



2015 INTERIM REPORT

Colour Life Services Group Co., Limited

Stock Code: 1778



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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
P.O. 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

Honors and Awards

In June 2015, Colour Life Services Group Co., Limited (hereinafter referred to as the “Company” or “Colour Life”) was awarded by China Real Estate TOP 10 Research Team the following honors:

1. China TOP 100 Property Management Companies for seven consecutive years (2009–2015).
2. The 2015 Leading Companies in terms of Characteristic Service among the China Top 100 Property Management Companies – Smart Community.
3. The 2015 China TOP 100 Property Management Companies – TOP 10 Property Management Companies in terms of Business Scale.



Honors and Awards

4. The 2015 China TOP 100 Property Management Companies – TOP 10 Growing Companies.
5. The 2015 China TOP 100 Property Management Companies – Leading Property Management Companies in terms of Customer Satisfaction.

In June 2015, Colour Life was honoured as the “2014 World Largest Property Management Company in terms of Total GFA of residential properties managed” by China Index Academy.



Chairman's Statement



Evolution: Gearing Up for the Future

Dear Shareholders of Colour Life,

Thank you all for your longstanding concern and trust for Colour Life!

Colour Life together with its subsidiaries (the "Group", "we" or "us") has earned excellent achievements since its listing one year ago. The gross floor area ("GFA") coverage of our community services has been rapidly expanding, while our persistent application of advanced technologies to improve the operational efficiency of our communities has resulted in significant cost optimisation and greater customer satisfaction because of the higher level of security, comfort and convenience afforded to residents' daily living. Meanwhile, the Group's ecosystem strategy came into shape in 2015, as positive operating data were reported in the third-party vertical applications on the Caizhiyun platform. Such applications are expected to further strengthen residents' stickiness and activeness, providing a solid foundation for the development of the Group's value-added businesses in future.

Through a unique business model integrating its online and offline operations, the Group reported outstanding results in both its property management service segment and value-added service segment. In terms of operating results, for the six months ended 30 June 2015, revenue from principal operating activities amounted to RMB278.1 million, representing an increase of 70.2% as compared to the first half of 2014. Core net profit (excluding listing and option expenses) amounted to RMB115.4 million with a growth rate of 56.6% from RMB73.7 million for the same period in 2014, while profit attributable to owners of the Company amounted to RMB77.6 million, representing an increase of 25.2% as compared to the first half of 2014.

After 13 years of operations and development, the Group has amassed extensive experience in community service and management, while an enormous, fragmented market also favours our development. As such, we have undoubtedly embarked on the fast track of development. However, we have been reflecting on three questions: First, how should we confront to the increasingly complex market situation; Second, along with our expansion in size, there will be mounting challenges for the management, including the ability to counter noise and clamour; Third, more requirements will arise from the ecosystem platform establishment, a strategy representing the Group's evolution. The solution to these three issues, in our opinion, is focus and evolution.

Chairman's Statement

I. Staying focused: the basis of ongoing evolution for Colour Life

The ability to stay focused could be the most valuable property of a company, because to stay focused is to persevere. In the case of the Group, its success in the past is attributable precisely to its persistent focus on one business – community services – for 13 years. And it is also by staying focused that one could come up with creative solutions when confronted with new problems. In future, we will continue to stay focused on the following aspects:

1. Focused on acquiring market shares through reputation

While we gained access to over 100 Chinese cities mainly by way of merger and acquisition in the past, we must turn each city we have entered into a base of our operations, where we must build a relationship of trust with property owners and partners on the basis of reputation. Over the past year, our organic growth has been gaining momentum. For the first half of 2015, GFA addition through organic growth as a percentage of total GFA addition further increased to 46.5%, excluding the acquisition of Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司) (hereinafter referred to as "Kaiyuan International"). Meanwhile, the Group ranks 6th out of the top 10 leaders in terms of customer satisfaction among the China TOP 100 Property Management Companies, according to the "China TOP 100 Property Management Companies 2015 Research Report" published by China Index Academy, up a notch from 2014 in further enhancement of the Group's brand name and reputation. However, we are at times still "simple and rudimentary" in thought and methodologies, in operating practices and our understanding of owners' requirements, as well as lacking in management details, as clearly indicated by negative reports emerging during the past year. We believe that it is a good chance that our departments and regional business offices should bring their creative thinking into daily operation and think about how they can win in the market through reputation in the cities where they manage residential communities.

2. Focused on the establishment of enduring and trusting relationships with residents' to facilitate the O2O business

The question of how community O2O should be implemented has been a much discussed subject lately. There have been many examples of O2O companies making futile attempts to build information connection, from which we can draw an obvious conclusion: The age of the Internet is an age of information overflow, in which trust is more important and can only be built over time. And the future of the Group's community ecosystem lies in none other than the lasting and trusting relationships with residents developed by Caizhiyun via both online and offline means. Ultimately, only such relationships will benefit the implementation of our joint venture O2O businesses in the communities we serve. Currently, the Group has more than 1,500 employees involved in front desk services, such as customer managers and community officers, accounting for over 30% of our total staff headcount. As the hub connecting all residents in the community and foundation on which trusting relationships are formed, these employees are the most valuable property of the Group.

Chairman's Statement

II. Evolution as the only viable path for Colour Life in future

For many enterprises, the Internet+ age brings enormous challenges rather than opportunities. The fundamental reason, in our view, is that such enterprises have hoped to fit in this new era merely by optimising their own operations. This is why the more successful these enterprises were in the past, the greater challenge they are facing now. Some say that "success is an ordeal in which you become obsessed with yourself and fail to see the rest." Therefore, the Group must consider its future scenes from the perspective of evolution, which means that we must discard what seemed to have brought us success in the past and start all things anew. The Group is evolving from a modern service company to a developer of community O2O ecosystems. In future, the success of our evolution will primarily be determined by the following:

1. Organisational reforms are inevitable in the course of corporate evolution

Organisational reforms are essential to any corporate evolution. In future, we must be engaged in soul-searching reflection on how to streamline our organisation and operate on a "small-team" basis, and how to facilitate self-motivation in a more effective manner. The manner in which traditional enterprises are outcompeted by lighter-weight and more efficiently managed Internet companies through "dimension reduction" should give us a profound understanding of the opportunities and challenges that this age has brought upon us. For example, we need to think about whether the property owners can become our supervisors in housekeeping, security and cleaning through the platform? Are we able to build an efficient connection that allows all participating individuals to fulfill their duties in our system and realise reward (or punishment) for their deliverables on a concurrent basis?

The Group has adopted a share option incentive scheme. In April 2015, the Group granted 25 million new share options, 95% of which were awarded to over 800 employees excluding the Directors, aiming to align the work objectives of the employees with those of the shareholders and drive staff motivation to the maximum extent. Meanwhile, in 2015, the Group established the virtual partnership programme for junior staff that awards a certain percentage of amounts exceeding target profit levels of projects as staff bonus. Elsewhere, the Group's Training Academies have been established in the seven major regions of South China, East China, Central China, Northeast China, Northwest China and Southwest China, and training camps have been organized for staff of various positions, including community officers, customer managers, supervisors, assistant managers or general managers, to provide assurance for employees' professional qualification and job-related upgrades. Effective since 2015, all community officers of the Group are required to have obtained a certificate in relevant training before appointment. During the first half of the year, 2 officer training camps were held and 80 qualified community officers were trained, providing a succession of high-calibre personnel for our business development.

Chairman's Statement

2. **The evolution of the Group's platform must be more efficient in facilitating connection with partners**

Our platform services have been designed not just for the property owners, but also for our business partners in relevant segments. Over the past year, our platform has been upgraded from Version 2.2 to Version 2.3. As at 30 June 2015, Caizhiyun APP had more than 1,560 thousand registered users, including over 620 thousand active users, which represented significant growth as compared to the end of 2014. Meanwhile, we started to connect with certain partners, such as Ping An Bank Shenzhen Branch, JD.com, Heike under S. F. Express, Hehenian (E-wealth management service supplier) and E-Master (E-maintenance service supplier). As at 30 June 2015, the E-wealth management service registered a daily order volume of more than 4,000 orders, amassing aggregate investment of RMB231 million, while the E-maintenance service registered a daily order volume of more than 2,000 orders, with approximately 50% originating from household maintenance needs of community residents. These achievements are proof to the effectiveness of the Group's incubation business model, and the community ecosystem that we have been building has come into initial shape. It is certain that we will cooperate with more partners in future. We must facilitate better connection with these partners through our platform, and we must achieve more efficient ecosystem operations through more effective amassing of data, information and credit. We are deeply aware that the future operation of the ecosystem will not limited to a singular product's success. More importantly, it will be the victory of the operation of data and information. And this is the only way in which the Group's platform will reap success in future.

3. **Emphasis on the research and operation of access and scene is crucial to evolution**

At present, many Internet companies are competing for accesses or scenes. Upon closer observation, however, not many enterprises have been able to build high-frequency accesses and sustained scenes. A classic example of success in both would be WeChat. In future, we must put a strong emphasis on the ability to build high-frequency community accesses and sustained scenes after gaining access. This would be the most significant factor that distinguishes us from our competitors. In aspects of accesses and scenes, we have gained some experience over the past year, but that is far from enough. In future, we must work with our partners to investigate ways of enriching the scenes for our community services and consolidating our community accesses.

We are going into the 13th year of our operations, which also marks the first anniversary of our public listing. This is an age of change. So long as we persist in evolution with a humble heart and an open mind, we will surely be marching on from victory to victory.

Like "blossoming flowers at sunrise and the azure river in Springtime," let us embrace the new future!

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 GFA 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 include mixed-use properties containing residential units and ancillary facilities that are non-residential in nature, (ii) pre-sale services provided to property developers, including cleaning, security and maintenance of the pre-sale display units; and (iii) consultancy services provided for regional property companies, such as standardised operation, cost control and consultation;
- engineering services, which primarily include: (i) equipment installation services, (ii) repair and maintenance services, and (iii) automation and other equipment upgrade services through the Group's equipment leasing program; and
- community leasing, sales and other services, which primarily include: (i) common area rental assistance, (ii) purchase assistance, and (iii) residential and retail units rental and sales assistance.

PROPERTY MANAGEMENT SERVICES

The Group sticks to its strategy of rapid expansion of GFA. During the Period, the Group acquired 100% equity interests in 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 was ranked 35th among the top 100 property enterprises by China Index Academy in 2014 and provided services to more than 130 communities in 41 cities in the PRC with the total contracted GFA of approximately 29.3 million sq.m. 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 30 June 2015, the coverage of the residential communities the Group managed or entered into consultancy services contracts with grew to 147 cities, which brought word-of-mouth successes 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 owners' representatives. The total contracted GFA under new engagement was 23.5 million sq.m. during the first half of the year.

Through the expansion by ways of acquisitions and organic growth, as at 30 June 2015, the contracted GFA of the Group was 270.2 million sq.m. and the number of residential communities the Group managed or entered into consultancy services contracts with reached 1,700, representing a rapid growth of 31.6% and 34.4% respectively, comparing with that as at 31 December 2014.

In order to speed up the market expansion, the Group launched the Colour Life Property Sales model. Based on the cooperation with the property developers and financial institutes, Colour Life Property Sales model is selling properties that bundled with coupons that can be used afterwards on the Caizhiyun Platform to the property owners. Colour Life properties is primarily targeting buyers being with limited disposable income whereby the coupons are with the aim to ease the pressure of the living cost of the targeted customers. In turn, by launching such coupon, Colour Life Property Sales model is with the aim to greatly improve the Caizhiyun platform's user stickiness and activity.

Management Discussion and Analysis

Geographical Presence

As at 30 June 2015, the regions in which residential communities 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

Eastern China

39. Changzhou
40. Dongtai
41. Gaoyou
42. Huai'an
43. Jiangyin
44. Jurong
45. Lianyungang
46. Nanjing

47. Nantong
48. Shanghai
49. Suzhou
50. Wuxi
51. Wuhu
52. Xinghua
53. Yancheng
54. Yangzhou
55. Yixing
56. Changshu
57. Kunshan
58. Xuzhou
59. Hangzhou
60. Chuzhou
61. Huzhou
62. Fuyang
63. Jiaxing
64. Linyi
65. Yantai
66. Zhenjiang
67. Zibo
68. Bengbu
69. Hefei
70. Ji'ning
71. Liu'an
72. Qingdao
73. Quzhou
74. Shaoxing
75. Taicang
76. Wenzhou

Southwestern China

77. Chengdu
78. Liuzhou
79. Dali
80. Guilin
81. Nanning
82. Zigong
83. Chongzuo
84. Baise
85. Guigang
86. Zunyi
87. Guiyang
88. Fangchenggang
89. Deyang
90. Guang'an
91. Laibin
92. Lijiang
93. Mianyang

94. Pingnan
95. Suining
96. Tongren
97. Yizhou
98. Chongqing
99. Ziyang
100. Anshun

Northeastern China

101. Gaizhou
102. Harbin
103. Huludao
104. Shenyang
105. Shuangyashan
106. Tieling
107. Yingkou
108. Diaobingshan
109. Benxi
110. Changchun
111. Panjin
112. Anshan
113. Dalian

Northwestern China

114. Xi'an
115. Yinchuan
116. Lanzhou
117. Hancheng
118. Xi'ning
119. Yulin

Northern China

120. Beijing
121. Qinhuangdao
122. Tianjin
123. Shijiazhuang
124. Baotou
125. Tongliao
126. Wuhai

Central China

127. Changsha
128. Xinxiang
129. Yiyang
130. Zhengzhou
131. Wuhan
132. Chenzhou
133. Kaifeng
134. Anyang

135. Xiangyang
136. Jingmen
137. Puyang
138. Yichang
139. Yueyang
140. Zhangjiajie
141. Zhuzhou
142. Huixian
143. Luohe
144. Xiangtan
145. Huanggang

Non-Mainland China

146. Hong Kong

Oversea

147. Singapore



Management Discussion and Analysis

The Group's total contracted GFA had grown continuously during the first half of 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 as at the dates indicated below:

	As at 30 June 2015				As at 31 December 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	7,749	130	830	19	4,780	102	720	18
Southern China (excluding Shenzhen) ⁽¹⁾	51,937	355	6,606	22	34,914	194	13,386	113
Eastern China ⁽²⁾	86,607	515	10,330	69	38,777	230	40,011	228
Southwestern China ⁽³⁾	32,791	175	798	2	17,701	60	3,488	34
Northeastern China ⁽⁴⁾	9,278	57	3,429	21	5,068	33	4,015	26
Northwestern China ⁽⁵⁾	13,061	61	76	1	10,869	53	76	1
Northern China ⁽⁶⁾	8,922	39	2,522	20	8,807	17	2,522	20
Central China ⁽⁷⁾	31,313	147	2,884	13	15,545	78	3,868	29
Non-mainland China ⁽⁸⁾	40	16	–	–	–	–	–	–
Overseas ⁽⁹⁾	987	38	–	–	703	29	–	–
Total	242,685	1,533	27,475	167	137,164	796	68,086	469

Notes:

- (1) Including Danzhou, Fuzhou, Shantou and Zhanjiang as at 30 June 2015.
- (2) Including Bengbu, Hefei, Ji'ning, Liu'an, Qingdao, Quzhou, Shaoxing, Taicang and Wenzhou as at 30 June 2015.
- (3) Including Deyang, Guang'an, Laibing, Lijiang, Mianyang, Pingnan, Suining, Tongren, Yizhou, Chongqin, Ziyang and Anshun as at 30 June 2015.
- (4) Including Anshan and Dalian as at 30 June 2015.
- (5) Including Hancheng, Xi'ning and Yulin as at 30 June 2015.
- (6) Including Shijiazhuang, Baotou, Tongliao and Wuhai as at 30 June 2015.
- (7) Including Huixian, Luohe, Xiangtan and Huanggang as at 30 June 2015.
- (8) Including Hong Kong as at 30 June 2015.
- (9) Including Singapore as at 30 June 2015.

Management Discussion and Analysis

As at 30 June 2015, the Group had grown its coverage to 146 cities in China and one country outside China where the Group was contracted to manage 1,533 residential communities with an aggregate contracted GFA of approximately 242.7 million sq.m. and entered into consultancy services contracts with 167 residential communities with an aggregate contracted GFA of approximately 27.5 million sq.m.. The Group will continue to expand its business through obtaining new service engagements and acquisitions of other property management companies. The table below sets forth the movement of the total contracted GFA and the number of residential communities the Group managed or provided consultancy services to during the first half of 2015:

	As at 30 June 2015				As at 31 December 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	Number of Residential Communities	Total Contracted	Number of Residential Communities	Total Contracted	Number of Residential Communities	Total Contracted	Number of Residential Communities
	GFA ('000 sq.m)		GFA ('000 sq.m)		GFA ('000 sq.m)		GFA ('000 sq.m)	
As at the beginning of the year	137,164	796	68,086	469	63,285	436	28,248	179
New engagements ⁽¹⁾	23,235	135	240	1	42,866	136	46,450	338
Acquisitions	54,221	384	2,040	8	32,870	241	-	-
Transfer from consultancy service to self-management ⁽²⁾	38,924	296	(38,924)	(296)	2,069	15	(2,069)	(15)
Terminations ⁽³⁾	(10,859)	(78)	(3,967)	(15)	(3,926)	(32)	(4,543)	(33)
As at the end of the year	242,685	1,533	27,475	167	137,164	796	68,086	469

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 six months ended 30 June 2015, the Group managed to acquire 12 of the property management companies to which it provided consultancy service previously, resulting in the relevant residential communities under the Group's consultancy service arrangements transferred into those the Group managed.
- (3) Including the contracted GFA and the number of residential communities which the Group ceased to manage primarily due to non-renewal of certain property management contracts.

Management Discussion and Analysis

Nature of the Property Developers

The properties that the Group manages or provides with consultancy services are predominantly constructed by independent property developers other than Fantasia Holdings Group Co., Limited ("Fantasia Holdings") and its subsidiaries (collectively, the "Fantasia Group"), the controlling shareholder of the Company. The table below sets forth a breakdown of the contracted GFA and the number of properties the Group managed or provided with consultancy services which were developed by independent property developers and Fantasia Group as at the dates indicated below:

	As at 30 June 2015				As at 31 December 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	262,181	97.0%	1,668	98.1%	197,271	96.1%	1,233	97.5%
Properties constructed by the Fantasia Group	7,979	3.0%	32	1.9%	7,979	3.9%	32	2.5%
Total	270,160	100.0%	1,700	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:

Security services

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

Cleaning and gardening services

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

Repair and maintenance services

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

Management Discussion and Analysis

Colour Life Property Management Services Model

As at 30 June 2015, the Group employed over 30,000 on-site personnel to provide property management services. The table below sets forth the property management fee range for residential area within the residential communities the Group managed on a commission basis and a lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 30 June 2015		As at 31 December 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	0.5–8.8	0.97–7	0.5–8.8	3.5
Southern China (excluding Shenzhen) ⁽¹⁾	0.6–6.8	0.4–3.5	0.6–6	–
Eastern China ⁽²⁾	0.1–3.6	0.58–4.2	0.1–2.9	1.2
Southwestern China ⁽³⁾	0.55–5.68	0.3–4.6	0.55–5.68	–
Northeastern China ⁽⁴⁾	0.7–1.5	1.8	0.7–1.5	–
Northwestern China ⁽⁵⁾	0.8–3.95	1.5	0.8–3.95	–
Northern China ⁽⁶⁾	0.4–4.95	0.75–5.2	0.4–2.8	–
Central China ⁽⁷⁾	0.5–2.48	0.85–4.48	0.5–2.48	–
Non-Mainland China ⁽⁸⁾	1.42–20.35	–	–	–
Singapore	1.23	–	1.23	–

Notes:

- (1) Including Danzhou, Fuzhou, Shantou and Zhanjiang as at 30 June 2015.
- (2) Including Bengbu, Hefei, Ji'ning, Liu'an, Qingdao, Quzhou, Shaoxing, Taicang and Wenzhou as at 30 June 2015.
- (3) Including Deyang, Guang'an, Laibing, Lijiang, Mianyang, Pingnan, Suining, Tongren, Yizhou, Chongqing, Ziyang and Anshun as at 30 June 2015.
- (4) Including Anshan and Dalian as at 30 June 2015.
- (5) Including Hancheng, Xi'ning and Yulin as at 30 June 2015.
- (6) Including Shijiazhuang, Baotou, Tongliao and Wuhai as at 30 June 2015.
- (7) Including Huixian, Luohe, Xiangtan and Huanggang as at 30 June 2015.
- (8) Including Hong Kong as at 30 June 2015.

The Group always believes that, just like other industries, the community services industry will also experience transformation from a labour-intensive industry to a technology-intensive industry, and thus the Group has spared no effort to provide more 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 for 2015 issued by China Index Academy, the Group was ranked the sixth among the top ten leading enterprises in terms of customers' satisfaction to the top 100 property services enterprises, 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 employees for every million sq. m. is approximately half of the number of employees of the top 100 enterprises in the industry.

Management Discussion and Analysis

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 control centre, which greatly reduces the number of middle management staff members and realises a flat organisation. The Group has also classified its managed communities into various classes for the provision of different classes of services based on the difference of charging standards and developed standardised equipment alteration and service projects for various classes to ensure consistency of customer experience for various projects and secure the Group's rapid expansion in the PRC. The establishment of an automated, centralised and standardised management system ensures the Group's effective cost control while maintaining the customer satisfaction.

In addition, the Group is actively building up an online platform Caizhiyun APP for its community services, and migrated such functions as remittance of fees, requesting repair and maintenance services, issuing of notices and submitting complaints from a traditional offline platform to an 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 manners in order to, on one hand, ensure the quality of the offline basic community services and, on the other hand, thoroughly get aware of the services that the property owners immediately need. 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 30 June 2015, the Group was contracted to provide consultancy services to 167 residential communities in the PRC. For the six months ended 30 June 2015, income generated from the Group's consultancy services was RMB39.8 million (2014: RMB10.2 million), or 14.3% of its total revenue for the Period (2014: 10.7%). 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.

Management Discussion and Analysis

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, the Group has been conducting Internet-based transformation and operation in respect of all managed projects. In 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, inspection and delivery of construction work, APP registration and vertical applications for the ecosystem (including E-maintenance, E-leasing, E-wealth management and micro business circle, etc). In the first half of 2015, the Group completed hardware modification for 345 communities, and the modification for a total of 755 communities has been completed so far, representing 44.4% of the number of communities managed by the Group, providing strong assurance for enhanced centralised management and consistent service quality at fundamental properties, as well as offering more convenient community services to residents.

Automation and other hardware equipment installation services

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

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

The Group assists residential communities 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 30 June 2015, the Group was engaged to provide repair and maintenance services to 888 residential communities it manages or provides with consultancy services.

Management Discussion and Analysis

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 30 June 2015, the Group had completed automation and other equipment upgrades at approximately 755 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 needs 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 the first half of 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" (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 30 June 2015, registered users of Caizhiyun increased to over 1,560 thousand, of which 620 thousand were active users, each representing an increase of 50% 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 will insist on its strategy of open platform and has commenced cooperation with a number of third parties for vertical application through business incubation strategy 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-maintenance 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), Heike under S.F. Express (順豐嘿客), Suning.com (蘇寧易購), and Mengniu (蒙牛). As at 30 June 2015, E-maintenance services registered a daily order volume of more than 2,000 orders, while E-wealth management registered a daily order volume of more than 4,000 orders, amassing aggregate investment of RMB231.0 million. Such positive operating data have underlined the initial success of the Colour Life ecosystem. With the progress of the Colour Life Property Sales model, 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.

Management Discussion and Analysis

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, the Company's website or the Caizhiyun APP, which covered around 1,300 residential communities as at 30 June 2015. Typically, for purchases of rice, bottled water and cooking oil, residents place orders at the Group's Caizhiyun APP. Based on the 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 Group either receives a percentage of the sales price or a fixed fee as referral fees from the suppliers.

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. Because of the lack of information and restriction of suppliers' service radius, the offline channels to find relevant offerings are inefficient. Therefore, the Group integrates product and service suppliers on Caizhiyun APP based on residents' demand, creating a more convenient living environment for residents and developing an O2O (online to offline) ecosystem for residential communities.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue mainly arises from (i) property management services, (ii) engineering services, (iii) community leasing, sales and other services. For the six months ended 30 June 2015, the total revenue increased by 70.2% to approximately RMB278.1 million from RMB163.4 million for the six months ended 30 June 2014.

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

– *Property Management Services*

For the six months ended 30 June 2015, revenue from property management services increased by 56.5% from RMB95.6 million for the six months ended 30 June 2014 to RMB149.6 million.

Such increase was primarily attributable to:

- (a) An increase in revenue of RMB27.0 million from service fees charged under commission basis which in turn was driven by the growing revenue-bearing GFA. As at 30 June 2015, the revenue-bearing GFA under commission basis increased by 109.1 million sq.m., or 170.2%, from 64.1 million sq.m. as at the same date in 2014 to 173.2 million sq.m.;
- (b) An increase in revenue of RMB29.6 million from fees charged under consultancy services contracts as driven by the growing revenue-bearing GFA and also the better unit price charged given the effects of implementation of Colour Life property management service model started to indicate in these target companies who subscribed to the Group's consultancy services;
- (c) An increase in revenue of RMB14.1 million from services fee charged for rendering pre-sale related services for the six months ended 30 June 2015 as compared to that charged for the six months ended 30 June 2014;
- (d) A decrease in the revenue of approximately RMB16.7 million under lump sum basis due to cessation of services provided to various communities under lump sum basis.

Due to the facts discussed above, revenue from property management service for the six months ended 30 June 2015 accounted for 53.8% of the Group's total revenue, representing a decrease of 4.7% as compared to that of 58.5% for the six months ended 30 June 2014.

Management Discussion and Analysis

– *Engineering Services*

For the six months ended 30 June 2015, revenue from engineering service increased by 141.3% from RMB35.1 million for the six months ended 30 June 2014 to RMB84.7 million.

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

- (a) The growth in community repair and maintenance service income which increased by 112.6% to RMB47.4 million for the six months ended 30 June 2015 from RMB22.3 million for the six months ended 30 June 2014, which was driven by the growing revenue-bearing GFA in line with the roll out of the Colour Life services property management model;
- (b) An increase in the revenue of RMB8.2 million charged for the community equipment leasing income for the six months ended 30 June 2015 in line with the Group's community equipment upgrade program;
- (c) An increase in equipment installation service income of 156.7% to RMB26.7 million for the six months ended 30 June 2015 from RMB10.4 million for the six months ended 30 June 2014, which was driven by the growing revenue-bearing GFA under commission basis.

– *Community Leasing, Sales and Other Services*

For the six months ended 30 June 2015, community leasing, sales and other services income increased by 33.5% from RMB32.8 million for the six months ended 30 June 2014 to RMB43.8 million.

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

- (a) An increase in software usage fees at approximately RMB4.3 million as driven by the Group's growth in the total revenue-bearing GFA, which increased by 31.6% to RMB17.9 million for the six months ended 30 June 2015 from RMB13.6 million of that in the six months ended 30 June 2014;
- (b) An increase in community residential and retail units rental and sale assistance income of 137.1% to RMB8.3 million for the six months ended 30 June 2015 from RMB3.5 million for the six months ended 30 June 2014.

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 six months ended 30 June 2015, cost of sales and services increased by 30.8% from approximately RMB55.5 million for the six months ended 30 June 2014 to approximately RMB72.6 million. The increase was primarily attributable to the growth of the revenue bearing GFA.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2015, the overall gross profit increased by RMB97.5 million from approximately RMB108.0 million for the six months ended 30 June 2014 to approximately RMB205.5 million. The increase of gross profit was in line with the growth of revenue in all segments.

The overall gross profit margin increased by 7.8 percentage points to 73.9% for the six months ended 30 June 2015 from that of 66.1% for the six months ended 30 June 2014. The increase was primarily attributable to the gross profit margin of all business segments which remained at high level and the growth of weight of revenue which had a higher margin rate.

Management Discussion and Analysis

(i) *Property Management Services*

For the six months ended 30 June 2015, the gross profit margin of property management service increased by 12.2 percentage points from 62.6% for the six months ended 30 June 2014 to 74.8%, primarily due to the increase in property management service under commission basis and consultancy service, which had a gross profit margin of nearly 100%, resulting in consistent growth in both gross profit and gross profit margin; and the decrease in the proportion of revenue under lump sum basis due to the cessation of services provided to various communities under lump sum basis.

(ii) *Engineering Services*

For the six months ended 30 June 2015, gross profit margin for engineering services segment increased by 14.0 percentage points from approximately 45.0% for the six months ended 30 June 2014 to approximately 59.0%. The increase was primarily attributable to (a) the increase in the proportion of repair and maintenance service income which had a higher gross profit margin; (b) the addition of equipment leasing services which had a higher gross profit margin.

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

For the six months ended 30 June 2015, gross profit margin from community leasing, sales and other services segment remained at nearly 100%, being 99.6%.

Other Gains and Losses

The Group's other gains and losses increased by 636.1% from a loss of RMB3.6 million for the six months ended 30 June 2014 to a loss of RMB26.5 million for the six months ended 30 June 2015. The increase was primarily due to (i) an increase in exchange loss from nil to RMB2.3 million; and (ii) an increase in impairment loss recognised on trade receivables and payment on behalf of residents under commission basis 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

The Group's other income for the six months ended 30 June 2015 was RMB3.9 million, which increased by 56.0% as compared to that of the six months ended 30 June 2014.

Selling and Distribution Expenses

Selling and distribution expenses for the six months ended 30 June 2015 was RMB5.5 million, which increased by 292.9% from RMB1.4 million for the same period in 2014. The increase was mainly due to the increase of the promotion expenses for the Caizhiyun App platform.

Administrative Expenses

The Group's administrative expenses increased by 339.7% from RMB17.9 million for the six months ended 30 June 2014 to RMB78.7 million for the six months ended 30 June 2015. The Group continues to tighten the cost control measures. The increase in administrative expenses was primarily attributable to (i) the grant of share options by the Company on 29 September 2014 and 30 April 2015 respectively, which resulted in a charge of an amount of RMB31.3 million administrative expenses for the six months ended 30 June 2015; and (ii) the expansion of the Group's business scale which is in line with the Group's growing GFA more and more back offices function personnel were retained for rendering the centralisation of services like financial accounting and operations.

Management Discussion and Analysis

Expenses recharged to Residential Communities under Commission Basis

For the six months ended 30 June 2015, the Group's expenses recharged to residential communities under commission basis amounted to RMB21.6 million, representing an increase of 111.8% as compared to RMB10.2 million for the six months ended 30 June 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 therefore the re-charge of such expenses back to the community level increased consistently.

Finance Costs

The Group's finance costs were RMB6.8 million for the six months ended 30 June 2015, which have increased by 2,166.7% as compared to RMB0.3 million for the same period in 2014, mainly due to the increase in bank borrowings.

Share Options

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

On 30 April 2015, the Company granted 25,000,000 share options to its Directors, certain employees of the Group and certain minority shareholders of the Company's subsidiaries, respectively, for which the exercise price is HK\$11.0 each. Together with the effect of share options granted on 29 September 2014, the total share option expense charged to the statement of profit or loss for the six months ended 30 June 2015 was approximately RMB31.3 million.

Changes in Fair Value of Investment Properties

The Group's changes in fair value of investment properties increased 250.0% to a gain of RMB2.1 million for the six months ended 30 June 2015 from a gain of RMB0.6 million for the six months ended 30 June 2014, which was primarily due to: (a) the growth in market value of the respective investment properties which was reassessed at 30 June 2015; and (b) new acquisition of Kaiyuan International which holds various investment properties as at 30 June 2015.

Income Tax Expenses

The Group's income tax expenses increased by 30.9% to approximately RMB32.2 million for the six months ended 30 June 2015 from approximately RMB24.6 million for the six months ended 30 June 2014. The increase was primarily due to an increase of current tax for EIT by 51.2% from RMB25.4 million for the six months ended 30 June 2014 to RMB38.4 million.

Adjusted Profit for the Period

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

Adjusted profit for the six months ended 30 June 2015 was RMB115.4 million, representing an increase of 56.6% from RMB73.7 million for the same period in 2014.

Management Discussion and Analysis

Trade and Other Receivables

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

As at 30 June 2015, total trade receivables of the Group amounted to approximately RMB194.9 million, which had increased by approximately RMB37.4 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 period, which resulted in corresponding increases in repair and maintenance fees, consultation fees and software usage fees of communities.

Other receivables and prepayments increased from approximately RMB75.1 million as at 31 December 2014 to approximately RMB163.1 million as at 30 June 2015, primarily attributable to: (i) an increase of RMB21.5 million in payment on behalf of residents for residential communities under consultancy services arrangement which is in line with the increase of consultancy service revenue; (ii) an increase of RMB18.0 million in receivables from former shareholders of certain subsidiaries mainly due to the increase in the number of subsidiaries the Group acquired; (iii) an increase of staff borrowings of RMB15.5 million due to the establishment of new regional offices; (iv) an increase in prepayment for suppliers of RMB8.5 million due to the prepayment of equipment upgrade projects, which were widely introduced among residential communities that the group managed.

Payment/Receipts on Behalf of Residents

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

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

Trade and Other Payables

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

- (1) trade payables increased from approximately RMB26.0 million as at 31 December 2014 to approximately RMB36.8 million as at 30 June 2015. This was primarily due to growth of the Group's property management services business, and offset by the decrease in amount of automation and other hardware equipment installation services transactions during the period.

Management Discussion and Analysis

- (2) other payables and accruals increased from approximately RMB176.3 million as at 31 December 2014 to approximately RMB395.0 million as at 30 June 2015, primarily attributable to:
- (i) an increase of RMB92.0 million in consideration payable for acquisition of subsidiaries due to increased acquisition activities in 2015;
 - (ii) an increase of RMB66.4 million in advance from customers due to the new acquisition of Kaiyuan International by which most of the property management services provided are under lump sum basis; and
 - (iii) an increase of RMB10.1 million in other tax payable due to the Group's increase in business scale; the outstanding tax payables increased from RMB23.2 million as at 31 December 2014 to RMB33.3 million as at 30 June 2015.

Cash Position

As at 30 June 2015, the Group's total cash (including restricted bank deposits) have decreased by 7.3% from RMB823.4 million as at 31 December 2014 to approximately RMB763.3 million. As at 30 June 2015 and 31 December 2014, the amount of the Group's total cash was significantly larger than the amount of interest bearing borrowings.

The financial position continued to be stable. As at 30 June 2015, the current ratio (current asset/current liabilities) of the Group was 1.5, which was a decrease from the 2.4 as at 31 December 2014.

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 six months ended 30 June 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 30 June 2015, excluding the employees for communities under commission basis, the Group had approximately 4,614 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.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 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 Stock Exchange of Hong Kong Limited (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)} Beneficial owner ⁽³⁾	719,938,259	71.99%
		998,940	0.10%
		720,937,199	72.09%
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 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 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).

Disclosure of Interests

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

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

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of 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	71.99%
	Other interest ⁽²⁾	215,981,477	
		719,938,259	
Fantasy Pearl	Interest of controlled corporation ^{(1)&(2)}	719,938,259	71.99%
Ice Apex	Interest of controlled corporation ^{(1)&(2)}	719,938,259	71.99%
Ms. Zeng Jie, Baby	Interest of controlled corporation ^{(1)&(2)}	719,938,259	71.99%
Splendid Fortune	Beneficial owner ⁽³⁾	215,981,477	71.99%
	Other interest ⁽⁴⁾	503,956,782	
		719,938,259	
Colour Success	Interest of controlled corporation ^{(3)&(4)}	719,938,259	71.99%

Notes:

- (1) Fantasia Holdings is owned as to 57.35% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings for the purpose of Part XV of the SFO.
- (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 30 June 2015, no other shareholder, other than Directors or chief executive, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Corporate Governance and Other Information

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of 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 of directors of the Company (the "Board") that shareholders can maximise their benefits from good corporate governance.

The Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess 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.

CORPORATE GOVERNANCE CODE

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 period throughout the six months ended 30 June 2015, the Board is of the view that the Company has complied with all code provisions under the CG Code save for the following deviation:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The audit committee of the Company currently comprises three independent non-executive Directors, comprising Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin, while Mr. Tam Chun Hung, Anthony is the chairman of the committee. The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2015. In addition, the independent auditors of the Company, Deloitte Touche Tohmatsu, have reviewed the unaudited interim results and the interim report for the six months ended 30 June 2015 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Corporate Governance and Other Information

REMUNERATION COMMITTEE

The Company has established a remuneration committee with specific written terms of reference in compliance with the CG Code. The remuneration committee currently comprises an executive Director, Mr. Tang Xuebin, and three independent non-executive Directors, Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin, while Dr. Liao Jianwen is the chairman of the remuneration committee. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Board regarding the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants pursuant to the share option scheme of the Company.

NOMINATION COMMITTEE

The Company has established a nomination committee with specific written terms of reference in compliance with the CG Code. The nomination committee currently comprises an executive Director, Mr. Tang Xuebin, a non-executive Director, Mr. Pan Jun, and three independent non-executive Directors, Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin, while Mr. Pan Jun is the chairman of the committee. The primary function of the nomination committee is to make recommendations to the Board on the appointment of members of the Board.

Corporate Governance and Other Information

SHARE OPTION SCHEME

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

The summary below sets out the details of movement of the share options during the six months ended 30 June 2015 pursuant to the Share Option Scheme:

Name	Date of grant	Exercise price HK\$	Closing price of the shares on the date of grant HK\$	Number of share options				Balance as at 30 June 2015	Weighted average closing price immediately before exercise HK\$	Note
				Balance as at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/lapsed during the period			
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,	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
Anthony	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	29 September 2014	6.66	6.66	18,320,470	-	(113,000)	(659,900)	17,547,570	10.98	(1)
				23,018,550			(1,918,200)	21,100,350		(2) & (4)
Director and certain minority shareholders of the Company's subsidiaries	30 April 2015	11.00	10.88	-	23,569,500	-	-	23,569,500	-	(3)
Total				45,000,000	25,000,000	(113,000)	(2,578,100)	67,308,900	-	

Corporate Governance and Other Information

Notes:

- (1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date of grant; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.
- (2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.
- (3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.
- (4) 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 SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2015.

STRUCTURED CONTRACTS

The Group is entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the "Contractual Arrangement") under the Structured Contracts. For details of the Structured Contracts, please refer to the section headed "History, Reorganisation and Group Structure – The Structured Contracts" in the Company's prospectus dated 17 June 2014.

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

The Company continued to expand and cooperate with various partners on the Caizhiyun platform. With E-maintenance service and E-wealth management service introduced to the platform, the revenue and total asset value subject to the Contractual Agreement amounted to approximately RMB2.3 million for the period ended 30 June 2015 and approximately RMB3.5million as at 30 June 2015, respectively.

Corporate Governance and Other Information

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.

Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF COLOUR LIFE SERVICES GROUP CO., LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Colour Life Services Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 August 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	NOTES	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue		278,140	163,439
Cost of sales and services		(72,592)	(55,453)
Gross profit		205,548	107,986
Other gains and losses		(26,479)	(3,572)
Other income		3,871	2,536
Selling and distribution expenses		(5,532)	(1,397)
Administrative expenses		(78,660)	(17,895)
Expenses recharged to residential communities under commission basis		21,611	10,174
Finance costs		(6,765)	(325)
Listing expenses		–	(8,317)
Change in fair value of investment properties		2,099	580
Share of profit of associates		319	31
Share of profit of a joint venture		374	119
Profit before tax		116,386	89,920
Income tax expense	4	(32,237)	(24,584)
Profit and total comprehensive income for the period	5	84,149	65,336
Profit and total comprehensive income attributable to:			
Owners of the Company		77,578	62,046
Non-controlling interests		6,571	3,290
		84,149	65,336
Earnings per share (RMB cents)	7		
– Basic		7.76	8.31
– Diluted		7.74	N/A

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	NOTES	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	170,035	67,546
Investment properties	9	48,854	29,790
Interests in associates		6,024	1,295
Interest in a joint venture		1,320	946
Intangible assets		121,300	26,850
Goodwill		415,792	105,188
Trade receivables	10	8,908	4,802
Other receivables and prepayments	11	21,248	5,657
Deferred tax assets		17,813	5,839
Deposits paid for potential acquisitions of subsidiaries		74,721	142,661
		886,015	390,574
Current assets			
Inventories		3,828	862
Amounts due from customers for contract works		29,190	41,113
Trade receivables	10	186,014	152,662
Other receivables and prepayments	11	141,875	69,470
Payments on behalf of residents		174,725	86,214
Amounts due from fellow subsidiaries	12	21,142	20,157
Amounts due from non-controlling shareholders	12	15,595	14,989
Amounts due from a related party	12	31	336
Financial assets designated at fair value through profit or loss ("FVTPL")	13	54,158	–
Pledged/restricted bank deposits		518,360	136,323
Bank balances and cash		244,907	687,031
		1,389,825	1,209,157
Current liabilities			
Amounts due to customers for contract works		6,016	8,195
Trade payables	14	36,772	25,975
Other payables and accruals	15	395,040	176,252
Receipts on behalf of residents		75,552	72,745
Amounts due to fellow subsidiaries	12	1,235	1,777
Amounts due to non-controlling shareholders	12	2,954	5,846
Amount due to an associate	12	5,942	775
Amount due to a joint venture	12	250	94
Tax liabilities		90,366	83,906
Borrowings due within one year	16	298,122	127,927
		912,249	503,492
Net current assets		477,576	705,665
Total assets less current liabilities		1,363,591	1,096,239

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	NOTES	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		44,594	7,385
Amount due to a non-controlling shareholder	12	1,213	1,572
Borrowings due after one year	16	180,000	18
		225,807	8,975
		1,137,784	1,087,264
Capital and reserves			
Share capital	17	79,324	79,315
Reserves		1,030,730	992,286
Equity attributable to:			
Owners of the Company		1,110,054	1,071,601
Non-controlling interests		27,730	15,663
		1,137,784	1,087,264

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company						Total	Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Share options reserve	Other reserve	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014 (audited)	164	36,902	20,618	-	(63,537)	184,778	178,925	4,778	183,703
Profit and total comprehensive income for the period	-	-	-	-	-	62,046	62,046	3,290	65,336
Issue of new shares pursuant to the global offering	19,829	729,698	-	-	-	-	749,527	-	749,527
Expenses incurred in connection with issue of shares	-	(39,313)	-	-	-	-	(39,313)	-	(39,313)
Capitalisation issue of shares	58,929	(58,929)	-	-	-	-	-	-	-
Transfer from redeemable shares	393	6,439	-	-	-	-	6,832	-	6,832
Recognition of equity-settled share-based payment	-	-	-	-	175	-	175	-	175
Transfer	-	-	7,129	-	-	(7,129)	-	-	-
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	442	442
At 30 June 2014 (unaudited)	79,315	674,797	27,747	-	(63,362)	239,695	958,192	8,510	966,702
At 1 January 2015 (audited)	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 period	-	-	-	-	-	77,578	77,578	6,571	84,149
Issue of shares upon exercise of share option	9	672	-	(93)	-	-	588	-	588
Dividend paid to shareholders of the company (note 6)	-	(71,033)	-	-	-	-	(71,033)	-	(71,033)
Recognition of equity-settled share-based payment (note)	-	-	-	31,287	33	-	31,320	-	31,320
Transfer	-	-	1,957	-	-	(1,957)	-	-	-
Acquisition of subsidiaries (note 19)	-	-	-	-	-	-	-	7,796	7,796
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(2,300)	(2,300)
At 30 June 2015 (unaudited)	79,324	604,436	23,433	60,974	(63,329)	405,216	1,110,054	27,730	1,137,784

Note: 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.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	NOTES	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES			
Cash used in operations		(28,289)	44,689
Enterprise income tax ("EIT") paid		(40,815)	(22,173)
		(69,104)	22,516
INVESTING ACTIVITIES			
Interest received		2,537	402
Dividend received from associate		–	360
Increase in restricted bank deposits		(382,000)	–
Deposit returned (paid) on acquisition of subsidiaries		7,715	(59,180)
Consideration paid on acquisition of subsidiaries	19	(253,165)	–
Capital injection to an associate		(4,410)	–
Proceeds on disposal of investment properties		–	2,258
Repayment from non-controlling shareholders		–	13,063
Repayment from fellow subsidiaries		3,371	29,377
Advances to fellow subsidiaries		(18,540)	–
Investment income of financial assets designated as FVTPL		–	195
Purchase of investment properties		–	(3,363)
Purchase of property, plant and equipment		(12,872)	(12,893)
Purchase of financial assets designated as FVTPL		–	(84,500)
Redemption of financial assets designated as FVTPL		–	84,500
Repayment of loan from a non-controlling shareholder of a subsidiary		11,362	6,000
Advance of loan to a non-controlling shareholder of a subsidiary		–	(6,000)
Repayment from a related party		336	–
Advance of loan to a related party		(31)	–
Other investing cash flows		13,612	(20,866)
		(632,085)	(50,647)
NET CASH USED IN INVESTING ACTIVITIES			

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	NOTES	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
FINANCING ACTIVITIES			
Interest paid		(4,670)	(325)
Listing expenses paid		(14,712)	(39,313)
Issue of shares/redeemable shares		–	749,527
Repayment to fellow subsidiaries		(1,777)	(36,719)
Advance from fellow subsidiaries		1,235	–
Repayment to a joint venture		(94)	–
Advance from a joint venture		250	–
Repayment to an associate		(775)	(2,387)
Advance from an associate		5,942	–
Repayment to non-controlling shareholders of the subsidiary of the Company		(6,278)	(1,809)
Advances from non-controlling shareholders of the subsidiary of the Company		2,119	174
Dividend paid to non-controlling shareholders of the subsidiary of the Company		(1,020)	–
Dividend paid to shareholders of the Company		(71,033)	–
Repayments of bank borrowings		(127,945)	(110)
New bank borrowings raised		477,823	–
Capital contribution from non-controlling shareholders		–	442
Other financing cash flows		–	14,067
NET CASH FROM FINANCING ACTIVITIES		259,065	683,547
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(442,124)	655,416
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		687,031	146,113
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		244,907	801,529
Represented by:			
Bank balances and cash		244,907	801,529

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The directors of the Company considered the application of the above new or revised amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. SEGMENT INFORMATION

Segment revenues and results

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

Six months ended 30 June 2015 (Unaudited)

	Property management services RMB'000	Engineering services RMB'000	Community leasing, sales and other services RMB'000	Elimination RMB'000	Total RMB'000
External revenue	149,620	84,724	43,796	–	278,140
Inter-segment revenue	–	444	23	(467)	–
Segment revenue	149,620	85,168	43,819	(467)	278,140
Segment profit	71,968	45,165	32,540		149,673
Changes in fair value of investment properties					2,099
Share of profit of associates					319
Share of profit of a joint venture					374
Finance costs					(6,765)
Bank interest income					2,537
Share-based payment					(31,320)
Other unallocated expenses					(531)
Profit before tax					116,386

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

Six months ended 30 June 2014 (Unaudited)

	Property management services RMB'000	Engineering services RMB'000	Community leasing, sales and other services RMB'000	Elimination RMB'000	Total RMB'000
External revenue	95,599	35,087	32,753	–	163,439
Inter-segment revenue	–	439	90	(529)	–
Segment revenue	95,599	35,526	32,843	(529)	163,439
Segment profit	49,378	16,685	30,340		96,403
Changes in fair value of investment properties					580
Investment income of financial assets designated at FVTPL					195
Share of profit of an associate					31
Share of profit of a joint venture					119
Finance costs					(325)
Bank interest income					402
Listing expenses					(8,317)
Other unallocated income					832
Profit before tax					89,920

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Current tax		
The Peoples Republic of China (the PRC) EIT	38,362	25,427
Deferred tax	(6,125)	(843)
	32,237	24,584

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Staff costs	80,703	36,533
Amortisation of intangible assets (included in costs of sales)	3,598	604
Depreciation for property, plant and equipment	4,378	3,061
Minimum lease payments under operating leases in rented premises	2,008	2,256
Allowance for doubtful debts on trade receivables included in other gains and losses	9,280	1,429
Impairment loss recognised on payments on behalf of residents under commission basis included in other gains and losses	14,500	1,347

6. DIVIDENDS

During the current interim period, a final dividend of HK9.00 cents per share in respect of the year ended 31 December 2014 (2014: nil) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the period amounted to RMB71,033,000 (2014: nil).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	77,578	62,046
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000,029,138	746,458,270
Effect of dilutive potential ordinary shares: Share options	2,525,848	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,002,554,986	746,458,270

8. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment during the current interim period are summarised as below:

	RMB'000
At 1 January 2015	67,546
Additions	13,691
Acquisition of subsidiaries (note 19)	93,176
Depreciation for the period	(4,378)
At 30 June 2015	170,035

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

9. INVESTMENT PROPERTIES

	Total RMB'000
At 1 January 2015	29,790
Additions	1,598
Acquisition of subsidiaries (note 19)	15,367
Net increase in fair value recognised in profit or loss	2,099
At 30 June 2015	48,854

The fair values of the Group's investment properties at 30 June 2015 have been arrived at on the basis of valuations carried out on those dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers not connected with the Group which has appropriate qualifications and relevant experiences in valuation of similar properties in the relevant locations. The valuations of completed investment properties were arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions, where appropriate.

The addition of investment properties during the six months ended 30 June 2015 represent the purchase of residential units and commercial units, which are held under medium-term lease in the PRC.

10. TRADE RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	192,529	152,834
Retention receivables	1,451	1,508
Invoices to be issued	15,842	8,742
Less: allowance for doubtful debts	209,822 (14,900)	163,084 (5,620)
Total trade receivables	194,922	157,464
Classified as:		
Non-current	8,908	4,802
Current	186,014	152,662
	194,922	157,464

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

10. TRADE RECEIVABLES (Continued)

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 to 30 days	72,022	49,339
31 to 90 days	44,584	40,522
91 to 180 days	45,976	27,969
181 to 365 days	13,668	21,009
Over 1 year	16,279	13,995
	192,529	152,834

11. OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Deposit paid in relation to consultancy service arrangement	10,938	5,657
Other deposits	17,907	10,989
Advance to a customer	–	12,000
Staff advance	22,174	6,627
Prepayment for suppliers	24,883	16,412
Receivables from customers for residential and retail units rental assistance services on behalf of Caizhijia	622	3,832
Payment on behalf of residents for residential communities under lump sum basis	8,917	2,025
Payment on behalf of residents for residential communities under consultancy services arrangement	31,318	9,844
Receivables from former shareholders of certain subsidiaries	21,234	3,202
Others	25,130	4,539
	163,123	75,127
Classified as:		
Non-current	21,248	5,657
Current	141,875	69,470
	163,123	75,127

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

12. AMOUNTS DUE FROM (TO) FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS, A RELATED PARTY, AN ASSOCIATE AND A JOINT VENTURE

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Amounts due from fellow subsidiaries		
Non-trade nature	3,371	18,540
Trade nature	17,771	1,617
	21,142	20,157
Amounts due from non-controlling shareholders		
Non-trade	15,595	14,989
Amounts due from a related party		
Non-trade	31	336

For the non-trade balances with fellow subsidiaries, non-controlling shareholders and a related party, they are unsecured, interest-free and repayable on demand.

For the trade nature balances due from fellow subsidiaries, a 30 to 90 days credit term is granted from the issuance of invoices.

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Amounts due to fellow subsidiaries		
Non-trade nature	1,235	1,777
Amounts due to non-controlling shareholders		
Current	2,954	5,846
Non-current	1,213	1,572
	4,167	7,418
Amount due to an associate	5,942	775
Amount due to a joint venture	250	94

Except for amount due to Mu Xiaoming, a non-controlling shareholder of RMB970,000 (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 related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

13. FINANCIAL ASSETS DESIGNATED AT FVTPL

During the current interim period, the Group invested in money market funds issued by a reputable securities corporation through acquisition of Shenzhen Kaiyuan International Property Management Company Limited ("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 PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits. The investments in money market funds have been designated at FVTPL at initial recognition as the investments are managed and the performance is evaluated on fair value basis. As at 30 June 2015, the principal of the investments in the money market funds are RMB54,158,000 (2014: nil).

14. TRADE PAYABLES

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 to 60 days	14,585	17,716
61 to 180 days	7,168	2,310
181 to 365 days	5,868	2,285
Over 1 year	9,151	3,664
	36,772	25,975

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

15. OTHER PAYABLES AND ACCRUALS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Receipts on behalf of residents for residential communities under lump sum basis	21,496	7,274
Receipts on behalf on residents for residential communities under consultancy service arrangements	21,268	25,629
Accrued listing expenses	1,267	15,979
Advances from customers	80,625	14,273
Deposits received	29,577	18,690
Other tax payables	33,305	23,243
Rental payables	1,399	2,057
Accrued staff costs	31,581	16,087
Provision for retirement benefit contributions	38,411	9,447
Consideration payables for acquisition of subsidiaries	119,508	27,464
Dividend payables to non-controlling shareholders of certain subsidiaries of the Company	1,280	–
Other	15,323	16,109
	395,040	176,252

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

16. BORROWINGS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Secured bank loans	477,730	127,730
Unsecured bank loans	392	215
	478,122	127,945
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Variable-rate borrowings	229,000	79,000
Fixed-rate borrowings	249,122	48,945
	478,122	127,945
Carrying amount repayable:		
Within one year	298,122	127,927
Two to five years	180,000	18
	478,122	127,945

The amounts due are based on scheduled repayment dates set out in the relevant loan agreements.

As at 30 June 2015, all borrowings are denominated in RMB except that the unsecured bank borrowing amounting to RMB299,000 is denominated in HKD.

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

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Variable-rate borrowings		
Benchmark Borrowing Rate of The People's Bank of China	+0.485%	+0.45% to +1.07%
Fixed-rate borrowings		
Effective interest rate	3.0% to 7.2%	4.5%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
At 1 January 2015 and 30 June 2015	50,000,000,000	5,000,000
Issued and fully paid		
At 1 January 2015	1,000,000,000	100,000
Issue of shares upon exercise of share options	113,000	11
At 30 June 2015	1,000,113,000	100,011
Shown in the condensed financial statement		79,324

18. SHARE OPTION SCHEME

The following table discloses movements of the Company's share options held by directors, employees and non-controlling shareholders of certain subsidiaries during the period ended 30 June 2015:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2015	Granted during the period	Cancelled/lapsed during the period	Exercised during the period	Outstanding at 30 June 2015
Directors	29 September 2014	N/A	560,000	–	–	–	560,000
	29 September 2014	29/9/2014–28/9/2015	1,270,000	–	–	–	1,270,000
	29 September 2014	29/9/2014–28/9/2016	1,270,000	–	–	–	1,270,000
	29 September 2014	29/9/2014–28/9/2017	711,000	–	–	–	711,000
	30 April 2015	30/4/2015–29/4/2016	–	476,833	–	–	476,833
	30 April 2015	30/4/2015–29/4/2017	–	476,833	–	–	476,833
	30 April 2015	30/4/2015–29/4/2018	–	476,833	–	–	476,833
			3,811,000	1,430,500	–	–	5,241,500
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	6,107,000	–	(219,967)	(113,000)	5,774,033
	29 September 2014	29/9/2014–28/9/2015	13,730,000	–	(859,367)	–	12,870,633
	29 September 2014	29/9/2014–28/9/2016	13,730,000	–	(859,366)	–	12,870,634
	29 September 2014	29/9/2014–28/9/2017	7,622,000	–	(639,400)	–	6,982,600
	30 April 2015	30/4/2015–29/4/2016	–	7,856,500	–	–	7,856,500
	30 April 2015	30/4/2015–29/4/2017	–	7,856,500	–	–	7,856,500
30 April 2015	30/4/2015–29/4/2018	–	7,856,500	–	–	7,856,500	
			41,189,000	23,569,500	(2,578,100)	(113,000)	62,067,400
Total			45,000,000	25,000,000	(2,578,100)	(113,000)	67,308,900

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

18. SHARE OPTION SCHEME (Continued)

For share options granted during the current interim period, the closing price of the share of the Company was HK\$10.88 on 30 April 2015. 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%	0.00%

The Group recognised the total expense of RMB31,287,000 for the period ended 30 June 2015 (2014: nil) in relation to share options granted by the Company.

19. ACQUISITIONS OF SUBSIDIARIES

During the current interim period, the Group acquired following subsidiaries which carry out property management services in the PRC at a total cash consideration of RMB535,936,000. The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property operation.

Name of Subsidiaries Acquired	Consideration RMB'000	Acquisition Date	Equity Interest Acquired %
蘇州悅華置合物業服務有限公司 Suzhou Yuehua Zhihe Property Service Co., Ltd.	30,889	1 January	85%
蘇州易亞物業管理有限公司 Suzhou Yiya Property Management Co., Ltd.	19,464	1 January	90%
徐州市濱湖花園物業管理有限公司 Xuzhou Binhu Garden Property Management Co., Ltd.	7,880	1 January	90%
廣西南寧瀚新物業服務有限公司 Guangxi Nanning Hanxin Property Service Co., Ltd.	3,280	1 January	80%
撫州鴻德物業有限公司 Fuzhou Hongde Property Co., Ltd.	2,880	1 January	90%
長沙高盛物業管理有限公司 Changsha Gaosheng Property Management Co., Ltd.	2,280	31 January	80%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

19. ACQUISITIONS OF SUBSIDIARIES (Continued)

Name of Subsidiaries Acquired	Consideration RMB'000	Acquisition Date	Equity Interest Acquired %
鐵嶺世紀中天物業管理有限公司 Tieling Shiji Zhongtian Property Management Co., Ltd.	1,590	1 January	100%
瀋陽天盛河畔物業管理有限公司 Shenyang Tiansheng Hepan Property Management Co., Ltd.	1,500	1 January	95%
南昌名泰物業管理有限公司 Nanchang Mingtai Property Management Co., Ltd.	1,000	1 January	90%
清遠市大管家物業管理有限公司 Qingyuan Daguanjia Property Management Co., Ltd.	900	1 January	80%
陝西彩逸飛物業管理有限公司 Shanxi Caiyifei Property Management Co., Ltd.	500	1 January	100%
陝西鑫昌物業管理有限公司 Shanxi Xinchang Property Management Co., Ltd.	– (note)	1 January	90%
寧夏天雨子越物業服務有限公司 Ningxia Tianyu Ziyue Property Service Co., Ltd.	– (note)	1 January	80%
世紀物業管理有限公司 Century Property Management Limited	1,187	18 February	85%
鞍山市大德物業有限公司 Anshan Dade Property Management Co., Ltd.	1,580	31 March	80%
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan	330,000	17 June	100%
常州江南中鑫物業服務有限公司 Changzhou Jiangnan Zhongxin Property Service Co., Ltd.	57,063	30 June	80%
蘇州萬寶物業管理有限公司 Suzhou Wanbao Property Management Co., Ltd.	37,323	30 June	70%
揚州市恒久物業服務發展有限公司 Yangzhou Hengjiu Property Service Development Co., Ltd.	10,660	30 June	80%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

19. ACQUISITIONS OF SUBSIDIARIES (Continued)

Name of Subsidiaries Acquired	Consideration RMB'000	Acquisition Date	Equity Interest Acquired %
廈門市創優物業管理有限公司 Xiamen Chuangyou Property Management Co., Ltd.	10,040	30 June	70%
河南瑞祥物業管理有限公司 Henan Ruixiang Property Management Co., Ltd.	6,160	30 June	80%
贛州錦通物業管理有限公司 Ganzhou Jintong Property Management Co., Ltd.	5,570	30 June	100%
桂林市仁和物業服務有限公司 Guilin Renhe Property Service Co., Ltd.	4,190	30 June	70%

Note: The consideration was less than RMB1,000.

Consideration transferred

	30 June 2015 RMB'000 (Unaudited)
Cash consideration paid in current period	377,175
Deposits paid in prior years	60,225
Consideration payables included in other payables	98,536
	535,936

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 condensed consolidated statements of profit or loss and other comprehensive income.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

19. ACQUISITIONS OF SUBSIDIARIES (Continued)

Assets acquired and liabilities recognised at the dates of acquisition

	30 June 2015 RMB'000 (Unaudited)
Property, plant and equipment	93,176
Investment properties	15,367
Intangible assets	98,048
Deferred tax assets	5,901
Inventories	3,741
Trade receivables	44,607
Other receivables and prepayments	70,808
Payments on behalf of residents	21,468
Financial assets designated at FVTPL	54,158
Amounts due from non-controlling shareholders	11,968
Restricted bank deposits	37
Bank balances and cash	130,502
Trade payables	(44,607)
Other payables and accruals	(170,827)
Amount due to a subsidiary of the Company	(14,000)
Receipts on behalf of residents	(39,911)
Amounts due to non-controlling shareholders	(835)
Tax liabilities	(8,913)
Borrowing	(299)
Deferred tax liabilities	(37,261)
	233,128

The trade and other receivables acquired with as gross contractual of RMB115,415,000 as at the dates of acquisition during the period ended 30 June 2015, are approximate to its fair value.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

19. ACQUISITIONS OF SUBSIDIARIES (Continued)

Goodwill arising on acquisitions

	30 June 2015 RMB'000 (Unaudited)
Consideration transferred	535,936
Non-controlling interests	7,796
Less: fair value of net assets acquired	(233,128)
	<hr/>
Goodwill arising on acquisitions	310,604

For the period ended 30 June 2015, intangible assets of RMB98,048,000 in relation to the acquisition of subsidiaries have been recognised by the Group. The intangible assets which are the property management contracts and customer relationship have estimated future useful lives of 10 years and amortised on a straight line basis over the estimated useful lives.

At the dates of acquisitions in 2015, goodwill of RMB310,604,000 has been determined provisionally based on the acquirees' provisional fair value of net identifiable assets acquired.

None of the goodwill arising on the acquisitions during the years ended 30 June 2015 are expected to be deductible for tax purposes.

Net cash outflows arising on acquisitions

	30 June 2015 RMB'000 (Unaudited)
Cash consideration paid in current period	377,175
Less: bank balances and cash acquired	(130,502)
	<hr/>
	246,673

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

20. CAPITAL COMMITMENTS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the condensed financial statements	35,244	21,335
Consideration committed in respect of acquisition of subsidiaries authorised but not yet contracted	236,697	241,936
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed financial statements	8,217	1,702
Consideration committed in respect of capital expenditure in respect of the acquisition of property, plant and equipment authorised but not yet contracted	80,371	93,243

21. RELATED PARTY TRANSACTIONS

(a) Related party transactions

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Engineering services income		
Fellow subsidiaries	17,377	6,868
Property management services income		
Fellow subsidiaries	6,332	2,156
Other related party		
Huidong Dayawan San Jiao Zhou Co., Ltd	–	392
Interest expense		
Non-controlling shareholders	73	72

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

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

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Short-term employee benefits	4,520	532
Post-employment benefits	20	16
Share-based payments	5,563	37
	10,103	585



In The People's Republic Of China Headquarters

Add: 12/F, Colourlife Building, Meilong Road, Liuxian Avenue,
Shenzhen Guangdong Province China

Post Code: 518100 Fax:(86)0755-33930881

Tel: 4008-893-893 [Http://www.colourlife.gw.com](http://www.colourlife.gw.com)