

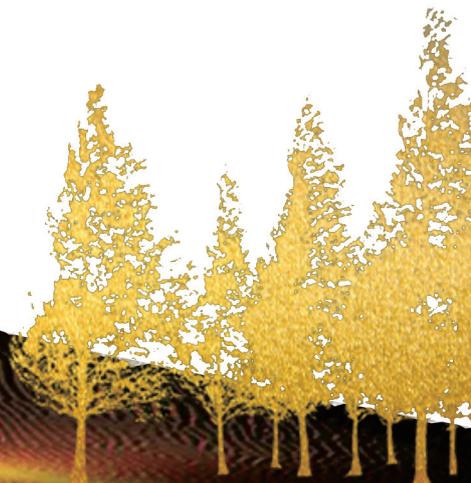


# 2017 INTERIM REPORT

— 3 — Stock Code :1778 — 3 —

Colour Life Services Group Co., Limited

Service To Your Family



# Contents

Corporate Information	<b>2</b>
Honors and Awards	<b>3</b>
Chairman's Statement	<b>5</b>
Management Discussion and Analysis	<b>8</b>
Business Overview	<b>8</b>
Financial Review	<b>20</b>
Corporate Governance and Other Information	<b>28</b>
Disclosure of Interests	<b>35</b>
Report on Review of Condensed Consolidated Financial Statements	<b>38</b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	<b>39</b>
Condensed Consolidated Statement of Financial Position	<b>41</b>
Condensed Consolidated Statement of Changes in Equity	<b>43</b>
Condensed Consolidated Statement of Cash Flows	<b>45</b>
Notes to the Condensed Consolidated Financial Statements	<b>47</b>



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### 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. Chak Wai Ting

## AUTHORISED REPRESENTATIVES

Mr. Tang Xuebin  
Ms. Chak Wai Ting

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

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

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

## STOCK CODE

1778

## COMPANY'S WEBSITE

[www.colourlife.hk](http://www.colourlife.hk)

## AUDITORS

Deloitte Touche Tohmatsu  
Certified Public Accountants

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers 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

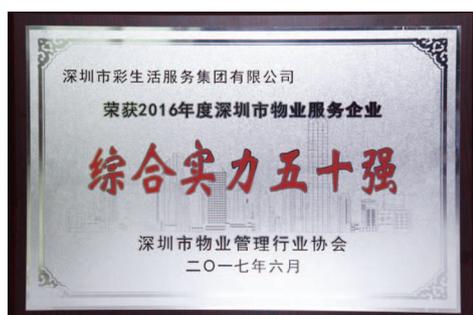
## Honors and Awards

1. In June 2017, Colour Life Services Group Co., Limited (the **“Company”**, with its subsidiaries, the **“Group”**) was honoured as the **“2017 China Leading Property Management Companies in terms of Customer Satisfaction”** by China Index Academy.
2. In June 2017, the Group was honoured as the **“2017 China Top 10 Property Management Companies in terms of Comprehensive Strength”** by China Index Academy.
3. In June 2017, the Group was honoured as the **“2017 China Top 10 Property Management Companies in terms of Growth Potential”** by China Index Academy.
4. In June 2017, the Group was honoured as the **“2017 China Specialized Property Service Company – Intelligent Community”** by China Index Academy.
5. In June 2017, the Group was honoured as the **“2009–2017 (9 Consecutive Years) Top 100 Property Management Companies of China”** by China Index Academy.
6. In June 2017, the Group was honoured as the **“2017 China Top 10 Property Management Companies in terms of Business Size”** by China Index Academy.



## Honors and Awards

7. In June 2017, the Group was accepted by China Index Academy as a member of China Real Estate Big Data Alliance.
8. In June 2017, the Group was honoured as the “2016 World Largest Community Service Platform” by China Index Academy.
9. In June 2017, Shenzhen Colour Life Services Group Company Limited, a wholly-owned subsidiary of the Group, was honoured as the “2016 Shenzhen Top 50 Property Management Companies in terms of Comprehensive Strength” by Shenzhen Property Management Association.
10. In June 2017, Shenzhen Colour Life Services Group Company Limited, a wholly-owned subsidiary of the Group, was honoured as the “Top 30 Shenzhen Index (Sampling Survey)” in the “2016 Owner Satisfaction in Property Management” by Shenzhen Property Management Association.



## Chairman's Statement



**PAN JUN**  
Chairman

Dear Shareholders,

This year is the third year of listing of Colour Life. In the past 3 years, Colour Life achieved encouraging results. As at the end of June 2017, we provided property management services to 2,335 communities covering 420.2 million GFA sq.m. and the platform service area reached 848.9 million GFA sq.m.. There were 4,121,000 users on our platform with transaction amount exceeding RMB2,393.5 million in first half of the year. Our platform gained reputation in the industry and gradually attracted corporate users in the industry. Currently, we established output cooperation with 28 property management companies through our platform. The proportion of segment profits attributable to the value-added platform reached approximately 30.1%, far exceeded its peers. I am proud of our excellent performance in the past 3 years. Below are the particulars of our achievement in the last six months.

### **CONSTRUCTING A PLATFORM OF RECOGNISED INDUSTRY VALUES**

The Group has been shifting its focus from management of “objects” to provision of services to “people”. Upholding this vision, the Group, on one hand, focused on upgrades and transformation of community projects as well as implementation of an automated, standardized, centralized and refined management system. On the other hand, the Group constructed internet service platform covering community scenarios.

As at 1 June 2017, the Group was awarded as the “TOP 100 Property Management Companies of China” by China Index Academy for consecutive 9 years. Whilst provision of services is the foundation of our business, property management companies in the industry joining Caizhiyun via platform output co-operation was evidence of the proven values of Colour Life being recognized and accepted by the industry.

## Chairman's Statement

We are pleased to see construction of Colour Life platform being completed progressively. Meanwhile, platform output has become a trend to other property companies. We believe this is an inevitable trend towards upgrade and transformation in the industry. While cooperation in platform output would not share traditional property gains, it led to cooperation with our property companies for the Caizhiyun platform. On the one hand, the platform would help partners to save expenses on technology investment and enhance the efficiency of property management. On the other hand, partners would help the platform to incubate vertical service enterprises, such as E-Repair, E-Lift, E-Parking and E-Energy, which were provided to communities managed by cooperation partners. Partners were therefore able to share profits derived from value-added services.

In the first half of 2017, Colour Life established platform output cooperations with property companies like Lanzhou Chengguan Property Service Group Limited (蘭州城關物業服務集團有限公司), Jiangsu Zhongzhu Property Service Development Limited (江蘇中住物業服務開發有限公司) and Hebei Yunfan Property Service Limited (湖北雲帆物業服務有限公司) and acquired platform users through expansion of service area. In the first half of 2017, community service areas from platform output cooperation reached 428.7 million sq.m..

We would like to increase coverage and coverage density of the Colour Life community services to a level required for an internet platform through rapid expansion by platform output cooperations.

### **CREATING VALUES FOR MORE COMMUNITY USERS IN A CONTINUOUS AND HIGHLY EFFICIENT WAY**

Colour Life believes that establishment of a platform depends on four key factors: accesses, scenarios, contents and applications. As we observed, successful platform of internet companies not only proactively promoted construction of accesses and scenarios, but also strived for excellence in providing content and application. All communities have their own natural accesses and scenarios. Needs for domestic life, entertainment, safety and residence of property owners are all related to this single scenario. Lift entrances, driving road junctions and pedestrian road junctions are natural offline accesses of communities. Leveraging on such advantages, Colour Life strived to create online accesses to integrate with the offline accesses. With fundamental property management services combined with domestic services provided by E-products incubated by the platform, the Group provided rich contents for users. The Group later provided services and output through technology platform and applications.

During the first half of 2017, Colour Life basically achieved the goal of building a B2F (Business to Family) ecosystem. Provision of E-services (including E-Repair, E-Parking, E-Energy, "Colour Wealth Life" value-added plan and E-Lift) to communities and property owners created substantial value for community users. As at the first half of 2017, the daily repair order volume of E-Repair increased to 15,000, among which 95% were attributed to property owners' households. During the first half of the year, the accumulated turnover of "Colour Wealth Life" value-added plan amounted to RMB1,965.6 million, representing a year-on-year growth of 225.9%. Meanwhile, it only took the Group 12 months' time in assisting property companies to launch E-Lift project on SaaS (Software as a Service) platform rapidly in Colour Life and non-Colour Life communities, realizing the information management of 50,000 units of lifts becoming a market leader in vertical segmented industry. Many other outstanding enterprises in vertical aspects, provided rich and quality products and services to household through the community service platform established by Colour Life.

# Chairman's Statement

## CONSTRUCTION OF COMMUNITY SERVICE ECOSYSTEM BY WAY OF PLATFORM DROVE BUSINESS GROWTH

During the first half of 2017, Colour Life completed the construction of a ecosystem and some enterprises have started to contribute considerable profits to the platform. Colour Life was able to construct a strategic system for platform output on the basis of growing and maturing incubation enterprises in the ecosystem.

As at 30 June 2017, value-added services represented by "Colour Wealth Life" value-added plan, E-Energy, E-Repair, E-Lift, contributed revenue of RMB110.8 million via the Caizhiyun platform, with a gross profit margin of 84.5%. If we compare Colour Life ecosystem to a product ecology, then each vertical service in the ecosystem is like an APP, which is independent of each other but generates potential energy in a whole, providing necessary support for proper operation of the ecology.

It is note-worthy to mention that, during the first half of 2017, revenue generated by "Colour Wealth Life" products amounted to RMB20.6 million. "Colour Wealth Life" is a revolutionary product for community service companies because it solves the past vulnerability: contradiction between rising community management costs and difficulties in increase in management fees. By depositing certain amount of cash, products such as "Wuyebao (物業寶)" could waive property charges and at the same time obtain a certain income. For property companies, the use of such products helped improve the management fee collection rate, which in turn lead to an increase of employees' salaries. For users, the inevitable but strong relationship with property companies enhanced the credibility of and their willingness to use such products. The increasing number of users of "Colour Wealth Life" value-added plan would contribute considerable profits to the platform.

Meanwhile, Colour Life Property has become a major product of platform output. Based on a sales model of "property + service", Colour Life Property combined Colour Life's platform services with sales of properties by developers. On one hand, Colour Life obtained the property management rights through sales made by Colour Life Property. On the other hand, Colour Life achieved output of platform products while facilitated transactions and provision of products and services incubated by the platform through returning "meal coupons" to home buyers. As of 30 June 2017, accumulated sales of Colour Life Property in this year amounted to 2,743 units.

## CONCLUSION

Colour Life and all of our employees would like to extend gratitude to shareholders and cooperation partners for their continuous support. With their company, we are able to gain a foothold in communities, establish standards and deepen connection.

We believe that the spirit of Colour Life is the continuous devotion which motivates us to move ahead in this journey.

# Management Discussion and Analysis

## BUSINESS OVERVIEW

The Group is a leading community services operator in the People's Republic of China (the "PRC" or "China"). Based on the gross floor area ("GFA") of residential communities which the Group was contracted to manage and cooperated in respect of platform service as at 31 December 2016, the Group was named by China Index Academy in 2017 as "the operator with the largest community platform services in the world".

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 on a commission basis, which include mixed-use properties containing residential units and ancillary facilities that are non-residential in nature; (ii) services such as security, cleaning, gardening, repair and maintenance provided to residential communities on a lump sum basis, which include mixed-use properties containing residential units and ancillary facilities that are non-residential in nature; (iii) pre-sale services provided to property developers, including cleaning, security and maintenance of the pre-sale display units; and (iv) consultancy services provided to 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; (iii) automation and other equipment upgrade services through the Group's equipment leasing program; and (iv) energy-saving services;
- Community leasing, sales and other services, which primarily include: (i) common area rental assistance; (ii) online promotion services and leasing information system software; (iii) residential and retail units rental and sales assistance; and (iv) other services.

## PROPERTY MANAGEMENT SERVICES

The Group adheres to its strategy of expansion of the total contracted GFA. As at 30 June 2017, GFA under management contracts and consultancy service arrangements of the Group reached 420.2 million sq.m, representing a year-on-year growth of 16.7%. The number of residential communities under the Group's management and consultancy services contracts reached 2,335, roughly the same as the number at the end of 2016. The Group's management projects cover 214 cities in China and a foreign country, namely Singapore, realizing rapid expansion of contracted GFA. It should be emphasised that new contracted GFA under management in first half of 2017 were mainly obtained through new engagements, showing the core competitiveness of Colour Life in terms of brand, service quality and market expansion.

## Management Discussion and Analysis

Meanwhile, Colour Life Property Sales Model, was better accepted by developers and property owners. The Group has entered into strategic collaborative agreements with 36 developers successively, including regional leading developers like Anhui Gocoo Group (安徽國購集團) and Xi'an Ronghua Group (西安榮華集團). In the first half of 2017, Colour Life Property Sales Model was newly introduced into cities including Xi'an, Suzhou and Zhengzhou, achieving coverage in 50 cities in China. Other innovative products including "Colour Parking Lots (彩車位)" and "Colour Shops (彩商舖)" were also developed. For the period throughout the six months ended 30 June 2017, accumulated sales of Colour Life Property amounted to 2,743 units, representing a year-on-year increase of 321.4%. The introduction of Colour Life Property Sales Model facilitated good interactions between the Group and property developers, helping the Group to gain the property service resources. On the other hand, it facilitated the accumulation of a large amount of meal coupons returned by developers to property owners' Caizhiyun account. The bonding between products, residents and services providers, resulted in meal coupons forming a strong purchasing power on the platform, which attracted more quality providers and business starters to join the platform and in turn drove positive circulation in the ecosystem.

Since 2016, transformation of the Group's business structure became more secure with supporting business and financial data. In 2017, contribution of value-added services (also called community leasing, sales and other services) to the Group's segment profit reached approximately 30.1%. This stems from the richer portfolios of product companies in the ecosystem as well as better recognition of value-added services by property owners. Product companies continued to make different attempts in the Group's communities to provide services and products under community scenario which meet the needs of property owners, driving the growth of revenue and profits of value-added services. Under the encouraging development trend of value-added services, the Group launched platform output strategy. Through providing Caizhiyun platform with collaborative partners, Caizhiyun platform could approach more families and communities not managed by the Group. In the first half of 2017, the Group successively established cooperation with 28 property management companies including Lanzhou Chengguan Property Service Group Limited (蘭州城關物業服務集團有限公司), Jiangsu Zhongzhu Property Service Development Limited (江蘇中住物業服務開發有限公司) and Hubei Yunfan Property Service Limited (湖北雲帆物業服務有限公司). As at 30 June 2017, service area of the Group's platform was 848.9 million sq.m, which includes 420.2 million sq.m. for contracted area, 178.7 million sq.m. for cooperation area and 250.0 million sq.m. for alliance area.

# Management Discussion and Analysis

## Geographical Presence

As at 30 June 2017, the regions and cities with residential communities which the Group managed or provided consultancy services to were as follows:

### Southern China

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

### Eastern China

47. Changzhou
48. Dongtai
49. Gaoyou
50. Huai'an
51. Jiangyin
52. Jurong
53. Lianyungang
54. Nanjing
55. Nantong
56. Shanghai
57. Suzhou
58. Wuxi
59. Wuhu
60. Yancheng
61. Yangzhou
62. Changshu
63. Kunshan
64. Xuzhou
65. Hangzhou
66. Chuzhou
67. Huzhou
68. Fuyang
69. Jiaxing
70. Linyi
71. Yantai
72. Zhenjiang
73. Zibo
74. Bengbu
75. Hefei
76. Ji'ning
77. Liu'an
78. Qingdao
79. Shaoxing
80. Taicang
81. Wenzhou
82. Haining
83. Ji'nan
84. Suqian
85. Tai'an
86. Heze
87. HuaiBei
88. Jinhua
89. Liaocheng
90. Taizhou
91. Taihe
92. Zaozhuang
93. Weifang
94. Dongying

### Southwestern China

95. Chengdu
96. Liuzhou
97. Dai
98. Guilin
99. Nanning
100. Zigong
101. Chongzuo
102. Baise
103. Guigang
104. Zunyi
105. Guiyang
106. Fangchenggang
107. Deyang
108. Guang'an
109. Laibin
110. Lijiang
111. Mianyang
112. Pingnan
113. Suining
114. Tongren
115. Yizhou
116. Chongqing
117. Ziyang
118. Anshun
119. Beihai
120. Guanghan
121. Kunming
122. Guanyuan
123. Neijiang
124. Duyun
125. Fuquan
126. Longli
127. Majiang
128. Bazhong
129. Wuzhou
130. Bijie
131. Emeishan
132. Leshan
133. Liupanshui
134. Miao-Dong Autonomous Prefecture of Qiandongnan
135. Qinzhou
136. Wenshan
137. Yulin

### Northeastern China

138. Gaizhou
139. Harbin
140. Huludao
141. Shenyang
142. Tieling
143. Yingkou
144. Diaobingshan
145. Benxi
146. Changchun
147. Panjin
148. Dalian
149. Mudanjiang

### Northwestern China

150. Xi'an
151. Yinchuan
152. Lanzhou
153. Hancheng
154. Xi'ning
155. Yulin
156. Baoji
157. Ankang
158. Pingliang
159. Hanzhong

### Northern China

160. Beijing
161. Qinhuangdao
162. Tianjin
163. Shijiazhuang
164. Baotou
165. Tongliao
166. Wuhai
167. Taiyuan
168. Tangshan
169. Hulunbuir
170. Ulanqab
171. Langfang
172. Datong
173. Baoding
174. Changzhi

### Central China

175. Changsha
176. Xinxiang
177. Yiyang
178. Zhengzhou
179. Wuhan
180. Chenzhou
181. Kaifeng
182. Anyang
183. Xiangyang
184. Jingmen
185. Puyang
186. Yichang
187. Yueyang
188. Zhangjiajie
189. Zhuzhou
190. Huixian
191. Luohe
192. Xiangtan
193. Huanggang
194. Changde
195. Jingzhou
196. Loudi
197. Luoyang
198. Wugang
199. Suizhou
200. Nanyang
201. Xinyang
202. Shangqiu
203. Enshi
204. Jiaozuo
205. Xiangfan
206. Hengyang
207. Jiyuan
208. Qianjiang
209. Xinyang
210. Zhoukou
211. Zhumadian
212. Xiaogan
213. Shaoyang

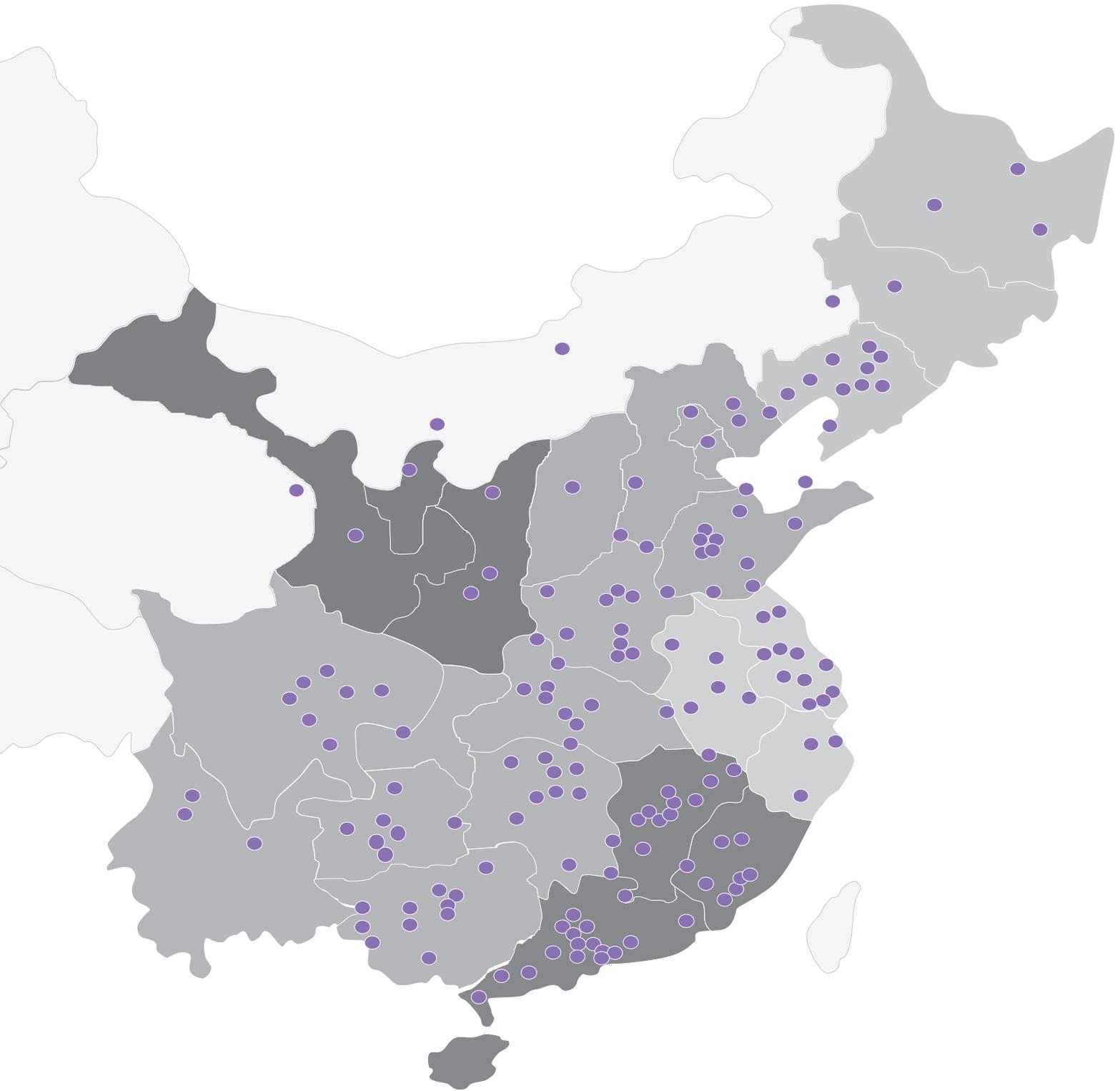
### Non-Mainland China

214. Hong Kong

### Oversea

215. Singapore

# Management Discussion and Analysis



## Management Discussion and Analysis

The Group's total contracted GFA had grown continuously during the first half of 2017. The table below sets forth the total contracted GFA and the number of residential communities that the Group managed, provided consultancy services to or cooperated with in respect of platform services in different regions of PRC and overseas as at the dates indicated below:

	As at 30 June 2017						As at 31 December 2016					
	Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group		Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group	
	Total		Total		Total		Total		Total		Total	
	Contracted GFA ('000 sq.m.)	Number	Contracted GFA ('000 sq.m.)	Number	Contracted GFA ('000 sq.m.)	Number	Contracted GFA ('000 sq.m.)	Number	Contracted GFA ('000 sq.m.)	Number	Contracted GFA ('000 sq.m.)	Number
Shenzhen	9,317	129	753	18	-	-	9,745	132	753	18	-	-
Southern China (excluding Shenzhen)	69,975	474	9,724	31	42,896	264	69,657	473	7,265	29	40,635	225
Eastern China <sup>(1)</sup>	111,631	742	12,778	52	24,276	244	109,323	711	12,994	51	17,424	169
Southwestern China	83,474	349	2,435	7	52,062	334	56,701	342	1,993	5	45,703	281
Northeastern China	10,384	50	4,554	25	-	-	10,284	49	4,554	25	-	-
Northwestern China <sup>(2)</sup>	14,557	66	275	2	33,123	330	19,265	92	275	2	4,202	49
Northern China <sup>(3)</sup>	16,294	73	3,529	13	1,510	18	16,880	83	4,589	25	199	1
Central China <sup>(4)</sup>	66,431	241	3,101	9	24,876	173	64,639	236	5,176	12	16,282	111
Non-mainland China	40	16	-	-	-	-	40	16	-	-	-	-
Singapore	987	38	-	-	-	-	987	38	-	-	-	-
<b>Total</b>	<b>383,090</b>	<b>2,178</b>	<b>37,149</b>	<b>157</b>	<b>178,743</b>	<b>1,363</b>	<b>357,521</b>	<b>2,172</b>	<b>37,599</b>	<b>167</b>	<b>124,445</b>	<b>836</b>

### Notes:

- (1) The Group newly entered Dongying as at 30 June 2017.
- (2) The Group newly entered Hanzhong as at 30 June 2017.
- (3) The Group newly entered Baoding and Changzhi as at 30 June 2017.
- (4) The Group newly entered Xiaogan and Shaoyang as at 30 June 2017.

## Management Discussion and Analysis

As at 30 June 2017, the Group had grown its contracted GFA coverage to 214 cities in China and one foreign country, namely Singapore. As at 30 June 2017, the Group was contracted to manage 2,178 residential communities with an aggregate contracted GFA of approximately 383.1 million sq.m. and entered into consultancy services contracts with 157 residential communities with an aggregate contracted GFA of approximately 37.1 million sq.m. As at 30 June 2017, the Group obtained in total a platform service area of 848.9 million sq.m. The Group will continue to expand its business through obtaining new service engagements and cooperating with other property management companies in platform service. The table below sets forth the movement of the total contracted GFA and the number of residential communities the Group managed, provided consultancy services and cooperated with in platform service during the first half of 2017:

	As at 30 June 2017						As at 31 December 2016					
	Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group		Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group	
	Total Contracted GFA	Number of residential communities	Total Contracted GFA	Number of residential communities	Total Contracted GFA	Number of residential communities	Total Contracted GFA	Number of residential communities	Total Contracted GFA	Number of residential communities	Total Contracted GFA	Number of residential communities
	('000 sq.m)		('000 sq.m)		('000 sq.m)		('000 sq.m)		('000 sq.m)		('000 sq.m)	
As at the beginning of the year	357,521	2,172	37,599	167	124,445	836	303,473	1,879	18,651	122	-	-
New engagements <sup>(1)</sup>	35,180	55	156	1	-	-	36,563	159	23,677	66	-	-
Acquisitions <sup>(2)</sup>	2,433	32	-	-	-	-	29,559	191	265	2	-	-
New cooperation <sup>(3)</sup>	-	-	-	-	48,593	496	-	-	-	-	124,445	836
Transfer from self-management to consultancy service <sup>(4)</sup>	(454)	(1)	454	1	-	-	-	-	-	-	-	-
Transfer from consultancy service to self-management <sup>(5)</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Transform from self-management to cooperation <sup>(6)</sup>	(5,705)	(31)	-	-	5,705	31	-	-	-	-	-	-
Terminations <sup>(7)</sup>	(5,885)	(49)	(1,060)	(12)	-	-	(12,074)	(57)	(4,994)	(23)	-	-
<b>As at the end of the year</b>	<b>383,090</b>	<b>2,178</b>	<b>37,149</b>	<b>157</b>	<b>178,743</b>	<b>1,363</b>	<b>357,521</b>	<b>2,172</b>	<b>37,599</b>	<b>167</b>	<b>124,445</b>	<b>836</b>

### 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) The Group acquired some other companies in the property management industry in order to expand its managed GFA and gain synergy after the acquisition.
- (3) Through cooperation in platform service, the Group gained minority interests of targeted partners and output its online platform and vertical application services to the partners.
- (4) The Group ceased to renew certain property management contracts when these contracts expired. However, developers or residents committees may still want to enjoy the Group's services, then the Group can sign a consultant contract with them.
- (5) The Group managed to acquire some 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.
- (6) The Group sold majority of interests to targeted partners, transferring self-management services to online platform service, while keeping minority interests.
- (7) Including the contracted GFA and the number of residential communities which the Group ceased to renew certain property management contracts and manage primarily due to commercial factors.

# Management Discussion and Analysis

## Nature of the Property Developers

The properties that the Group manages or provides consultancy services to, 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 2017				As at 31 December 2016			
	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	592,894	99.0%	3,668	99.2%	513,477	98.8%	3,145	99.1%
Properties constructed by the Fantasia Group	6,088	1.0%	30	0.8%	6,088	1.2%	30	0.9%
<b>Total</b>	<b>598,982</b>	<b>100.0%</b>	<b>3,698</b>	<b>100.0%</b>	<b>519,565</b>	<b>100.0%</b>	<b>3,175</b>	<b>100.0%</b>

## Scope of Services for Property Management Services

The Group focuses on providing: (i) property management services such as security, cleaning, gardening, repair and maintenance 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 upgrades. Daily security services provided by the Group include patrolling, access control, visitor handling and emergency handling. The Group may delegate certain security services to third-party sub-contractors.

### Cleaning and gardening services

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

### Repair and maintenance services

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

# Management Discussion and Analysis

## **Colour Life Property Management Services Model**

While the substance of property management services of the Group is the same as those of other companies in the industry, the way of organizing property management services is very different. Following the implementation of smart community construction, the Group is undergoing transformation into a technology service-oriented modern service enterprise. On one hand, the Group actively acquires new technology brought by the development of the internet and focuses on research and development in intelligent equipment. On the other hand, the Group enhances management efficiency to provide better service experience for the community. The Group has established a solid information “cloud” system at the headquarter with the use of internet and mobile internet, constantly strengthened the service capacity of the “terminal” and reduced the level and scope of “management”, so as to organize effective community services. The Group has also classified its managed communities into various classes based on the different charging standards and developed tailored equipment alteration and service package standards to ensure consistency of customer experience in different classes of projects and secure the Group’s rapid expansion in the PRC. The establishment of an automated, centralised and standardised management system maintains customer satisfaction, while at the same time secures the efficiency to ensure the Group’s effective cost control.

The Group optimized community services with innovative use of mobile internet. E-Repair, E-Lift, E-Cleaning, E-Security and E-Gardening are now basic community services providers which further enhanced the efficiency of the Group’s services. For instance, with repair expenses per unit area remained unchanged, E-Repair increased the Group’s equipment availability by 10 percent. E-Cleaning was mainly conducted in Guangdong Province. With 10% reduction in cleaning expenses per unit area, customer satisfaction rate of cleaning in projects under the Group’s management increased by 5 percent.

Meanwhile, the Group is actively building up an online platform Caizhiyun APP for its community services, and migrating functions such as paying property management fees, ordering repair and maintenance services, issuing notices and submitting complaints from a traditional offline approach to the 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 living in the 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 Caizhiyun platform for following up works and feedbacks relating to customer satisfaction in a timely manner in order to ensure the quality of the offline community services and efficiently become aware of the services that the property owners are demanding. The Group will grow the corresponding value-added services and organically integrate the community’s online and offline businesses, which will further enhance the Group’s competitive edges.

## Management Discussion and Analysis

As at 30 June 2017, the Group employed over 37,132 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 2017		As at 31 December 2016	
	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	<b>0.35–10.55</b>	<b>1.0–6.9</b>	0.35–10.55	1.0–6.9
Southern China (excluding Shenzhen)	<b>0.34–3.94</b>	<b>0.60–6.0</b>	0.34–3.94	0.60–6.0
Eastern China <sup>(1)</sup>	<b>0.2–8.0</b>	<b>1.2–3.0</b>	0.2–8.0	1.2–3.0
Southwestern China	<b>0.3–4.0</b>	<b>0.88–4.5</b>	0.3–4.0	0.88–4.5
Northeastern China	<b>0.4–3.7</b>	<b>2.0–5.0</b>	0.4–3.7	2.0–5.0
Northwestern China <sup>(2)</sup>	<b>0.6–1.8</b>	<b>1.1–3.0</b>	0.6–1.8	1.1–3.0
Northern China <sup>(3)</sup>	<b>0.64–2.5</b>	<b>1.2–5.2</b>	0.64–2.5	1.2–5.2
Central China <sup>(4)</sup>	<b>0.4–4.18</b>	<b>0.4–2.48</b>	0.4–4.18	0.4–2.48
Singapore	<b>1.23</b>	–	1.23	–
Hong Kong	<b>4.4–22.0</b>	–	4.4–22.0	–

Notes:

- (1) The Group newly entered Dongying as at 30 June 2017.
- (2) The Group newly entered Hanzhong as at 30 June 2017.
- (3) The Group newly entered Baoding, Changzhi as at 30 June 2017.
- (4) The Group newly entered Xiaogan, Shaoyang as at 30 June 2017.

# Management Discussion and Analysis

## CONSULTANCY SERVICES

With a view of 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 in the relevant communities. The Group provides consultation and advice to these regional property management companies such that they can leverage on 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 in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future.

As at 30 June 2017, the Group was contracted to provide consultancy services to 157 residential communities in the PRC. For the six months ended 30 June 2017, income generated from the Group's consultancy services was approximately RMB24.9 million (2016: approximately RMB16.5 million), or 3.3% of its total revenue for the first half of 2017 (2016: 2.9%). 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 in the relevant communities under its own brand name in accordance with the contracts.

## ENGINEERING SERVICES

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

To further increase the efficiency of its property services and bring better customer experience, the Group has been conducting Internet-based transformation to all projects under its management. In the first half of 2017, the Group continued to establish smart community, and the Colour Life Smart Community Model was upgraded from Version 3.3 to Version 4.0. The new version focuses more on optimizing access and scenario design from all aspects of community services, including gradual coverage of wireless interconnection technology and face recognition technology. It also facilitated the construction of new micro-business environment based on the T+0 settlement model and the comprehensive promotion of online payment. While enhancing customer experience, the Colour Life Smart Community Model continued to optimize the community organization structure with the assistance of functional departments and products departments of the Group and enhance the promotion of various online products in the communities, including but not limited to E-Payment, E-Parking, E-Lift, E-Security, E-Repair, E-Leasing, E-Wealth management, E-Cleaning, E-Maintenance and E-Recycling. Version 4.0 was designed to further develop a user-friendly smart community from multiple levels, such as credit, internet and new technologies. In the first half of 2017, the Group completed the hardware upgrade and transformation in 419 communities in total, among which certain cases involved the secondary upgrade to a primary upgraded community. Total number of upgraded communities reached 1,440, representing approximately 61.7% of total number of communities under management.

# Management Discussion and Analysis

## **Automation and other hardware equipment installation services**

In order to enhance the management efficiency in the relevant communities which achieves the purpose of reducing the service costs of property management, the Group strives to provide installation services of automation equipment for residential communities.

The Group provides automation and other hardware equipment installation services to property developers in accordance with their requirements, aiming to diversify the Group's revenue sources and develop business relationships with property developers which have engaged the Group or may subsequently engage the Group to provide property management services after 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 the residential communities that it manages or provides services to in improving energy savings by replacing their existing hardwares 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 implementation of Colour Life management model of the Group, the Group has promoted an equipment management model in the communities it manages to reduce the occurrence of major failures of the above mentioned hardware and equipment that requires large-scale repairs through regular maintenance. As at 30 June 2017, the Group was engaged to provide repair and maintenance services to 1,540 residential communities it manages or provides consultancy services.

## **Community automation equipment leasing services**

The Group provides automation and other equipment upgrade services to residential communities it manages or provides consultancy services to, including car park security systems, building access systems and remote surveillance cameras. These equipments were invested by Shenzhen Kaiyuan Tongji and Shenzhen Yixuan Technology Co., Ltd. and provided for the use of each residential community through the Group's equipment leasing program. As at 30 June 2017, the Group has completed automation and other equipment upgrades to 1,440 residential communities in total.

## **Energy-saving services**

The Group provides energy-saving services to residential communities it manages or provides consultancy services to. These services include energy-saving devices and energy management platform leasing services.

## **Community leasing, sales and other services**

With fifteen years of experience in community management and services, the Group has established a comprehensive offline service system. As at 30 June 2017, the Group has employed over 1,940 customer managers and community officers who strived to provide more convenient services to property owners. They had built up trust with the residents and have a more comprehensive understanding on the demands of the community residents and the creation of the community scenarios by paying frequent visits to and through communications with residents. 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 Caizhiyun APP and creating a more convenient community living environment for residents.

## Management Discussion and Analysis

Practicability and user experience of Caizhiyun APP, the online operating platform of the Group, were further enhanced in the first half of 2017. Through continuous improvements on basic functions with higher utilisation rates, such as handling property fee payments and complaints, issuing service notices, as well as “Scan to Access the Community Gate” (掃一掃開社區大門), it enhanced interaction and connection between community property owners and the Group, as well as strengthens owners’ adherence with the Caizhiyun platform. As at 30 June 2017, registered users of Caizhiyun APP increased to approximately 4,121,000, of which approximately 2,434,000 were active users, each representing an increase of approximately 91.7% and approximately 114.8% respectively as compared with those of the same period in 2016. The increase in the Group’s ability to investigate and foster community access and community scenarios will further facilitate the establishment of an online and offline integrated service platform.

At the same time, the Group continued to focus on its strategy of building up an open platform and has commenced cooperation with a number of suppliers for vertical applications through business incubation and value chain restructuring strategy to jointly explore opportunities for business expansion in a diversified community scenarios. Currently, there are over 20 corporations from the ecosystem platform engaging in community services in various aspects, of which E-Energy, E-Parking, E-Leasing and E-Wealth management contributed substantial income. E-Repair, E-Recycling, E-Lift, E-House keeping, and E-Renovation, which specialize in repair service, recycling and reuse of community waste and resources, elevator management service, home cleaning service and renovation service respectively, are entering into the rapid development stage. During the six months ended 30 June 2017, the accumulated GMV of Caizhiyun APP has reached approximately RMB2,393.5 million. As at 30 June 2017, E-Repair recorded a daily order volume of more than 15,000 orders, approximately 95% of which came from property owners’ households, while E-Wealth management amassed aggregate turnover of approximately RMB2,003.8 million, among which, the aggregate turnover of Colour Wealth Life amounted to approximately RMB1,965.6 million. Such positive operating data have underlined the initial success of the Colour Life ecosystem. As at 30 June 2017, the Group launched the ceremony for Shanghai Colour Life Community Ecosystem, which is the second incubation service center designated for eastern China since the implementation of Shenzhen Colour Life Ecosystem for one year. Shanghai Colour Life Community Ecosystem will continue to integrate the service resources with the existing communities that the Group manages, to provide rapid expansion market to products companies and attract more quality business starters.

With the progress of the Colour Life Property sales model, the amount of meal coupons that the community residents have saved in their Caizhiyun accounts will continuously increase. Due to the accumulation of meal coupons, the Group can better organize suppliers with greater bargaining power, providing valuable products and service at favorable price. The bonding within the commercial ecosystem of the Group allows meal coupons to drive the ecosystem to further improve.

The Group’s community leasing, sales and other services primarily include (i) common area rental assistance; (ii) online promotion services and leasing information system software; (iii) residential and retail units rental and sales assistance; and (iv) others.

### **Common area rental assistance**

Advertising spaces in a residential community, such as those on elevator walls or in common spaces, are the properties of the property developers 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.

# Management Discussion and Analysis

## Online promotion services and leasing information system software

The Group collaborates with providers of various products and services and promotes products or services to property owners through Caizhiyun APP, the online platform run by the Group. Providers of products and services pay certain amount of commission according to their sales ordered through Caizhiyun APP to the Group. As at 30 June 2017, Caizhiyun APP provided services to 2,350 residential communities. Further, the Group leases its system or software to projects it provides management or consultant services to in order to improve service quality and efficiency.

## 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 a period that covers the rent-free period enjoyed by the primary tenant.

## Others

Other services include (i) purchase assistance; (ii) energy management services; (iii) parking management services; and (iv) other services.

## 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 2017, the total revenue increased by approximately 29.8% to approximately RMB746.6 million from approximately RMB575.1 million for the six months ended 30 June 2016.

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 Period, revenue from property management services increased by approximately 31.1% from approximately RMB439.4 million for the six months ended 30 June 2016 to approximately RMB576.2 million.

Such increase was primarily attributable to:

- (a) an increase in revenue of approximately RMB132.2 million from service fees charged under lump sum basis which in turn was driven by the growing revenue-bearing GFA. As at 30 June 2017, the revenue-bearing GFA under lump sum basis increased by approximately 20.6 million sq.m. to approximately 52.6 million sq.m. from approximately 32.0 million sq.m. as at the same date in 2016;
- (b) a slight decrease in revenue of approximately RMB0.7 million from service fees charged under commission basis due to disposal of two subsidiaries led to the corresponding projects transformed from self-management to cooperation, of which charged higher unit price of property management fees. As at 30 June 2017, the revenue-bearing GFA under commission basis slightly increased by approximately 7.1 million sq.m., or approximately 3.4%, from approximately 207.6 million sq.m. as at the same date in 2016 to approximately 214.7 million sq.m.;

## Management Discussion and Analysis

- (c) a decrease in revenue of approximately RMB3.1 million from service fee charged for rendering pre-sale related services for the six months ended 30 June 2017 as compared to that charged for the six months ended 30 June 2016 resulting from the completion of pre-sale services contracts;
- (d) an increase in revenue of approximately RMB8.4 million from fees charged under consultancy services contracts due to the growth of GFA under consultancy services contracts. As at 30 June 2017, the revenue-bearing GFA under consultancy services contracts increased by approximately 6.7 million sq.m. from approximately 15.7 million sq.m. as at the same date in 2016 to approximately 22.4 million sq.m..

Due to the facts discussed above, revenue from property management services for the Period accounted for approximately 77.2% of the Group's total revenue, representing an increase of 0.8 percentage point as compared to that of approximately 76.4% for the six months ended 30 June 2016.

### — *Engineering Services*

For the Period, revenue from engineering services decreased by approximately 7.3% from approximately RMB64.3 million for the six months ended 30 June 2016 to approximately RMB59.6 million.

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

- (a) a reduction in community repair and maintenance service income which decreased by approximately 27.9% to approximately RMB20.4 million for the six months ended 30 June 2017 from approximately RMB28.3 million for the six months ended 30 June 2016, which was caused by the introduction of E-Repair, which the Group considered was able to provide services with higher efficiency and qualities. The Group charged corresponding online platform usage fee from E-Repair, which was classified as on-line value-added services.
- (b) a decrease in the revenue from equipment installation services of approximately 29.8% to approximately RMB15.1 million for the six months ended 30 June 2017 from approximately RMB21.5 million for the six months ended 30 June 2016, which was determined by the completion schedules.
- (c) an increase in the revenue of approximately RMB3.7 million charged for the community equipment leasing income for the Period which is in line with the Group's community equipment upgrade program.
- (d) an increase in the revenue of approximately RMB5.9 million in services fee from leasing energy-saving devices and energy management platform, which is a new business introduced in the latter half of 2016.

## Management Discussion and Analysis

### — *Community Leasing, Sales and Other Services*

For the Period, revenue from community leasing, sales and other services increased by approximately 55.2% from approximately RMB71.4 million for the corresponding period in 2016 to approximately RMB110.8 million.

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

- (a) A growth in usage fees from online promotion services and leasing information system software of approximately RMB17.6 million for the six months ended 2017 was driven by the rapid development of the companies who cooperated with the Group aiming at the Caizhiyun Platform and the Group's growth in the total revenue-bearing GFA. As a result, the revenue of usage fees from online promotion services and leasing information system software increased by approximately 51.2% to approximately RMB52.0 million for the six months ended 30 June 2017 from approximately RMB34.4 million of that in the six months ended 30 June 2016;
- (b) An increase in common area rental assistance income of approximately RMB1.4 million to approximately RMB28.0 million for the six months ended 30 June 2017 from approximately RMB26.6 million for the six months ended 30 June 2016.
- (c) An increase in residential and retail units rental and sales assistance income of approximately RMB2.0 million to approximately RMB10.6 million for the six months ended 30 June 2017 from approximately RMB8.6 million for the six months ended 30 June 2016.
- (d) An increase in other services revenue of approximately RMB18.4 million to approximately RMB20.2 million for the six months ended 30 June 2017 from approximately RMB1.8 million for the six months ended 30 June 2016, which arose from the introduction of several new business by the Group in the latter half of 2016. The revenue for the six months ended 30 June 2017 mainly consist of (i) energy management services, (ii) parking management services, and (iii) other services.

### **Cost of Sales and Services**

The Group's cost of sales and services primarily comprises labour 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. Most of the cost is charged with the property management services under lump sum basis and pre-sale services contracted with property developers. For the Period, cost of sales and services increased by approximately 27.0% from approximately RMB320.5 million for the six months ended 30 June 2016 to approximately RMB407.1 million. The increase was primarily attributable to the acquisitions of certain property management companies which provided services under lump sum basis.

### **Gross Profit and Gross Profit Margin**

For the Period, the overall gross profit increased by approximately RMB84.8 million from approximately RMB254.7 million for the six months ended 30 June 2016 to approximately RMB339.5 million. The increase in gross profit was in line with the growth of revenue in all segments.

The overall gross profit margin increased by 1.2 percentage points to approximately 45.5% for the Period from that of approximately 44.3% for the six months ended 30 June 2016. The increase was primarily attributable to the increasing gross profit margin of property management service under lump sum basis.

## Management Discussion and Analysis

### (i) *Property Management Services*

For the Period, the gross profit margin of property management services increased by 2.0 percentage points from approximately 34.4% for the six months ended 30 June 2016 to approximately 36.4%. The increase was primarily due to gross profit margin of property management services under lump sum basis increased by 6.3 percentage points, resulting from introduction of Colour Life Smart Community Model in those communities under lump sum basis, which the Group acquired by acquisitions of certain property management companies.

### (ii) *Engineering Services*

For the Period, gross profit margin for the engineering services segment increased by 8.8 percentage points from approximately 52.0% for the six months ended 30 June 2016 to approximately 60.8%. The increase was primarily attributable to provision of energy-saving services which had a relatively higher gross profit margin.

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

For the Period, gross profit from the community leasing, sales and other services segment increased by approximately 33.5% to approximately RMB93.6 million from approximately RMB70.1 million for the six months ended 30 June 2016. Gross profit margin decreased by 13.6 percentage points from approximately 98.1% for the six months ended 30 June 2016 to approximately 84.5% for the Period. The decrease was primarily due to the sublet business of Shanghai Colour Life Time Plaza, which had a negative gross profit of approximately RMB10.1 million. The whole building was handed over to the Group in 30 November 2016 and began to amortized the rental fees ever since. As at 30 June 2017, 40 copies of the sublease contracts were agreed to between the Group and leasers, contributing approximately RMB2.4 million to the sublet business.

### **Other Gains and Losses**

The Group's other gains and losses decreased by approximately 21.2% from a loss of approximately RMB17.9 million for the six months ended 30 June 2016 to a loss of approximately RMB14.1 million for the Period. The decrease was primarily due to (i) an increase of approximately RMB9.7 million in other gains for the Period; and offset by; (ii) an increase of approximately RMB1.0 million in allowance recognised on trade receivables from approximately RMB7.7 million to approximately RMB8.7 million, which the Company believes may not be recovered based on the Company's review of the balances for the Group's property management and engineering services contracts; and (iii) an increase in loss on disposal of property, plant and equipment and investment properties from approximately RMB0.9 million to approximately RMB5.8 million.

### **Other Income**

For the Period, the Group's other income was approximately RMB18.5 million, which increased by approximately 120.2% from approximately RMB8.4 million for the six months ended 30 June 2016. The increase was primarily attributable to (i) interest income of approximately RMB13.3 million generated from loan receivables; and offset by (ii) a decrease of approximately RMB2.2 million in unconditional government grants.

### **Selling and Distribution Expenses**

Selling and distribution expenses for the Period was approximately RMB11.4 million, which increased by approximately 395.7% from approximately RMB2.3 million for the same period in 2016. The increase was mainly due to the increase in promotional expenses for the online platform Caizhiyun APP.

# Management Discussion and Analysis

## Administrative Expenses

The Group's administrative expenses increased by approximately 2.1% from approximately RMB144.2 million for the six months ended 30 June 2016 to approximately RMB147.2 million for the Period. The Group continues to tighten its cost control measures. The increase in administrative expenses was primarily attributable to (i) with the expansion of the Group's business scale which is in line with the Group's growing GFA especially the growing GFA under lump sum basis, more back offices function personnel were retained for headquarter management function as well as other centralized services like finance and human resources services; (ii) an increase in the Group's regional administrative costs associated with some of the acquisitions of local property management companies by the Group, as a result of the Group's expansion to new areas/cities; and offset by (iii) a decrease of approximately RMB28.8 million in share-based payment expense.

## Expenses Recharged to Residential Communities under Commission Basis

For the Period, the Group's expenses recharged to residential communities under commission basis amounted to approximately RMB37.8 million, representing an increase of approximately 14.2% as compared to approximately RMB33.1 million for the six months ended 30 June 2016. The increase was 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. Therefore the re-charge of such expenses back to the community level increased consistently.

## Finance Costs

The Group's finance costs was approximately RMB49.2 million for the Period, which was an increase of approximately 339.3% as compared to approximately RMB11.2 million for the corresponding period in 2016, mainly due to (i) an increase of approximately RMB12.5 million in interest expense on the corporate bonds issued in 2016; (ii) an increase of approximately RMB10.3 million in interest expense on assets backed securities under securitisation arrangements; and (iii) an increase of approximately RMB14.3 million in interest expense on bank borrowings.

## Share Options

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

On 29 September 2014, 30 April 2015 and 18 March 2016, the Company granted 45,000,000, 25,000,000 and 34,247,488 share options to its employees, Directors, and certain minority shareholders of the Company's subsidiaries for which the exercise price is HK\$6.66 each, HK\$11.00 each and HK\$5.76 each, respectively. The share option expense charged to the statement of profit or loss for the six months ended 30 June 2017 was approximately RMB22.4 million.

## Changes in Fair Value of Investment Properties

The Group's changes in fair value of investment properties decreased by approximately 165.9% to a loss of approximately RMB2.9 million for the Period from a gain of approximately RMB4.4 million for the six months ended 30 June 2016, which was primarily due to the decline in market value of certain investment properties because of tightening measures in property sectors carried out in lots of Chinese cities.

## Income Tax Expenses

The Group's income tax expenses increased by approximately 38.0% to approximately RMB55.9 million for the Period from approximately RMB40.5 million for the six months ended 30 June 2016. The increase was primarily due to an increase of current tax for EIT by approximately 33.8% from approximately RMB46.4 million for the six months ended 30 June 2016 to approximately RMB62.1 million.

# Management Discussion and Analysis

## Adjusted Profit for the Period

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

	For the six months ended 30 June		Variance	
	2017 RMB'000	2016 RMB'000	Amount RMB'000	%
Profit for the period under HKFRS	<b>115,338</b>	85,019	30,319	35.7%
Add:				
Share option expenses	<b>22,397</b>	51,164	(28,767)	(56.2%)
Depreciation and amortisation	<b>22,100</b>	17,030	5,070	29.8%
Allowance for doubtful debts on trade receivables	<b>6,534</b>	5,790	744	12.8%
Impairment loss recognized on payments on behalf of residents under commission basis	<b>5,887</b>	6,211	(324)	(5.2%)
Adjusted profit for the period	<b>172,256</b>	165,214	7,042	4.3%

Adjusted profit for the Period was approximately RMB172.3 million, representing an increase of approximately 4.3% from approximately RMB165.2 million for the same period in 2016.

## Trade and Other Receivables

Trade receivables mainly arose from management and service income under lump sum basis from property management services, equipment installation income from engineering services and service income from community leasing, sales and other services.

As at 30 June 2017, total trade receivables of the Group amounted to approximately RMB326.7 million, representing an increase of approximately RMB47.9 million compared to approximately RMB278.8 million as at 31 December 2016. The increase was attributable to the significant increase in GFA from which the Group effectively generated income during the Period.

Other receivables and prepayments increased from approximately RMB203.5 million as at 31 December 2016 to approximately RMB245.0 million as at 30 June 2017. The increase was primarily attributable to: (i) an increase of approximately RMB10.5 million in other deposits mainly due to the development of the online platform Caizhiyun APP, resulting in increasing deposits paid for cooperators and suppliers; (ii) an increase of approximately RMB5.3 million in receivables from customers for residential and retail units rental assistance services on behalf of Caizhijia; (iii) Consideration of approximately RMB12.6 million receivables on disposal of partial interests in subsidiaries resulting in loss of control; (iv) an increase of approximately RMB13.1 million in other receivables due to the Group's business expansion.

# Management Discussion and Analysis

## Payments/Receipts on Behalf of Residents

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

Increase in balance of payment on behalf of residents and increase in balance of receipt on behalf of residents are primarily due to the fact that, in line with the growing revenue-bearing GFA under the Group's management, projects newly entered into the Group's management system have various property management fee collection dates 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 property management services and engineering services, receipts on behalf of residents for residential communities under lump sum basis and under consultancy services arrangement, advances from customers, deposits received, accrued staff costs, other tax payable, and other payable and accruals, details of which are as follows:

- (1) trade payables increased from approximately RMB114.0 million as at 31 December 2016 to approximately RMB157.4 million as at 30 June 2017. This was primarily due to growth of the Group's property management services business under lump sum basis.
- (2) other payables and accruals decreased from approximately RMB596.2 million as at 31 December 2016 to approximately RMB539.3 million as at 30 June 2017, primarily attributable to: (i) advances from customers under lump sum basis turned into revenue in the Period resulted in a decrease of approximately RMB17.4 million; (ii) a decrease of approximately RMB16.8 million in other tax payable due to settlement during the Period; (iii) a decrease of approximately RMB16.3 million in accrued staff cost; and (iv) a decrease of approximately RMB6.4 million in deposit received and other payables and accruals.

## Cash Position

As at 30 June 2017, the Group's total cash (including restricted bank deposits) decreased by approximately 26.9% from approximately RMB1,247.5 million as at 31 December 2016 to approximately RMB911.3 million. Among the Group's total cash, approximately RMB372.2 million (31 December 2016: approximately RMB492.7 million) of restricted bank deposits was pledged to guarantee the drawdown of loans by the Group.

The financial position remained stable. As at 30 June 2017, the current ratio (current asset/current liabilities) of the Group was 1.7 (31 December 2016: 1.9).

# Management Discussion and Analysis

## **Currency Risk**

The Group principally focused its operations in the PRC. Except for the bank deposits denominated in foreign currencies, the Group was not subject to any other material risk directly relating to foreign exchange fluctuation. During the Period, the Directors expected that fluctuations of the RMB exchange rate would not materially and adversely affect the operations of the Group.

## **Employees and Remuneration Policies**

As at 30 June 2017, excluding the employees for communities under commission basis, the Group had approximately 6,662 employees (31 December 2016: approximately 7,727 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.

## 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 two 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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). For the period throughout the six months ended 30 June 2017, 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 24 May 2017 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 for the Period and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the Period.

# Corporate Governance and Other Information

## 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 Period. In addition, the independent auditors of the Company, Deloitte Touche Tohmatsu, have reviewed the unaudited interim results for the Period 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.

## 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 nomination 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 of the Company during the six months ended 30 June 2017 pursuant to the Share Option Scheme:

Name	Date of grant	Exercise price HK\$	Closing price of the shares on the date of grant HK\$	Balance as at 1 January 2017	Number of share options			Balance as at 30 June 2017	Weighted average closing price immediately before exercise HK\$	Note
					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	18 March 2016	5.764	5.76	100,000	-	-	-	100,000	-	(4)
	29 September 2014	6.66	6.66	455,150	-	-	-	455,150	-	(1)
				347,650				347,650		(2)
Mr. Pan Jun	30 April 2015	11.00	10.88	123,500	-	-	-	123,500	-	(3)
	18 March 2016	5.764	5.76	100,000	-	-	-	100,000	-	(4)
	29 September 2014	6.66	6.66	547,790	-	-	-	547,790	-	(1)
Mr. Lam Kam Tong				347,650				347,650		(2)
	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
Mr. Zhou Hongyi	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
Mr. Tam Chun Hung, Anthony	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
Dr. Liao Jianwen	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
Mr. Xu Xinmin	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
Employees of the Group, a resigned non-executive Director and certain minority shareholders of the Company's subsidiaries	29 September 2014	6.66	6.66	15,242,451	-	-	(208,800)	15,033,651	-	(1)
				19,433,154			(159,345)	19,273,809		(2) & (5)
	30 April 2015	11.00	10.88	18,801,113	-	-	(381,300)	18,419,813	-	(3)
			31,453,738			(112,000)	31,341,738		(4)	
	18 March 2016	5.764	5.76		-	-			-	(4)
Total				90,711,136	-	-	(861,445)	89,849,691	-	

# 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) 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. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.
- (5) 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 by the Board pursuant to the terms of the Share Option Scheme.

## SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”) by resolution of the Board on 4 July 2016. The adoption of the Share Award Scheme did not require the approval of the shareholders of the Company.

The major terms of the Share Award Scheme are summarized as follows:

### (i) Purpose

The purpose of the Share Award Scheme is to enable the Company to grant shares of Colour Life (the “**Incentive Shares**”) as incentive to selected eligible participants of the Share Award Scheme (the “**Grantees**”) as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the Share Award Scheme will provide the Grantees with the opportunity to acquire proprietary interests in the Company and will encourage them to work towards enhancing the value of the Company for the benefit of the Company and its shareholders as a whole.

## Corporate Governance and Other Information

**(ii) Fund available for the Share Award Scheme**

An initial amount of RMB10,000,000 has been provided for the Share Award Scheme. The Board may by resolution determine such other amount as may be provided for the Share Award Scheme, which shall be limited to up to 20,000,000 Shares, representing approximately 2% of the issued share capital of the Company as at 4 July 2016.

**(iii) Term**

The Share Award Scheme will have an effective term of five years from the date of its adoption.

**(iv) Trustee**

A trustee (the “Trustee”) has been appointed by the Company for holding the Shares granted under the Share Award Scheme.

**(v) Eligible Persons**

The Grantees under the Share Award Scheme would include employees of the Group (including directors) and consultants to the Group.

The Chief Executive Officer and the Chief Human Resource Officer are authorized by the Board to determine from time to time the Grantees and the terms and conditions of such grant of Incentive Shares to them, and Mr. Duan Feiqin, an assistant president of the Company or any other person that may be designated by the Board from time to time, will instruct the Trustee to purchase such number of Shares for the Share Award Scheme on the market.

**(vi) Transfer of the Incentive Shares to the Grantees**

The Trustee will transfer the Incentive Shares to the Grantees when all conditions to the grant, including vesting conditions and/or performance target (if any) are met. The exact terms and conditions of the grant will be determined by the Chief Executive Officer and the Chief Human Resource Officer authorised by the Board at the time of the granting of the award.

As at the date of this report, no Incentive Shares had been awarded or agreed to be awarded under the Share Award Scheme.

# Corporate Governance and Other Information

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

During the six months ended 30 June 2017, the Company had repurchased a total of 2,274,000 shares of HK\$0.10 each on the Stock Exchange at an aggregate consideration of HK\$10,407,010. All of the repurchased shares were subsequently cancelled. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of shares repurchased	Highest price	Lowest price	Aggregate consideration
		paid per share HK\$	paid per share HK\$	
April 2017	970,000	4.66	4.45	4,422,110
June 2017	1,304,000	4.63	4.48	5,984,900

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

## 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 Arrangement amounted to approximately RMB28.3 million for the period ended 30 June 2017 and approximately RMB3.3 million as at 30 June 2017, 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. Duan Feiqin (“**Mr. Duan**”) during the Period, an assistant president 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 has been kept by Mr. Duan during the Period.

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.

# Disclosure of Interests

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2017, 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 <sup>(1)&amp;(2)</sup>	720,988,259	72.16%
	Beneficial owner <sup>(3)</sup>	1,098,940	0.11%
	Family interests <sup>(4)</sup>	450,000	0.05%
		722,537,199	72.32%
Mr. Dong Dong	Beneficial owner <sup>(3)</sup>	1,026,300	0.10%
Mr. Pan Jun	Beneficial owner <sup>(3)</sup>	1,255,440	0.13%
Mr. Zhou Hongyi	Beneficial owner <sup>(3)</sup>	360,000	0.04%
Mr. Lam Kam Tong	Beneficial owner <sup>(3)</sup>	510,000	0.05%
Mr. Tam Chun Hung, Anthony	Beneficial owner <sup>(3)</sup>	510,000	0.05%
Dr. Liao Jianwen	Beneficial owner <sup>(3)</sup>	510,000	0.05%
Mr. Xu Xinmin	Beneficial owner <sup>(3)</sup>	510,000	0.05%

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 217,031,477 shares of the Company held by Splendid Fortune for the purpose of Part XV of the SFO.
- (2) Under a concert party agreement dated 29 June 2015 entered into between Fantasia Holdings and Splendid Fortune ("Concert Party Agreement"), each of Fantasia Holdings and Splendid Fortune is taken to be interested in the shares of the Company in which each other is interested for the purpose of Part XV of the SFO. As such, Mr. Tang is also deemed to be interested in the 503,956,782 shares of the Company in which Fantasia Holdings is interested for the purpose of Part XV of the SFO.
- (3) These are share options granted to the Directors of the Company under the Share Option Scheme (details of which are stated under the sub-section headed "Share Option Scheme" below).
- (4) The 450,000 shares were beneficially held by Ms. Dai Minglei, the spouse of Mr. Tang.

## 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. (" <b>Shenzhen Caizhiyun Network</b> ") <sup>(1)</sup>	Beneficial owner	RMB7,000,000	70%
	Fantasy Pearl International Limited (" <b>Fantasy Pearl</b> ") <sup>(2)</sup>	Interest of controlled corporation	20	20%
	Fantasia Holdings <sup>(3)</sup>	Beneficial owner	9,980,000	0.17%
Mr. Tang Xuebin	Shenzhen Caizhiyun Network <sup>(1)</sup>	Beneficial owner	RMB3,000,000	30%
	Fantasia Holdings <sup>(3)</sup>	Beneficial owner	1,640,000	0.03%
Mr. Lam Kam Tong	Fantasia Holdings <sup>(3)</sup>	Beneficial owner	2,770,000	0.05%
Mr. Dong Dong	Fantasia Holdings <sup>(3)</sup>	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 Shenzhen 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 2017, 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 2017, 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
Ms. Zeng Jie, Baby	Interest of controlled corporation <sup>(1)&amp;(2)</sup>	722,331,259	72.29%
Ice Apex	Interest of controlled corporation <sup>(1)&amp;(2)</sup>	722,331,259	72.29%
Fantasy Pearl	Beneficial owner	1,343,000	0.13%
	Interest of controlled corporation <sup>(1)&amp;(2)</sup>	720,998,259	72.16%
		<hr/> 722,331,259	<hr/> 72.29%
Fantasia Holdings	Beneficial owner <sup>(1)</sup>	503,956,782	50.44%
	Other interest <sup>(2)</sup>	217,031,477	21.72%
		<hr/> 720,988,259	<hr/> 72.16%
Splendid Fortune	Beneficial owner <sup>(3)</sup>	217,031,477	21.72%
	Other interest <sup>(4)</sup>	503,956,782	50.44%
		<hr/> 720,988,259	<hr/> 72.16%
Colour Success	Interest of controlled corporation <sup>(3)&amp;(4)</sup>	720,988,259	72.16%

Notes:

- (1) Fantasia Holdings is owned as to 57.50% 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 2017, 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.

# Report on Review of Condensed Consolidated Financial Statements



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 39 to 74, which comprise the condensed consolidated statement of financial position as of 30 June 2017 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 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

24 August 2017

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	3	<b>746,628</b>	575,143
Cost of sales and services		<b>(407,080)</b>	(320,457)
Gross profit		<b>339,548</b>	254,686
Other gains and losses		<b>(14,082)</b>	(17,860)
Other income		<b>18,516</b>	8,378
Selling and distribution expenses		<b>(11,424)</b>	(2,303)
Administrative expenses		<b>(147,200)</b>	(144,186)
Expenses recharged to residential communities under commission basis		<b>37,765</b>	33,088
Finance costs		<b>(49,183)</b>	(11,211)
Change in fair value of investment properties		<b>(2,867)</b>	4,378
Share of results of associates		<b>213</b>	338
Share of result of a joint venture		<b>(45)</b>	203
Profit before tax		<b>171,241</b>	125,511
Income tax expense	4	<b>(55,903)</b>	(40,492)
Profit for the period	5	<b>115,338</b>	85,019
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		<b>505</b>	79,397
Deferred taxation effect on change in fair value of available-for-sale investments		<b>(126)</b>	(19,849)
Other comprehensive income for the period, net of income tax		<b>379</b>	59,548
Profit and total comprehensive income for the period		<b>115,717</b>	144,567

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		100,669	73,467
Non-controlling interests		14,669	11,552
		<b>115,338</b>	85,019
Profit and total comprehensive income attributable to:			
Owners of the Company		101,048	133,015
Non-controlling interests		14,669	11,552
		<b>115,717</b>	144,567
Earnings per share (RMB cents)	7		
— Basic and diluted		10.09	7.35

# Condensed Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment	8	208,579	180,757
Investment properties	9	66,042	92,528
Interests in associates		34,731	7,728
Interest in a joint venture		805	850
Available-for-sale investments	10	134,590	133,303
Intangible assets		200,702	210,303
Goodwill		736,516	749,580
Trade receivables	11	18,605	8,247
Other receivables and prepayments	11	7,231	7,489
Loan receivables	12	42,500	9,750
Deferred tax assets		27,362	26,506
Amount due from a director	13	338	343
Deposits paid for acquisitions of subsidiaries and associates		264,659	142,537
		<b>1,742,660</b>	1,569,921
<b>Current Assets</b>			
Inventories		3,045	2,486
Amounts due from customers for contract works		44,580	41,018
Trade receivables	11	308,090	270,525
Other receivables and prepayments	11	237,813	196,027
Loan receivables	12	174,733	217,500
Payments on behalf of residents		281,813	259,802
Amounts due from fellow subsidiaries	13	101,764	34,550
Amounts due from non-controlling shareholders of subsidiaries	13	85,853	82,330
Amounts due from related parties	13	23,552	16,168
Amounts due from associates	13	30,045	1,434
Amount due from a director	13	61	60
Financial assets designated as at fair value through profit or loss ("FVTPL")		173,152	83,275
Pledged bank deposits		372,176	492,675
Bank balances and cash		539,163	754,837
		<b>2,375,840</b>	2,452,687
<b>Current Liabilities</b>			
Amounts due to customers for contract works		13,561	16,746
Trade payables	14	157,421	113,991
Other payables and accruals	14	539,275	596,177
Receipts on behalf of residents		93,185	156,442
Amounts due to fellow subsidiaries	15	45,393	7,442
Amounts due to non-controlling shareholders of subsidiaries	15	23,990	32,886
Amounts due to associates	15	41,292	7,564
Amount due to a joint venture	15	326	326
Tax liabilities		146,497	136,799
Borrowings due within one year	16	255,778	161,506
Corporate bonds due within one year	17	31,424	14,436
Assets backed securities issued due within one year	18	20,589	37,642
		<b>1,368,731</b>	1,281,957

# Condensed Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>Net Current Assets</b>		<b>1,007,109</b>	1,170,730
<b>Total Assets less Current Liabilities</b>		<b>2,749,769</b>	2,740,651
<b>Non-current Liabilities</b>			
Deferred tax liabilities		69,297	73,941
Amount due to a fellow subsidiary	15	9,302	9,859
Borrowings due after one year	16	496,235	498,788
Corporate bonds due after one year	17	380,166	388,149
Assets backed securities issued due after one year	18	231,796	237,442
<b>Total Non-current Liabilities</b>		<b>1,186,796</b>	1,208,179
<b>Net Assets</b>		<b>1,562,973</b>	1,532,472
<b>Capital and Reserves</b>			
Share capital	19	79,126	79,325
Reserves		1,407,364	1,379,597
Equity attributable to owners of the Company		1,486,490	1,458,922
Non-controlling interests		76,483	73,550
<b>Total Equity</b>		<b>1,562,973</b>	1,532,472

The condensed consolidated financial statements on pages 39 to 74 were approved and authorised for issue by the Board of Directors on 24 August 2017 and are signed on its behalf by:

**Tang Xuebin**  
DIRECTOR

**Lam Kam Tong**  
DIRECTOR

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note a)	Share options reserve RMB'000 (note 20)	Shares held for share award scheme RMB'000 (note 21)	Revaluation reserve RMB'000	Other reserve RMB'000 (note b)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2016 (audited)	79,325	604,515	31,517	118,114	-	-	(62,072)	487,992	1,259,391	41,341	1,300,732
Profit for the period	-	-	-	-	-	-	-	73,467	73,467	11,552	85,019
Change in fair value of available-for-sale investments	-	-	-	-	-	79,397	-	-	79,397	-	79,397
Deferred taxation effect on change in fair value of available-for-sale investments	-	-	-	-	-	(19,849)	-	-	(19,849)	-	(19,849)
Other comprehensive income for the period	-	-	-	-	-	59,548	-	-	59,548	-	59,548
Profit and total comprehensive income for the period	-	-	-	-	-	59,548	-	73,467	133,015	11,552	144,567
Dividend paid to shareholders of the Company (note 6)	-	(84,695)	-	-	-	-	-	-	(84,695)	-	(84,695)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,523)	(1,523)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	6,602	6,602
Capital injection by non-controlling shareholders of certain subsidiaries	-	-	-	-	-	-	-	-	-	2,115	2,115
Granted of equity-settled share-based payment	-	-	-	63,676	-	-	-	-	63,676	-	63,676
Cancelled/lapsed of equity-settled share based payment	-	-	-	(12,512)	-	-	-	-	(12,512)	-	(12,512)
Transfer	-	-	4,091	-	-	-	-	(4,091)	-	-	-
At 30 June 2016 (unaudited)	79,325	519,820	35,608	169,278	-	59,548	(62,072)	557,368	1,358,875	60,087	1,418,962
At 1 January 2017 (audited)	<b>79,325</b>	<b>519,820</b>	<b>41,230</b>	<b>197,155</b>	<b>(9,010)</b>	<b>17,327</b>	<b>(52,989)</b>	<b>666,064</b>	<b>1,458,922</b>	<b>73,550</b>	<b>1,532,472</b>
Profit for the period	-	-	-	-	-	-	-	100,669	100,669	14,669	115,338
Change in fair value of available-for-sale investments	-	-	-	-	-	505	-	-	505	-	505
Deferred taxation effect on change in fair value of available-for-sale investments	-	-	-	-	-	(126)	-	-	(126)	-	(126)
Other comprehensive income for the period	-	-	-	-	-	379	-	-	379	-	379
Profit and total comprehensive income for the period	-	-	-	-	-	379	-	100,669	101,048	14,669	115,717
Dividend paid to shareholders of the Company (note 6)	-	(86,718)	-	-	-	-	-	-	(86,718)	-	(86,718)
Cancelled upon repurchase of shares (note 19)	(199)	(8,960)	-	-	-	-	-	-	(9,159)	-	(9,159)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(5,803)	(5,803)
Acquisitions of subsidiaries (note 22)	-	-	-	-	-	-	-	-	-	951	951
Disposal of subsidiaries (note 23)	-	-	-	-	-	-	-	-	-	(6,884)	(6,884)
Recognition of equity-settled share-based payment (note 20)	-	-	-	28,863	-	-	-	-	28,863	-	28,863
Cancelled/lapsed of equity-settled share based payment (note 20)	-	-	-	(6,466)	-	-	-	-	(6,466)	-	(6,466)
Transfer	-	-	4,008	-	-	-	-	(4,008)	-	-	-
At 30 June 2017 (unaudited)	<b>79,126</b>	<b>424,142</b>	<b>45,238</b>	<b>219,552</b>	<b>(9,010)</b>	<b>17,706</b>	<b>(52,989)</b>	<b>762,725</b>	<b>1,486,490</b>	<b>76,483</b>	<b>1,562,973</b>

# Condensed Consolidated Statement of Changes in Equity

*For the six months ended 30 June 2017*

Notes:

- (a) The statutory reserve is non-distributable and the transfer to the reserve is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries by way of appropriations from its net profit (based on PRC statutory financial statements of the subsidiaries). Statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.
- (b) The amount recorded in the other reserve was resulted from the following as below:
  - (i) Other reserve arose from the acquisitions of additional equity interests in subsidiaries and the disposals of partial equity interests in subsidiaries, which represents the difference between the consideration and the adjustment to the non-controlling interests.
  - (ii) The Company recognised expense in relation to share options granted by Fantasia Holdings Group Co., Ltd ("Fantasia Holdings") to eligible directors of the Company and employees of the Group and credited to other reserve.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations		<b>55,030</b>	153,111
Enterprise income tax ("EIT") paid		<b>(49,351)</b>	(48,960)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>5,679</b>	104,151
<b>INVESTING ACTIVITIES</b>			
Interest received		<b>13,390</b>	5,653
Decrease in pledged bank deposits		<b>120,499</b>	59,083
Deposits paid on acquisition of subsidiaries and associates		<b>(127,352)</b>	(82,199)
Deposits returned for acquisition of equity interests		<b>–</b>	38,000
Settlement of consideration payables on acquisitions of subsidiaries		<b>(2,691)</b>	–
Acquisitions of subsidiaries (net of cash and cash equivalent acquired)	22	<b>8,556</b>	(78,614)
Disposal of a subsidiary (net of cash and cash equivalent disposed)	23(a)	<b>4,839</b>	–
Disposal of partial interests in subsidiaries resulting in loss of control	23(b)	<b>1,128</b>	–
Proceeds on disposal of property, plant and equipment		<b>3,587</b>	2,647
Purchase of property, plant and equipment		<b>(50,070)</b>	(32,974)
Proceeds on disposal of investment properties		<b>24,553</b>	3,966
Purchase of financial assets designated as at FVTPL		<b>(110,697)</b>	(43,678)
Redemption of financial assets designated as at FVTPL		<b>23,070</b>	7,202
Purchase of available-for sale investments		<b>(782)</b>	(50,000)
Capital injections to associates		<b>(15,941)</b>	–
Addition of loan receivables		<b>(55,508)</b>	–
Repayments of loan receivables		<b>65,525</b>	–
Advances to fellow subsidiaries		<b>(69,498)</b>	–
Repayments from fellow subsidiaries		<b>–</b>	22,050
Advances to non-controlling shareholders of subsidiaries		<b>(18,888)</b>	(34,131)
Repayments from non-controlling shareholders of subsidiaries		<b>15,365</b>	28,385
Advances to related parties		<b>(4,279)</b>	(228)
Repayments from related parties		<b>–</b>	5,311
Advances to associates		<b>(14,447)</b>	(213)
Advance to a director		<b>–</b>	(90)
Repayment from a director		<b>13</b>	–
Other investing cash flows		<b>–</b>	(2,105)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(189,628)</b>	(151,935)

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b> <b>RMB'000</b> <b>(Unaudited)</b>	2016 RMB'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
Interest paid	<b>(37,877)</b>	(7,997)
Listing expenses paid	–	(670)
Repayment of principal of assets backed securities issued	<b>(25,000)</b>	–
Net proceeds from the issuance of corporate bonds	–	96,877
New borrowings raised	<b>253,042</b>	220,561
Repayment of borrowings	<b>(161,323)</b>	(252,990)
Advances from fellow subsidiaries	<b>39,554</b>	15,051
Repayments to fellow subsidiaries	<b>(1,103)</b>	(1,139)
Advance from a joint venture	–	156
Advances from associates	<b>9,062</b>	105
Advances from non-controlling shareholders of subsidiaries	–	1,390
Repayments to non-controlling shareholders of subsidiaries	<b>(6,400)</b>	(5,876)
Capital contribution from non-controlling shareholders of certain subsidiaries	–	2,115
Dividend paid to non-controlling shareholders of certain subsidiaries	<b>(5,803)</b>	(1,523)
Dividend paid to shareholders of the Company	<b>(86,718)</b>	(84,695)
Payment on repurchase of shares	<b>(9,159)</b>	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(31,725)</b>	(18,635)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(215,674)</b>	(66,419)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>754,837</b>	419,478
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>539,163</b>	353,059
Represented by:		
Bank balances and cash	<b>539,163</b>	353,059

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 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 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

### Application of Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

The directors of the Company considered the application of the 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, but additional disclosure about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 3. SEGMENT INFORMATION

### Segment revenues and results

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

#### Six months ended 30 June 2017 (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	576,277	59,575	110,776	–	746,628
Inter-segment revenue	452	4,615	9,688	(14,755)	–
Segment revenue	576,729	64,190	120,464	(14,755)	746,628
Segment profit	130,607	31,014	69,582		231,203
Changes in fair value of investment properties					(2,867)
Changes in fair value of financial assets designated as at FVTPL					2,250
Share of results of associates					213
Share of result of a joint venture					(45)
Finance costs					(49,183)
Interest income					15,986
Share-based payment expense					(22,397)
Other unallocated expenses and losses					(3,919)
Profit before tax					171,241

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 3. SEGMENT INFORMATION – continued

### Segment revenues and results – continued

#### Six months ended 30 June 2016 (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	439,448	64,252	71,443	–	575,143
Inter-segment revenue	–	2,425	2,295	(4,720)	–
Segment revenue	439,448	66,677	73,738	(4,720)	575,143
Segment profit	92,502	30,189	57,440		180,131
Changes in fair value of investment properties					4,378
Changes in fair value of financial assets designated as at FVTPL					1,503
Share of results of associates					338
Share of result of a joint venture					203
Finance costs					(11,211)
Interest income					2,391
Share-based payment expense					(51,164)
Other unallocated expenses and losses					(1,058)
Profit before tax					125,511

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Current tax		
PRC EIT	62,091	46,162
Singapore EIT	–	238
Deferred tax	(6,188)	(5,908)
	<b>55,903</b>	40,492

## 5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging:		
Staff costs	309,996	307,254
Loss on disposal of property, plant and equipment, net	3,313	877
Amortisation of intangible assets	14,033	9,854
Depreciation for property, plant and equipment	15,433	12,853
Minimum lease payments under operating leases in rented premises	21,139	3,490
Allowance for doubtful debts on trade receivables	8,712	7,720
Impairment loss recognised on payments on behalf of residents under commission basis	7,849	8,281

## 6. DIVIDENDS

During the current interim period, a final dividend of HK10.00 cents, equivalent to RMB8.95 cents (2015: HK10.00 cents, equivalent to RMB8.42 cents) per share in respect of the year ended 31 December 2016 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 RMB86,718,000 (2016: RMB84,695,000).

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 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:

	<b>Six months ended 30 June</b>	
	<b>2017</b> <b>RMB'000</b> <b>(Unaudited)</b>	2016 RMB'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>100,669</b>	73,467
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>997,737</b>	1,000,119

For the current and prior interim period, the computation of diluted earnings per share does not assume the exercise of the Company's share options as the exercise prices of the options were higher than the average market price per share from the date of beginning period/date of grant to date of period end, as appropriate.

## 8. PROPERTY, PLANT AND EQUIPMENT

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

	<b>Total</b> RMB'000
At 1 January 2017 (Audited)	180,757
Additions	50,070
Acquisitions of subsidiaries (note 22)	163
Disposals	(6,900)
Disposal of subsidiaries (note 23)	(78)
Depreciation for the period	(15,433)
At 30 June 2017 (Unaudited)	<b>208,579</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 9. INVESTMENT PROPERTIES

	<b>Total</b> RMB'000
At 1 January 2017 (Audited)	92,528
Additions	4,527
Net decrease in fair value recognised in profit or loss	(2,867)
Disposals	(24,553)
Disposal of a subsidiary (note 23(a))	(3,593)
At 30 June 2017 (Unaudited)	<b>66,042</b>

The fair values of the Group's completed investment properties at 30 June 2017 have been arrived at on the basis of valuations carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected with the Group which has appropriate qualification 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. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

## 10. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Listed equity securities at fair value	<b>73,608</b>	73,103
Unlisted equity securities at cost	<b>60,982</b>	60,200
	<b>134,590</b>	133,303

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade receivables	<b>331,323</b>	284,667
Retention receivables	<b>7,315</b>	4,008
Invoices to be issued	<b>21,620</b>	14,948
	<b>360,258</b>	303,623
Less: allowance for doubtful debts	<b>(33,563)</b>	(24,851)
Total trade receivables	<b>326,695</b>	278,772
Other receivables and prepayments		
Deposits	<b>52,634</b>	42,137
Advances to staffs	<b>41,885</b>	46,025
Prepayments to suppliers	<b>24,015</b>	26,468
Receivables from customers for residential and retail units rental assistance services on behalf of Shenzhen Caizhijia Real Estate Planning Co., Ltd. ("Caizhijia")	<b>22,037</b>	16,760
Payment on behalf of residents for residential communities under lump sum basis	<b>32,494</b>	30,102
Payment on behalf of residents for residential communities under consultancy services arrangements	<b>23,619</b>	27,861
Receivables from former shareholders of subsidiaries	<b>5,371</b>	2,795
Consideration receivable on disposal of a subsidiary (note 23(a))	<b>429</b>	–
Consideration receivables on disposals of partial interests in subsidiaries resulting in loss of control (note 23(b))	<b>12,569</b>	–
Others	<b>29,991</b>	11,368
	<b>245,044</b>	203,516
	<b>571,739</b>	482,288

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Classified as:		
<b>Non-current</b>		
Trade receivables	<b>18,605</b>	8,247
Other receivables and prepayments	<b>7,231</b>	7,489
	<b>25,836</b>	15,736
<b>Current</b>		
Trade receivables	<b>308,090</b>	270,525
Other receivables and prepayments	<b>237,813</b>	196,027
	<b>545,903</b>	466,552
	<b>571,739</b>	482,288

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 the respective revenue recognition date, except for trade receivables from engineering services and trade receivables from agency service provided to Caizhijia, of which the invoice date represented the payment due date:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
0 to 30 days	<b>81,306</b>	92,158
31 to 90 days	<b>68,407</b>	43,229
91 to 180 days	<b>55,961</b>	44,130
181 to 365 days	<b>61,220</b>	58,878
Over 1 year	<b>71,744</b>	50,280
	<b>338,638</b>	288,675

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 12. LOAN RECEIVABLES

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
西安地聯置業有限責任公司 Xi'an Dilian Real Estate Co., Ltd. ("Xi'an Dilian")	(a)	96,475	150,000
深圳乾訊科技有限公司 Shenzhen Qianxun Technology Co., Ltd. ("Shenzhen Qianxun")	(b)	38,000	67,500
上海銀灣生活網絡股份有限公司 Shanghai Yinwan Life Network Co., Ltd.	(c)	32,500	9,750
Others	(c)	50,258	–
Fixed-rate loan receivables		217,233	227,250
Less: Amounts shown under non-current assets		(42,500)	(9,750)
Amounts shown under current assets		174,733	217,500

Notes:

- (a) At the date these condensed consolidated financial statements are authorised for issuance, the amount due from Xi'an Dilian has been fully repaid.
- (b) At the date these condensed consolidated financial statements are authorised for issuance, included in amount due from Shenzhen Qianxun, RMB25,000,000 has been repaid. For the remaining balance amounting to RMB13,000,000, the Group entered into a supplementary agreement with Shenzhen Qianxun regarding the extension of the maturity date from June 2017 to January 2018.
- (c) During the current interim period, the Group has entered into loan agreements with several independent third parties, regarding the fund provision of RMB73,008,000. The loans carry interests ranging from 10.5% to 15.0% per annum and will mature from March 2018 to January 2020. The loans are pledged by equity interests and properties held by the independent third parties. At 30 June 2017, the amounts of RMB40,258,000 (31 December 2016: nil) are expected to be repaid in one year and are classified as current assets and the amounts of RMB42,500,000 (31 December 2016: RMB9,750,000) are expected to be repaid after one year and are classified as non-current assets.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, RELATED PARTIES, ASSOCIATES AND A DIRECTOR

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Amounts due from fellow subsidiaries		
Non-trade nature	<b>74,598</b>	2,513
Trade nature	<b>27,166</b>	32,037
	<b>101,764</b>	34,550

As at 30 June 2017, included in the amounts due from fellow subsidiaries, the balances with 江西銀盛房地產開發有限公司 Jiangxi Yinsheng Property Development Co., Ltd. and 涇川花樣年文化旅遊產業開發有限公司 Jingchuan Fantasia Culture Tourism Development Co., Ltd. of RMB50,000,000 and RMB20,000,000, respectively, represented loans provided by the Group. The balances bear interest at 12% per annum. The amounts are expected to be repaid in one year and classified as current assets.

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

The following is an aging analysis of trade balances due from fellow subsidiaries presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition date:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
0 – 30 days	<b>2,398</b>	4,935
31 – 90 days	<b>8,744</b>	9,246
91 – 180 days	<b>1,432</b>	9,838
181 – 365 days	<b>12,381</b>	1,505
Over 1 year	<b>2,211</b>	6,513
	<b>27,166</b>	32,037

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, RELATED PARTIES, ASSOCIATES AND A DIRECTOR (Continued)

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Amounts due from non-controlling shareholders of subsidiaries	<b>85,853</b>	82,330
Amounts due from associates	<b>30,045</b>	1,434
Amounts due from related parties		
Non-trade nature	<b>3,953</b>	848
Trade nature	<b>19,599</b>	15,320
	<b>23,552</b>	16,168

For the trade balance due from a related party, which is a joint venture of Fantasia Holdings, one year credit term is granted from issuance of invoices. The following is an aging analysis of trade balance due from a related party presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition date:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
0 – 30 days	<b>2,947</b>	3,064
31 – 90 days	<b>5,891</b>	6,128
91 – 180 days	<b>8,835</b>	6,128
181 – 365 days	<b>1,926</b>	–
	<b>19,599</b>	15,320

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Amount due from a director		
Non-current	<b>338</b>	343
Current	<b>61</b>	60
	<b>399</b>	403

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, RELATED PARTIES, ASSOCIATES AND A DIRECTOR *(Continued)*

As at 30 June 2017, the amount due from Mr. Tang Xuebin, a director of the Company of RMB399,000 (31 December 2016: RMB403,000) represented housing loan granted by the Group for his purchases of own properties. The balance bears interest at 5.4% per annum. At 30 June 2017, the amount of RMB61,000 (31 December 2016: RMB60,000) is expected to be repaid in one year and is classified as current asset and the amount of RMB338,000 (31 December 2016: RMB343,000) is expected to be repaid after one year and is classified as non-current asset.

Except for the above amounts due from certain fellow subsidiaries and a director, the remaining non-trade balances with fellow subsidiaries, non-controlling shareholders of subsidiaries, associates and related parties are unsecured, interest-free and repayable on demand.

## 14. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade payables	<b>157,421</b>	113,991
Other payables and accruals		
Receipts on behalf of residents under lump sum basis	<b>73,191</b>	54,250
Receipts on behalf of residents for residential communities under consultancy service arrangements	<b>28,474</b>	9,978
Receipts on behalf of online platform merchants	<b>3,906</b>	6,157
Advances from customers	<b>116,266</b>	133,679
Deposits received	<b>67,470</b>	80,834
Other tax payable	<b>35,898</b>	52,698
Rental payable	<b>1,537</b>	436
Accrued staff costs	<b>71,219</b>	78,768
Provision for retirement benefit contributions	<b>70,042</b>	78,807
Consideration payables for acquisition of subsidiaries	<b>48,799</b>	48,467
Other payables and accruals	<b>22,473</b>	52,103
	<b>539,275</b>	596,177
	<b>696,696</b>	710,168

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 14. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
0 – 60 days	<b>81,080</b>	74,277
61 – 180 days	<b>38,817</b>	26,521
181 – 365 days	<b>28,786</b>	9,310
Over 1 year	<b>8,738</b>	3,883
	<b>157,421</b>	113,991

## 15. AMOUNTS DUE TO FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Amounts due to fellow subsidiaries		
Non-trade nature	<b>54,641</b>	16,190
Trade nature	<b>54</b>	1,111
	<b>54,695</b>	17,301

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 15. AMOUNTS DUE TO FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

(Continued)

The trade balances due to fellow subsidiaries represented the advance from fellow subsidiaries for provision of pre-sales services and engineering services.

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Amounts due to fellow subsidiaries		
Non-current	<b>9,302</b>	9,859
Current	<b>45,393</b>	7,442
	<b>54,695</b>	17,301
Amounts due to non-controlling shareholders of subsidiaries	<b>23,990</b>	32,886
Amounts due to associates	<b>41,292</b>	7,564
Amount due to a joint venture	<b>326</b>	326

During the year ended 31 December 2016, the Group has borrowed RMB15,360,000 from 深圳市前海花樣年金融服務有限公司, Shenzhen Qianhai Fantasia Financial Services Co., Ltd. ("Shenzhen Qianhai"), a fellow subsidiary of the Company to purchase its equipment. The loans bear interest ranging from 13.2% to 16.5% per annum and matures from 15 July 2016 to 15 October 2021. The loans are guaranteed by a subsidiary of the Company, a non-controlling shareholder of the subsidiary and an independent third party. As at 30 June 2017, the balance due to Shenzhen Qianhai is RMB13,090,000 (31 December 2016: RMB14,183,000).

Except for the above amounts due to Shenzhen Qianhai, the remaining non-trade amounts due to the above fellow subsidiaries, non-controlling shareholders of subsidiaries, associates and a joint venture are unsecured, interest-free and repayable on demand.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 16. BORROWINGS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Secured bank loans	<b>553,174</b>	561,684
Unsecured bank loans	<b>161,979</b>	90,350
Unsecured other loans	<b>36,860</b>	8,260
	<b>752,013</b>	660,294
Less: Amounts due within one year shown under current liabilities	<b>(255,778)</b>	(161,506)
Amounts shown under non-current liabilities	<b>496,235</b>	498,788

During the current interim period, the Group obtain new borrowings amounting to RMB253,042,000 (six months ended 30 June 2016: RMB220,561,000) and repaid borrowings amounting to RMB161,323,000 (six months ended 30 June 2016: RMB252,990,00).

The new borrowings raised are denominated in Renminbi and Hong Kong Dollar and carry interest ranging from 1.50% to 14.00% per annum.

## 17. CORPORATE BONDS

The movements of the corporate bonds during the period are set out below:

	RMB'000
At 1 January 2017 (Audited)	402,585
Interest expenses	15,705
Payment of interests	(6,700)
At 30 June 2017 (Unaudited)	411,590

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 18. ASSETS BACKED SECURITIES ISSUED

The movement of the assets backed securities during the period is set out below:

	RMB'000
At 1 January 2017 (Audited)	275,084
Interest expenses	10,297
Repayment of principal	(25,000)
Payment of interests	(7,996)
<hr/>	
At 30 June 2017 (Unaudited)	252,385

## 19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
<b>Authorised</b>		
1 January 2017 and 30 June 2017	<b>50,000,000</b>	<b>5,000,000</b>
<hr/>		
<b>Issued and fully paid</b>		
At 1 January 2017	1,000,119	100,012
Cancelled upon repurchase of shares	(2,274)	(227)
<hr/>		
At 30 June 2017	<b>997,845</b>	<b>99,785</b>
<hr/>		
		<b>Amount</b>
		RMB'000
Shown in the condensed consolidated financial statement as:		
At 30 June 2017 (Unaudited)		<b>79,126</b>
<hr/>		
At 31 December 2016 (Audited)		79,325

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 20. SHARE OPTION SCHEMES

### (a) The Company

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

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2017 '000	Cancelled/lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2017 '000
Directors	29 September 2014	N/A	520	-	-	520
		29/9/2014 – 28/9/2015	1,064	-	-	1,064
		29/9/2014 – 28/9/2016	1,064	-	-	1,064
		29/9/2014 – 28/9/2017	548	-	-	548
	30 April 2015	30/4/2015 – 29/4/2016	436	-	-	436
		30/4/2015 – 29/4/2017	435	-	-	435
		30/4/2015 – 29/4/2018	435	-	-	435
	18 March 2016	18/3/2016 – 17/3/2017	427	-	-	427
		18/3/2016 – 17/3/2018	426	-	-	426
		18/3/2016 – 17/3/2019	426	-	-	426
			5,781	-	-	5,781
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	5,535	(70)	-	5,465
		29/9/2014 – 28/9/2015	11,623	(123)	-	11,500
		29/9/2014 – 28/9/2016	11,623	(123)	-	11,500
		29/9/2014 – 28/9/2017	5,968	(53)	-	5,915
	30 April 2015	30/4/2015 – 29/4/2016	6,244	(127)	-	6,117
		30/4/2015 – 29/4/2017	6,243	(127)	-	6,116
		30/4/2015 – 29/4/2018	6,243	(127)	-	6,116
	18 March 2016	18/3/2016 – 17/3/2017	10,484	(37)	-	10,447
		18/3/2016 – 17/3/2018	10,484	(37)	-	10,447
		18/3/2016 – 17/3/2019	10,483	(37)	-	10,446
			84,930	(861)	-	84,069
Total			90,711	(861)	-	89,850

The Group recognised the total expense of RMB22,397,000 for the current interim period (six months ended 30 June 2016: RMB51,164,000) in relation to share options granted by the Company.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 20. SHARE OPTION SCHEMES *(Continued)*

### (b) Fantasia Holdings

The following table discloses movements of Fantasia Holdings' share options held by directors of the Company and employees of the Group during the current interim period:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2017 '000	Cancelled/lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2017 '000
Directors of the Company	29 August 2011	29/8/2011 – 28/8/2012	634	–	–	634
		29/8/2011 – 28/8/2013	1,268	–	–	1,268
		29/8/2011 – 28/8/2014	4,438	–	–	4,438
	16 October 2012	16/10/2012 – 15/10/2013	861	–	–	861
		16/10/2012 – 15/10/2014	1,722	–	–	1,722
		16/10/2012 – 15/10/2015	6,027	–	–	6,027
			14,950	–	–	14,950
Employees of the Group	29 August 2011	29/8/2011 – 28/8/2012	112	–	–	112
		29/8/2011 – 28/8/2013	224	–	–	224
		29/8/2011 – 28/8/2014	784	–	–	784
	16 October 2012	16/10/2012 – 15/10/2013	112	–	–	112
		16/10/2012 – 15/10/2014	224	–	–	224
		16/10/2012 – 15/10/2015	784	–	–	784
			2,240	–	–	2,240
Total			17,190	–	–	17,190

## 21. SHARE AWARD SCHEME

The Board of Directors of the Company has adopted a share award scheme (the "Share Award Scheme") on 4 July 2016 for certain employees of the Group and consultants to the Group (the "Grantees") as incentives or rewards for their contribution or potential contribution to the Group by way of the Company's shares acquired by and held through an independent trustee appointed by the Company (the "Trustee") until fulfilment of special conditions before vesting.

By the end of the reporting period, the aggregate consideration paid for these shares in an amount of RMB9,010,000 (31 December 2016: RMB9,010,000) was deducted from shareholders' equity.

As at 30 June 2017, the shares held for the Share Award Scheme have not been awarded to eligible employees or consultants of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 22. ACQUISITIONS OF SUBSIDIARIES

For the period ended 30 June 2017

Name of subsidiaries acquired	Place of establishment/ incorporation	Acquisition in	Equity interest acquired	Consideration RMB'000
福建永嘉商業物業管理有限公司 Fujian Yongjia Commercial Property Management Co., Ltd.	PRC	March	60%	1,200
武漢天宇弘物業管理有限公司 Wuhan Tianyuhong Property Management Co., Ltd. ("Wuhan Tianyuhong")	PRC	March	80%	4,800
寶雞聚豐弘遠物業管理有限公司 Baoji Jufeng Hongyuan Property Management Co., Ltd. ("Baoji Jufeng")	PRC	March	70%	3,500
九江中輝恒佳物業服務有限公司 Jiujiang Zhonghui Hengjia Property Services Co., Ltd.	PRC	March	100%	– (note)

Note: The considerations was less than RMB1,000.

During the current interim period, the Group acquired 80% and 70% equity interests of Wuhan Tianyuhong and Baoji Jufeng, respectively, from certain non-controlling shareholders of subsidiaries of the Company. Except for acquisitions of Wuhan Tianyuhong and Baoji Jufeng, the remaining subsidiaries were acquired from independent third parties.

The acquired subsidiaries are principally engaged in provision of property management services and the objective of the acquisitions is the expansion of property management service of the Group.

*Consideration transferred*

	RMB'000
Cash consideration	1,247
Deposits paid in prior years	5,230
Consideration payable due within one year included in other payables	3,023
	<hr/>
	9,500

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the period and included in 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 2017

## 22. ACQUISITIONS OF SUBSIDIARIES (Continued)

For the period ended 30 June 2017 (Continued)

Assets acquired and liabilities recognised at the dates of acquisition are as follow:

	RMB'000
Property, plant and equipment	163
Intangible assets	4,432
Trade receivables	3,602
Other receivables and prepayments	5,907
Payments on behalf of residents	3,467
Amounts due from certain subsidiaries of the Company	5,180
Bank balances and cash	9,803
Trade payables	(62)
Other payables and accruals	(2,665)
Receipts on behalf of residents	(22,569)
Amounts due to certain subsidiaries of the Company	(1,985)
Tax liabilities	(205)
Deferred tax liabilities	(1,108)
	3,960

The trade and other receivables (including amounts due from certain subsidiaries of the Company) acquired with a fair value of RMB14,689,000 as at the dates of acquisition during the current interim period, are approximate to gross contractual amounts, with no significant contractual cash flows not expected to be collected.

*Goodwill arising on acquisitions*

	RMB'000
Consideration transferred	9,500
Add: non-controlling interests	951
Less: fair value of net identifiable assets acquired	(3,960)
	6,491

Goodwill arose on the acquisitions of subsidiaries, because the cost of the business combination included a control premium. In addition, the consideration paid for the business combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

For the current interim period, intangible assets of RMB4,432,000 in relation to the acquisitions of subsidiaries under property management segment have been recognised by the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 22. ACQUISITIONS OF SUBSIDIARIES (Continued)

### For the period ended 30 June 2017 (Continued)

None of the goodwill arising on the acquisitions are expected to be deductible for tax purposes. The non-controlling interests arising from the acquisition of respective subsidiaries were measured by reference to the proportionate share of the acquirees' net identifiable assets/liabilities at the acquisition dates.

#### Net cash inflows arising on acquisitions

	RMB'000
Cash consideration paid in current period	(1,247)
Bank balances and cash acquired	9,803
	8,556

#### Impact of acquisitions on the results of the Group

Revenue and profits attributable by the additional businesses generated by the acquirees included in the Group since the date of acquisition until the end of the period during the current interim period are as follows:

	<b>Six months ended 30 June 2017 RMB'000 (Unaudited)</b>
Revenue	<b>2,644</b>
Profit for the period	<b>1,100</b>

Had the above acquisitions been completed on 1 January 2017, the total Group's revenue and profit for the current interim period would be as follow:

	<b>Six months ended 30 June 2017 RMB'000 (Unaudited)</b>
Revenue	<b>748,181</b>
Profit for the period	<b>115,852</b>

The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group for the current interim period that actually would have been achieved had the acquisitions been completed on 1 January 2017 nor is it intended to be a projection of future results.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 23. DISPOSAL OF SUBSIDIARIES

### (a) Disposal of a subsidiary

For the period ended 30 June 2017

In March 2017, the Group disposed its entire equity interests in 深圳市匯港物業管理有限責任公司, Shenzhen Huigang Property Management Co., Ltd. ("Shenzhen Huigang") to an independent third party for a consideration of RMB5,500,000. Shenzhen Huigang is engaged in provision of property management service in the PRC.

The above transaction is accounted for as disposal of a subsidiary. Details of the net assets disposed in respect of the above transaction are summarised below:

	RMB'000 (Unaudited)
Consideration satisfied by:	
Cash	5,071
Consideration receivable due within one year	429
	5,500
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	37
Investment properties	3,593
Goodwill	2,644
Trade receivables	2,706
Other receivables and prepayments	1,285
Tax recoverable	161
Amounts due from certain subsidiaries of the Company	6,872
Bank balances and cash	232
Trade payables	(2,759)
Other payables and accruals	(1,146)
Receipts on behalf of residents	(792)
Amounts due to certain subsidiaries of the Company	(5,334)
Amount due to a non-controlling shareholder	(445)
Deferred tax liabilities	(546)
	6,508
Net assets disposed of	6,508
Gain on disposal of a subsidiary:	
Consideration	5,500
Add: non-controlling interests	1,376
Less: net assets disposed of	(6,508)
	368
Net cash inflow arising on disposal:	
Cash consideration received	5,071
Bank balances and cash disposed	(232)
	4,839

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 23. DISPOSAL OF SUBSIDIARIES (Continued)

### (b) Disposal of partial interests in subsidiaries resulting in loss of control

For the period ended 30 June 2017

- (i) During the current interim period, the Group disposed of its 80% equity interest in 徐州市濱湖花園物業管理有限公司, Xuzhou Binhu Garden Property Management Co., Ltd. ("Xuzhou Binhu") to an independent third party for a consideration of RMB3,680,000, resulting in loss of control upon completion of the transaction. The remaining 10% equity interest in Xuzhou Binhu is classified as interests in associates of the Group, as the Group can exercise significant influence over the relevant activities of Xuzhou Binhu. Xuzhou Binhu is engaged in provision of property management service in the PRC.
- (ii) During the current interim period, the Group disposed of its 30% of equity interest in 西安榮鑫物業管理有限公司, Xi'an Rongxin Property Management Co., Ltd. ("Xi'an Rongxin") to Ms. Cui Ronghua 崔榮華, a non-controlling shareholder of a subsidiary, for a consideration of RMB10,389,000, resulting in loss of control upon completion of the transaction. The remaining 30% equity interest in Xi'an Rongxin is classified as interests in associates of the Group, as the Group can exercise significant influence over the relevant activities of Xi'an Rongxin. Xi'an Rongxin is engaged in provision of property management service in the PRC.

The above transactions were accounted for as disposal of partial interests in subsidiaries resulting in loss of control. Details of the net assets disposed of in respect of the above transactions are summarised below:

	RMB'000 (Unaudited)
Consideration satisfied by:	
Cash	1,500
Consideration receivables due within one year	12,569
	<hr/> 14,069 <hr/>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	41
Goodwill	16,911
Trade receivables	14,200
Other receivables and prepayments	3,607
Payments on behalf of residents	18,539
Amount due from certain subsidiaries of the Company	24,666
Bank balances and cash	372
Trade payables	(758)
Other payables and accruals	(1,374)
Receipts on behalf of residents	(33,833)
Amounts due to non-controlling shareholders	(2,051)
Amounts due to certain subsidiaries of the Company	(14,164)
Tax liabilities	(3,408)
	<hr/> 22,748 <hr/>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 23. DISPOSAL OF SUBSIDIARIES (Continued)

### (b) Disposal of partial interests in subsidiaries resulting in loss of control (Continued)

For the period ended 30 June 2017 (Continued)

	RMB'000 (Unaudited)
Gain on disposal of partial interests in subsidiaries resulting in loss of control:	
Total considerations	14,069
Non-controlling interests	5,508
Fair value of retained equity interests in Xuzhou Binhu and Xi'an Rongxin classified as interests in associates	10,849
Less: net assets disposed of	(22,748)
	7,678
Net cash inflow arising on disposal:	
Cash consideration received	1,500
Bank balances and cash disposed	(372)
	1,128

## 24. OPERATING LEASE COMMITMENTS

### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year	<b>44,087</b>	47,023
Between one and five years	<b>171,080</b>	170,721
Over five years	<b>398,792</b>	418,821
	<b>613,959</b>	636,565

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 24. OPERATING LEASE COMMITMENTS (Continued)

### The Group as lessor

At the end of the reporting period, the Group had contracted with tenants or residential communities for the following future minimum lease payments:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within one year	<b>83,436</b>	67,399
Between one and five years	<b>199,608</b>	126,817
Over five years	<b>182,415</b>	58,989
	<b>465,459</b>	253,205

## 25. CAPITAL AND OTHER COMMITMENTS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	<b>13,002</b>	18,142
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>21,249</b>	21,325

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at		Fair value hierarchy
	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)	
Financial assets designated as at FVTPL	173,152	83,275	Level 2
Equity securities listed in the PRC classified as available-for-sale investments	73,608	73,103	Level 3

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 27. RELATED PARTY DISCLOSURES

### (a) Related party transactions

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

	<b>Six months ended 30 June</b>	
	<b>2017</b> <b>RMB'000</b> <b>(Unaudited)</b>	2016 RMB'000 (Unaudited)
<b>Engineering services income</b>		
Fellow subsidiaries	<b>4,373</b>	12,783
An associate	<b>166</b>	211
<b>Pre-sales services income</b>		
Fellow subsidiaries	<b>2,670</b>	3,873
<b>Consultancy services income</b>		
A related party, a joint venture of Fantasia Holdings	<b>17,673</b>	–
<b>Online promotion services income</b>		
A fellow subsidiary	<b>20,986</b>	12,941
<b>Energy-saving services fees</b>		
An associate	<b>38</b>	–
An entity controlled by Mr. Pan Jun, a director of the Company	<b>102</b>	–
<b>Leasing information system software income</b>		
An associate	<b>65</b>	–
An entity controlled by Mr. Pan Jun, a director of the Company	<b>1,358</b>	585
<b>Other services income included in community leasing, sales and other services segment</b>		
An associate	<b>16</b>	–
<b>Interest expenses</b>		
A non-controlling shareholder of a subsidiary	–	85
A fellow subsidiary	<b>985</b>	–
<b>Interest income</b>		
Mr. Tang Xuebin, a director of the Company	<b>9</b>	2
Fellow subsidiaries	<b>2,587</b>	–

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 27. RELATED PARTY DISCLOSURES *(Continued)*

### (b) Compensation of key management personnel

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Short-term employee benefits	<b>7,433</b>	7,672
Post-employment benefits	<b>260</b>	33
Share-based payments	<b>3,085</b>	13,693
	<b>10,778</b>	21,398



**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: 86-755-3393 0881

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

