests	**3,571**	–

	2015 RMB'000	2014 RMB'000
Revenue	**27,181**	–
Expenses	**(27,886)**	–
Loss for the year	**(705)**	–
Loss attributable to owners of the Company	**(564)**	–
Loss attributable to the non-controlling interests	**(141)**	–
Net cash inflow from operating activities	**4,609**	–
Net cash inflow from investing activities	**11**	–
Net cash inflow	**4,620**	–

37. SUBSIDIARIES *(Continued)*

(c) Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests *(Continued)*

Chengdu Heli

	2015 RMB'000	2014 RMB'000
Current assets	**19,734**	–
Non-current assets	**20,897**	–
Current liabilities	**(18,217)**	–
Non-current liabilities	**(5,224)**	–
Equity attributable to owners of the Company	**13,752**	–
Non-controlling interests	**3,438**	–

	2015 RMB'000	2014 RMB'000
Revenue	**13,299**	–
Expenses	**(12,253)**	–
Profit for the year	**1,046**	–
Profit attributable to owners of the Company	**837**	–
Profit attributable to the non-controlling interests	**209**	–
Net cash from operating activities	**2,466**	–
Net cash inflow	**2,466**	–

38. RELATED PARTY DISCLOSURES

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows:

Name	Principal Activities	Relationship
Immediate holding company		
Fantasia Holdings	Investment holding	Immediate holding company
Fellow subsidiaries		
花樣年集團(中國)有限公司 Fantasia Group (China) Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
雅浩科技發展(深圳)有限公司 Yahao Technology Development (Shenzhen). Co., Ltd.	Architecture and Commercial	A subsidiary of Fantasia Holdings exclude the Group
惠州大亞灣花萬里實業有限公司 Huizhou Dayawan Huawanli Industries Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
惠州市惠陽區花千里實業有限公司 Huizhou Huiyang Huaqianli Industries Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
東莞市花千里房地產開發有限公司 Dongguan Huaqianli Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
成都花百里置業有限公司 Chengdu Huabaili Investment Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
花樣年(成都)生態旅遊開發有限公司 Fantasia (Chengdu) Ecological Tourism Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Fellow subsidiaries *(Continued)*		
四川西美投資有限公司 Sichuan Ximei Investment Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
成都九蓉房地產開發有限公司 Chengdu Jiurong Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
成都望叢房地產開發有限公司 Chengdu Wangcong Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
天津市花千里房地產開發有限公司 Tianjin Huaqianli Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
無錫花樣年房地產開發有限公司 Wuxi Fantasia Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
蘇州花樣年房地產開發有限公司 Suzhou Fantasia Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
江蘇東發置業有限公司 Jiangsu Dongfa Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
桂林帝豪房地產開發有限公司 Guilin Dihao Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
成都花樣年置富房地產開發有限公司 Chengdu Fantasia Zhifu Property Development. Co., Ltd	Property development	A subsidiary of Fantasia Holdings exclude the Group

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Fellow subsidiaries *(Continued)*		
深圳市合和年投資諮詢有限公司 Shenzhen Hehenian Investment and Consulting. Co., Ltd	Investment	A subsidiary of Fantasia Holdings exclude the Group
南京花樣城房地產開發有限公司 Nanjing Fantasia Zhifu Property Development Co., Ltd	Property development	A subsidiary of Fantasia Holdings exclude the Group
惠州TCL房地產開發有限公司 Huizhou TCL Property Development Co., Ltd.	Property development	A subsidiary of Fantasia Holdings exclude the Group
武漢TCL置地投資有限公司 Wuhan TCL Zhidi Investment Co., Ltd.	Investment and property management	A subsidiary of Fantasia Holdings exclude the Group
武漢TCL康城房地產有限公司 Wuhan TCL Kangcheng Real Estate Co., Ltd.	Property development	A subsidiary 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

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Other related parties		
艾勇 Ai Yong	N/A	A non-controlling shareholder of a subsidiary
慕曉明 Mu Xiaoming	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
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
張華 Zhang Hua	N/A	A non-controlling shareholder of a subsidiary
柯於華 Ke Yuhua	N/A	A non-controlling shareholder of a subsidiary
柯亮 Ke Liang	N/A	A non-controlling shareholder of a subsidiary
徐忠琴 Xu Zhongqin	N/A	A non-controlling shareholder of a subsidiary
胡兵 Hu Bin	N/A	A non-controlling shareholder of a subsidiary
上海銀臣企業集團有限公司 Shanghai Yin Chen Group Co., Ltd.	Industrial Investment	A non-controlling shareholder of a subsidiary
上海基普商業經營管理有限公司 Shanghai Ji Pu Business Management Co., Ltd.	Property management services	A non-controlling shareholder of a subsidiary

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Other related parties *(Continued)*		
尚高鋒 Shang Gaofeng	N/A	A non-controlling shareholder of a subsidiary
劉新 Liu Xin	N/A	A non-controlling shareholder of a subsidiary
胡可有 Hu Keyou	N/A	A non-controlling shareholder of a subsidiary
高麗華 Gao Lihua	N/A	A non-controlling shareholder of a subsidiary
吳小強 Wu Xiaoqiang	N/A	A non-controlling shareholder of a subsidiary
付麗華 Fu Lihua	N/A	A non-controlling shareholder of a subsidiary
林力功 Lin Ligong	N/A	A non-controlling shareholder of a subsidiary
靳清海 Jin Qinghai	N/A	A non-controlling shareholder of a subsidiary
遼寧大德實業集團有限公司 Liaoning Dade Industrial Group Co., Ltd.	Property development	A non-controlling shareholder of a subsidiary
林新才 Lin Xincai	N/A	A non-controlling shareholder of a subsidiary
蔣阿美 Jiang Amei	N/A	A non-controlling shareholder of a subsidiary
承璞瑋 Cheng Puwei	N/A	A non-controlling shareholder of a subsidiary

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Other related parties *(Continued)*		
王餘根 Wang Yugen	N/A	A non-controlling shareholder of a subsidiary
儲高平 Chu Gaoping	N/A	A non-controlling shareholder of a subsidiary
劉慧瓊 Liu Huiqiong	N/A	A non-controlling shareholder of a subsidiary
周述雲 Zhou Shuyun	N/A	A non-controlling shareholder of a subsidiary
安璿 An Xuan	N/A	A non-controlling shareholder of a subsidiary
冉華平 Ran Huaping	N/A	A non-controlling shareholder of a subsidiary
歐傑聰 Ou Jiecong	N/A	A non-controlling shareholder of a subsidiary
萬小坪 Wan Xiaoping	N/A	A non-controlling shareholder of a subsidiary
餘物華 Yu Wuhua	N/A	A non-controlling shareholder of a subsidiary
四川天宏實業集團有限公司 Sichuan Tian Hong Industrial Group Co., Ltd.	Enterprise Management services	A non-controlling shareholder of a subsidiary
任玉森 Ren Yusen	N/A	A non-controlling shareholder of a subsidiary

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Other related parties *(Continued)*		
任川 Ren Chuan	N/A	A non-controlling shareholder of a subsidiary
張秦川 Zhang Qinchuan	N/A	A non-controlling shareholder of a subsidiary
崔榮華 Cui Ronghua	N/A	A non-controlling shareholder of a subsidiary
李盛雄 Li Shengxiong	N/A	A non-controlling shareholder of a subsidiary
秦健 Qin Jian	N/A	A non-controlling shareholder of a subsidiary
莫太貴 Mo Taigui	N/A	A non-controlling shareholder of a subsidiary
武振輝 Wu Zhenhui	N/A	A non-controlling shareholder of a subsidiary
左先洋 Zuo Xianyang	N/A	A non-controlling shareholder of a subsidiary
謝衛東 Xie Weidong	N/A	A non-controlling shareholder of a subsidiary
胡星衛 Hu Xingwei	N/A	A non-controlling shareholder of a subsidiary
徐軍 Xu Jun	N/A	A non-controlling shareholder of a subsidiary
肖興軍 Xiao Xingjun	N/A	A non-controlling shareholder of a subsidiary

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Other related parties *(Continued)*		
趙煒 Zhao Wei	N/A	A non-controlling shareholder of a subsidiary
蘇晉生 Su Jinsheng	N/A	A non-controlling shareholder of a subsidiary
深圳市華彩成長企業管理諮詢有限公司 Shenzhen Hua Cai Growth Enterprise Management Consulting Co., Ltd	Management Consulting	A non-controlling shareholder of a subsidiary
王成秀 Wang Chengxiu	N/A	A non-controlling shareholder of a subsidiary
鄒菊享 Zhou Juxiang	N/A	A non-controlling shareholder of a subsidiary
黃河 Huang He	N/A	A non-controlling shareholder of a subsidiary
吳濤 Wu Tao	N/A	A non-controlling shareholder of a subsidiary
黃建新 Huang Jianxin	N/A	A non-controlling shareholder of a subsidiary
龔林 Gong Lin	N/A	A non-controlling shareholder of a subsidiary
高曉明 Gao Xiaoming	N/A	A non-controlling shareholder of a subsidiary

38. RELATED PARTY DISCLOSURES *(Continued)*

(a) Names and relationships with related parties during the years ended 31 December 2015 and 2014 are as follows: *(Continued)*

Name	Principal Activities	Relationship
Other related parties *(Continued)*		
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 Mr. Pan Jun
深圳市彩付寶網路技術有限公司 Shenzhen Colour Pay Network Technology Co., Ltd.	Network financial services	Entity controlled by Mr. Pan Jun
錦江物業第一分公司 JinJiang Property Management No. 1 Company	Property management services	Entity controlled by a non-controlling shareholder
兆興控股 Zhaoxin Holdings Limited	Investment Holding	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	Property management services	A non-controlling shareholder of a subsidiary

38. 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:

	2015 **RMB'000**	2014 RMB'000
Amounts due from fellow subsidiaries		
Non-trade nature	**24,463**	18,540
Trade nature	**22,085**	1,617
	46,548	20,157

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:

	2015 **RMB'000**	2014 RMB'000
0 to 30 days	**911**	–
31 to 90 days	**938**	–
91 to 180 days	**1,483**	153
181 to 365 days	**17,590**	–
Over 1 year	**1,163**	1,464
	22,085	1,617

Aging of past due but not impaired trade amounts due from fellow subsidiaries

	2015 **RMB'000**	2014 RMB'000
91 to 180 days	**1,483**	153
181 to 365 days	**17,590**	–
Over 1 year	**1,163**	1,464
	20,236	1,617
Amounts due from non-controlling shareholders	**46,422**	14,989

38. RELATED PARTY DISCLOSURES *(Continued)*

(b) Related party balances *(Continued)*

	2015 RMB'000	2014 RMB'000
Amount due from an associate		
Shenzhen Yuezhong Property Management	**1,105**	–
Amounts due from related parties		
Huidong Dayawan San Jiao Zhou	**2,402**	–
Jinjiang Property Management No. 1 Company	**798**	336
Shenzhen Colour Pay Network Technology Co., Ltd	**4,028**	–
	7,228	336

For the non-trade balances with fellow subsidiaries, non-controlling shareholders, an associate 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.

	2015 RMB'000	2014 RMB'000
Amounts due to fellow subsidiaries	**4,734**	1,777
Amounts due to non-controlling shareholders of the subsidiaries		
Current	**30,125**	5,846
Non-current	**816**	1,572
	30,941	7,418
Amount due to an associate		
Shenzhen Yuezhong Property Management	**5,040**	775
Amount due to a joint venture		
Guilin Tongji	**94**	94

Except for amount due to Mu Xiaoming, a non-controlling shareholder of RMB1,055,000 (2014: RMB1,198,000) 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.

38. 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:

	2015 **RMB'000**	2014 RMB'000
Engineering services income		
Fellow subsidiaries	**15,517**	13,532
An associate:		
Shenzhen Yuezhong Property Management	**517**	–
Property management services income		
Fellow subsidiaries	**13,403**	16,326
Management service fee income		
An associate:		
Shenzhen Yuezhong Property Management	**50**	58
Other related party:		
Huidong Dayawan San Jiao Zhou	**2,960**	784
Interest expense		
A non-controlling shareholder:		
Mu Xiaoming	**133**	145

38. RELATED PARTY DISCLOSURES *(Continued)*

(d) Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 December 2015 and 2014 were as follows:

	2015 RMB'000	2014 RMB'000
Short-term employee benefits	**8,673**	3,773
Post-employment benefits	**347**	199
Share-based payments	**16,695**	6,614
	25,715	10,586

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

(e) Others

As at 31 December 2015, certain directors of the Company provided joint guarantees to the banks to secure the Group's bank borrowings amounting to RMB 50,000,000 (2014: nil) in aggregate.

39. EVENT AFTER END OF THE REPORTING PERIOD

On 29 January 2016, the Company issued private corporate bonds of RMB100,000,000 with a term of three years ("2016 Private Corporate Bonds"), carrying interest at rate of 6.7% per annum. The proceeds are to be used for the general working capital purposes.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of Financial Position of the Company

	2015 RMB'000	2014 RMB'000
Non-Current Assets		
Investments in subsidiaries	**185,762**	185,762
Amounts due from subsidiaries (note)	**496,937**	534,457
	682,699	720,219
Current Assets		
Other receivables and prepayments	**–**	19,379
Amount due from a related party	**1**	–
Amount due from fellow subsidiaries	**4,000**	–
Bank balances and cash	**10,288**	11,943
	14,289	31,322
Current Liabilities		
Other payables	**781**	29,307
Amounts due to subsidiaries	**13,023**	–
Amounts due to fellow subsidiaries	**39**	–
	13,843	29,307
Net Current Assets	**446**	2,015
Total Assets Less Current Liabilities	**683,145**	722,234
Capital and Reserves		
Share capital	**79,325**	79,315
Reserves	**603,820**	642,919
Total equity	**683,145**	722,234

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.

41. FINANCIAL SUMMARY OF THE COMPANY

Movements in Reserve

	Share capital RMB'000	Share premium RMB'000	Share options reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2014	164	36,902	–	(23,632)	13,434
Loss and total comprehensive expense 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
Loss and total comprehensive expense for the year	–	–	–	(57,151)	(57,151)
Issue of share upon exercise of share option	10	751	(97)	–	664
Dividend paid to shareholders	–	(71,033)	–	–	(71,033)
Recognition of equity-settled share-based payment	–	–	88,431	–	88,431
At 31 December 2015	**79,325**	**604,515**	**118,114**	**(118,809)**	**683,145**

Financial Summary

RESULTS

	For the year ended 31 December				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Revenue	146,503	196,507	233,069	389,287	**827,645**
Profit before tax	38,381	60,861	70,935	211,833	**252,083**
Income tax expense	(14,929)	(15,996)	(25,467)	(61,347)	**(69,428)**
Profit for the year	(13,004)	44,336	45,468	150,486	**182,655**
Attributable to:					
Owners of the Company	6,652	43,432	44,368	145,675	**168,438**
Non-controlling interests	(19,656)	904	1,100	4,811	**14,217**
	(13,004)	44,336	45,468	150,486	**182,655**

ASSETS AND LIABILITIES

	As at 31 December				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Total assets	466,889	655,942	494,467	1,599,731	**2,719,156**
Total liabilities	403,176	547,757	310,764	512,467	**1,418,424**
	63,719	108,185	183,703	1,087,264	**1,300,732**
Equity attributable to owners of the Company	62,649	106,248	178,925	1,071,601	**1,259,391**
Non-controlling interests	1,064	1,937	4,778	15,663	**41,341**
	63,713	108,185	183,703	1,087,264	**1,300,732**

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