Colour Life Services Group Co., Limited
彩生活服務集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1778)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

— The Group's total revenue increased by 112.6% to RMB827.6 million in 2015 from RMB389.3 million in 2014.

— The Group's gross profit increased by 46.7% to RMB454.5 million in 2015 from RMB309.9 million in 2014. Gross profit margin decreased by 24.7 percentage points to 54.9% in 2015 from 79.6% in 2014.

— The Group's profit increased by 21.4% to RMB182.7 million in 2015 from RMB150.5 million in 2014, while the adjusted profit increased by 50.7% to RMB327.7 million in 2015 from RMB217.5 million in 2014.

— Basic earnings per share increased by 1.1% to RMB16.84 cents in 2015 from RMB16.66 cents in 2014.

— Net cash from operating activities increased by 317.3% to RMB238.7 million in 2015 from RMB57.2 million in 2014.

— As at 31 December 2015, the Group's total bank balances and cash was approximately RMB419.5 million (2014: approximately RMB687.0 million), representing a decrease of 38.9% as compared to that as at 31 December 2014.

— The Board proposed the payment of a final dividend of HK10.00 cents per share, representing about 50% dividend payout ratio, for the year ended 31 December 2015.

— As at 31 December 2015, the Group's contracted GFA increased by 56.9% from 205.3 million sq.m. to 322.1 million sq.m. as compared to that as at 31 December 2014.

The board (the "Board") of directors (the "Directors") of Colour Life Services Group Co., Limited 彩生活服務集團有限公司 (the "Company" or "Colour Life") is pleased to announce the audited financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*3*	**827,645**	389,287
Cost of sales and services		**(373,189)**	(79,405)
Gross profit		**454,456**	309,882
Other gains and losses	*4*	**(26,822)**	(11,943)
Other income	*4*	**13,765**	4,241
Selling and distribution expenses		**(16,322)**	(1,687)
Administrative expenses		**(216,870)**	(92,864)
Expenses recharged to residential communities under commission basis		**47,182**	20,029
Finance costs	*5*	**(11,082)**	(1,920)
Listing expenses		**–**	(16,282)
Changes in fair value of investment properties		**6,987**	1,941
Share of results of associates		**627**	58
Share of results of a joint venture		**162**	378
Profit before tax		**252,083**	211,833
Income tax expense	*6*	**(69,428)**	(61,347)
Profit for the year	*7*	**182,655**	150,486
Profit for the year attributable to:			
— Owners of the Company		**168,438**	145,675
— Non-controlling interests		**14,217**	4,811
		182,655	150,486
Earnings per share (RMB cents)			
— Basic	*9*	**16.84**	16.66
— Diluted		**16.83**	16.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTES	**2015** **RMB'000**	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**167,099**	67,546
Investment properties		**88,804**	29,790
Interests in associates		**6,332**	1,295
Interest in a joint venture		**1,108**	946
Intangible assets		**152,033**	26,850
Goodwill		**575,634**	105,188
Trade receivables	*10*	**7,199**	4,802
Other receivables and prepayments		**5,964**	5,657
Deferred tax assets		**19,722**	5,839
Deposits paid for potential acquisitions of subsidiaries		**106,736**	142,661
		1,130,631	390,574
CURRENT ASSETS			
Inventories		**2,106**	862
Amounts due from customers for contract works		**34,328**	41,113
Trade receivables	*10*	**179,350**	152,662
Other receivables and prepayments		**111,751**	69,470
Payments on behalf of residents		**169,626**	86,214
Amounts due from fellow subsidiaries		**46,548**	20,157
Amounts due from non-controlling shareholders of the subsidiaries		**46,422**	14,989
Amounts due from related parties		**7,228**	336
Amount due from an associate		**1,105**	–
Financial assets designated as at fair value through profit or loss		**19,200**	–
Pledged/restricted bank deposits		**551,383**	136,323
Bank balances and cash		**419,478**	687,031
		1,588,525	1,209,157

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AT 31 DECEMBER 2015

	NOTES	2015 RMB'000	2014 RMB'000
CURRENT LIABILITIES			
Amounts due to customers for contract works		**17,141**	8,195
Trade payables	*11*	**80,231**	25,975
Other payables and accruals		**421,177**	176,252
Receipts on behalf of residents		**104,033**	72,745
Amounts due to fellow subsidiaries		**4,734**	1,777
Amounts due to non-controlling shareholders of the subsidiaries		**30,125**	5,846
Amount due to an associate		**5,040**	775
Amount due to a joint venture		**94**	94
Tax liabilities		**108,010**	83,906
Borrowings due within one year		**302,990**	127,927
		1,073,575	503,492
NET CURRENT ASSETS		**514,950**	705,665
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,645,581**	1,096,239
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**54,033**	7,385
Amount due to a non-controlling shareholder of a subsidiary		**816**	1,572
Borrowings due after one year		**290,000**	18
TOTAL NON-CURRENT LIABILITIES		**344,849**	8,975
NET ASSETS		**1,300,732**	1,087,264
CAPITAL AND RESERVES			
Share capital	*12*	**79,325**	79,315
Reserves		**1,180,066**	992,286
Equity attributable to owners of the Company		**1,259,391**	1,071,601
Non-controlling interests		**41,341**	15,663
TOTAL EQUITY		**1,300,732**	1,087,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 March 2011. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 30 June 2014. The addresses of the registered office and principal place of business of the Company are stated in the section "Corporate Information" of the annual report for the year ended 31 December 2015.

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

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

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

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

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

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

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

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

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

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2014 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2015 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

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

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

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

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

HKFRS 15 *Revenue from contracts with Customer*

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

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

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

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

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

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

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

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

The Group has three reportable and operating segments as follows:

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

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

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

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

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

Segment revenues and results

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

	Property management services *RMB'000*	Engineering services *RMB'000*	Community leasing, sales and other services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Year ended 31 December 2015					
External revenue	**586,332**	**135,426**	**105,887**	**–**	**827,645**
Inter-segment revenue	**–**	**2,487**	**935**	**(3,422)**	**–**
Segment revenue	**586,332**	**137,913**	**106,822**	**(3,422)**	**827,645**
Segment profit	**206,223**	**62,823**	**71,336**		**340,382**
Changes in fair value of investment properties					**6,987**
Share of results of associates					**627**
Share of results of a joint venture					**162**
Finance costs					**(11,082)**
Bank interest income					**5,304**
Rental income from investments properties					**46**
Share-based payment expenses					**(88,479)**
Other unallocated expenses					**(1,864)**
Profit before tax					**252,083**

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

Other segment information

	Property management services *RMB'000*	**Engineering services** *RMB'000*	**Community leasing, sales and other services** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2015				
Segment information included in the measure of segment profit:				
Amortisation of intangible assets	**13,004**	**–**	**–**	**13,004**
Depreciation of property, plant and equipment	**3,848**	**9,574**	**1,647**	**15,069**
Fair value gain on non-current interest-free deposit	**343**	**–**	**–**	**343**
Impairment loss recognised on payments on behalf of residents under commission basis	**15,140**	**3,959**	**–**	**19,099**
Impairment loss recognised on trade receivables	**4,663**	**2,274**	**2,430**	**9,367**
Imputed interest income on non-current interest-free trade receivables	**–**	**1,096**	**–**	**1,096**
Loss on disposal of property, plant and equipment	**429**	**–**	**158**	**587**

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

Revenue from major services

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

Geographical information

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

Information about major customers

During the years ended 31 December 2015 and 2014, the subsidiaries of Fantasia Holdings, other than the Group, contributed less than 10% of the total revenue of the Group on an aggregated basis. These revenue are mainly involved in property management services segment and engineering service segment. Save as disclosed, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. OTHER GAINS AND LOSSES AND OTHER INCOME

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

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

5. FINANCE COSTS

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

6. INCOME TAX EXPENSE

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

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

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

Deferred tax has not been provided for in the consolidated financial statements in respect of the tax effect of temporary differences attributable to the accumulated undistributed earnings of the subsidiaries of the Company established in the PRC amounting to approximately RMB533,826,000 (2014: RMB276,905,000) as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT FOR THE YEAR

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

8. DIVIDEND

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

Subsequent to 31 December 2015, a final dividend for the year ended 31 December 2015 of HK10.00 cents, equivalent to RMB8.42 cents (2014: HK9.00 cents, equivalent to RMB7.28 cents) per share amounting to RMB842.0 million in aggregate has been proposed by the Directors for approval by the shareholders of the Company for the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of reporting period.

9. EARNINGS PER SHARE

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

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

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

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

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

10. TRADE RECEIVABLES

	Notes	2015 RMB'000	2014 RMB'000
Trade receivables		**184,594**	152,834
Retention receivables		**3,880**	1,508
Invoices to be issued	*(a)*	**13,062**	8,742
		201,536	163,084
Less: allowance for doubtful debts		**(14,987)**	(5,620)
Total trade receivables		**186,549**	157,464
Classified as:			
Non-current	*(b)*	**7,199**	4,802
Current		**179,350**	152,662
		186,549	157,464

Notes:

a. For the customers of installation of energy-saving lighting systems, of which they are mainly the residential communities managed by the Group, the Group allows the customers to settle the installation fee over a 48-month interest-free period. According to the agreements between the Group and the customers, the energy-saving systems are installed in these residential communities and the Group would bill the residential communities at the end of each month over the 48-months period. The unbilled installation revenue is discounted at an effective interest rate of 8.3% (2014: 8.3%) per annum for the year ended 31 December 2015. Upon meeting the revenue recognition criterias, installation revenue recognised prior to the issuance of invoice is recognised as "invoice to be issued" in the consolidated statement of financial position.

b. Trade receivables classified as non-current represented the following:

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

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

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

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

Installation service fee and automation equipment upgrade service income from engineering services are received in accordance with the terms of the relevant installation contract agreements, normally within 30 to 90 days from the issuance of payment requests.

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

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

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

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

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

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

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

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB87,878,000 (2014: RMB96,160,000), which are past due as at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of past due but not impaired trade receivables

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

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

Movement in the allowance for doubtful debts

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

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

11. TRADE PAYABLES

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

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

12. SHARE CAPITAL

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

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

Notes:

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

(b) On 30 June 2014, 250,000,000 ordinary shares of HK$0.1 each of the Company were issued at a price of HK$3.78 by way of initial public offering. On the same date, the Company's shares were listed on the SEHK. The proceeds of HK$25,000,000 (equivalent to RMB19,829,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$920,000,000 (equivalent to RMB729,698,000), before issuing expenses, were credited to share premium account.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Business Overview

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

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

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

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

Property Management Services

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

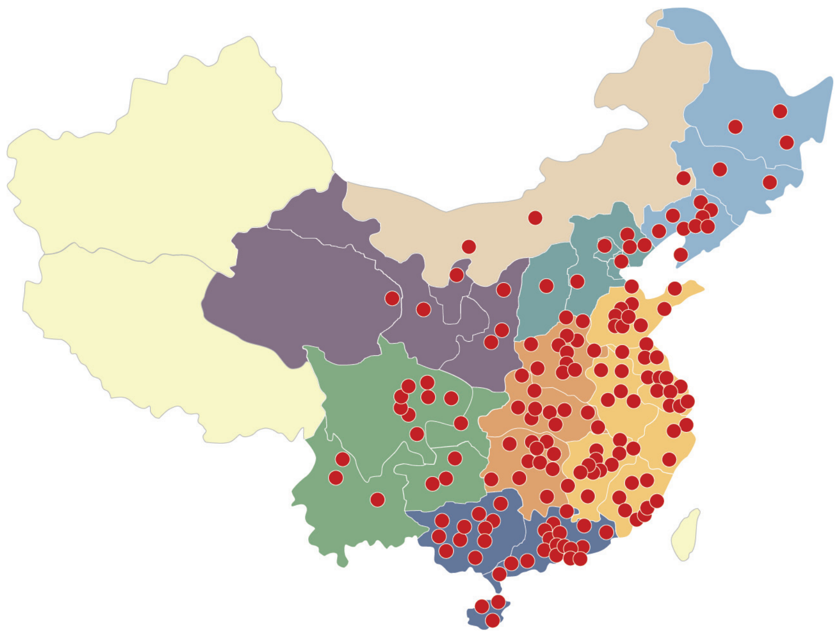
In addition, the Group also focused on driving its organic growth through word-of-mouth marketing and brand building. As at 31 December 2015, the communities managed by the Group reached 165 cities in the PRC and Hong Kong and one overseas country, namely Singapore, which brought reputation to the Group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

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

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

Geographical Presence

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



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

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

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

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

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

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

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

Non-Mainland China
165. Hong Kong

Oversea
166. Singapore

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

	As at 31 December							
	2015				2014			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	Total Contracted GFA ('000 sq.m.)	Number	Total Contracted GFA ('000 sq.m.)	Number	Total Contracted GFA ('000 sq.m.)	Number	Total Contracted GFA ('000 sq.m.)	Number
Shenzhen	**7,578**	**129**	**753**	**18**	4,780	102	720	18
Southern China (excluding Shenzhen)[1]	**58,439**	**414**	**3,807**	**17**	34,914	194	13,386	113
Eastern China[2]	**104,313**	**652**	**7,483**	**43**	38,777	230	40,011	228
Southwestern China[3]	**40,702**	**236**	**798**	**2**	17,701	60	3,488	34
Northeastern China[4]	**10,044**	**58**	**3,429**	**21**	5,068	33	4,015	26
Northwestern China[5]	**15,439**	**68**	**76**	**1**	10,869	53	76	1
Northern China[6]	**13,855**	**70**	**2,005**	**19**	8,807	17	2,522	20
Central China[7]	**52,076**	**198**	**300**	**1**	15,545	78	3,868	29
Non-Mainland China[8]	**40**	**16**	**–**	**–**	–	–	–	–
Singapore	**987**	**38**	**–**	**–**	703	29	–	–
Total	**303,473**	**1,879**	**18,651**	**122**	137,164	796	68,086	469

Notes:

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

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

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

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

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

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

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

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

As at 31 December 2015, the Group had grown its coverage to 165 cities in China and one overseas country, namely Singapore where the Group was contracted to manage 1,879 residential communities with an aggregate contracted GFA of approximately 303.5 million sq.m. and entered into consultancy services contracts with 122 residential communities with an aggregate contracted GFA of approximately 18.7 million sq.m.. The Group will continue to expand its business through obtaining new service engagements and acquisitions of other property management companies. The table below sets forth the movement of the total contracted GFA and the number of residential communities the Group managed or provided consultancy services to during 2015:

	As at 31 December							
	2015				2014			
	Managed by the Group		**Under the Group's consultancy service arrangements**		Managed by the Group		Under the Group's consultancy service arrangements	
	Total Contracted GFA *('000 sq.m.)*	**Number of residential communities**	**Total Contracted GFA** *('000 sq.m.)*	**Number of residential communities**	Total Contracted GFA *('000 sq.m.)*	Number of residential communities	Total Contracted GFA *('000 sq.m.)*	Number of residential communities
As at the beginning of the year	**137,164**	**796**	**68,086**	**469**	63,285	436	28,248	179
New engagements[1]	**51,804**	**221**	**241**	**1**	42,866	136	46,450	338
Acquisitions	**85,083**	**657**	**2,040**	**8**	32,870	241	–	–
Transfer from consultancy service to self-management[2]	**47,540**	**341**	**(47,540)**	**(341)**	2,069	15	(2,069)	(15)
Terminations[3]	**(18,118)**	**(136)**	**(4,176)**	**(15)**	(3,926)	(32)	(4,543)	(33)
As at the end of the year	**303,473**	**1,879**	**18,651**	**122**	137,164	796	68,086	469

Notes:

(1) In relation to residential communities the Group managed, new engagements primarily include service engagements for new property developments constructed by property developers and to a much lesser extent, service engagements for residential communities replacing their previous property management companies. In relation to residential communities the Group provided consultancy services to, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.

(2) For the year ended 31 December 2015, the Group managed to acquire eighteen of the property management companies to which it provided consultancy service previously, resulting in the relevant residential communities under the Group's consultancy service arrangements transferred into those the Group managed.

(3) Including the contracted GFA and the number of residential communities which the Group ceased to renew certain property management contracts and manage primarily due to commercial factors.

Nature of the Property Developers

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

	As at 31 December							
	2015				2014			
	Total Contracted GFA ***('000 sq.m)***	**% of total Contracted GFA**	**Number of Properties**	**% of total number of properties**	Total Contracted GFA *('000 sq.m)*	% of total Contracted GFA	Number of Properties	% of total number of properties
Properties constructed by independent property developers other than the Fantasia Group	**314,416**	**97.6%**	**1,970**	**98.5%**	197,271	96.1%	1,233	97.5%
Properties constructed by the Fantasia Group	**7,708**	**2.4%**	**31**	**1.5%**	7,979	3.9%	32	2.5%
Total	**322,124**	**100%**	**2,001**	**100%**	205,250	100.0%	1,265	100.0%

Scope of Services for Property Management Services

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

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

Securities services

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

Cleaning and gardening services

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

Repair and maintenance services

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

Colour Life Property Management Services Model

As at 31 December 2015, the Group employed over 35,378 on-site personnel to provide property management services. The table below sets forth the property management fee range for residential area within the residential communities the Group managed on a commission basis and a lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 31 December			
	2015		2014	
	Under commission basis ***(RMB/ sq.m./month)***	**Under lump sum basis** ***(RMB/ sq.m./month)***	Under commission basis *(RMB/ sq.m./month)*	Under lump sum basis *(RMB/ sq.m./month)*
Shenzhen	**0.8–8.0**	**1.0–6.9**	0.5–8.8	3.5
Southern China (excluding Shenzhen)(1)	**0.4–3.75**	**0.75–2.9**	0.6–6	–
Eastern China(2)	**0.2–6.5**	**1.0–4.2**	0.1–2.9	1.2
Southwestern China(3)	**0.3–5.68**	**0.5–5.0**	0.55–5.68	–
Northeastern China(4)	**0.4–3.7**	**1.8**	0.7–1.5	–
Northwestern China(5)	**0.6–1.2**	**1.88**	0.8–3.95	–
Northern China(6)	**1.8–3.4**	**0.75–3.5**	0.4–2.8	–
Central China(7)	**0.5–4.18**	**0.5–2.48**	0.5–2.48	–
Non-Mainland China(8)	**1.42–20.35**	**–**	1.23	–
Singapore	**1.23**	**–**	–	–

Notes:

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

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

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

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

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

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

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

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

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

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

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

Consultancy Services

With a view to expanding the Group's presence, showcasing its services and abilities to a wider audience, making its brand more widely known and expanding the customer base for its community leasing, sales and other services, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, the property management companies are contracted to provide property management services at the relevant communities, and the Group provides consultation and advice to these regional property management companies such that they can leverage the Group's experience and platform to improve the standard of their own operations and control their operational costs in their service provision. In addition, the Group provides community leasing, sales and other services at the relevant communities in accordance with the contracts, which in the future may generate additional revenue for the Group.

As at 31 December 2015, the Group was contracted to provide consultancy services to 122 residential communities in the PRC. For the year ended 31 December 2015, income generated from the Group's consultancy services was RMB49.2 million (2014: RMB53.5 million), or 5.9% of its total revenue for 2015 (2014: 13.7%). The gross profit margin for consultancy services was nearly 100%.

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

Engineering Services

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

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

Automation and other hardware equipment installation services

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

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

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

Community utility facilities repair and maintenance services

The Group provides repair and maintenance services on various building hardware such as elevators, fire protection equipment and drainage systems in residential communities. With the further deepening of Colour Life management model of the Group, the Group has promoted an equipment management model to reduce the occurrence of major failures of the abovementioned hardware and equipment that requires large-scale repairs through periodically conducting regular maintenance in communities it manages. As at 31 December 2015, the Group was engaged to provide repair and maintenance services to 899 residential communities it manages or provides with consultancy services.

Community automation equipment leasing services

The Group provides automation and other equipment upgrade services to residential communities it manages or provides consultancy services to. These equipment include carpark security systems, building access systems and remote surveillance cameras. These equipment were invested by Shenzhen Kaiyuan Tongji and provided for the use of each residential community through the Group's equipment leasing program. As at 31 December 2015, the Group had completed automation and other equipment upgrades at 842 residential communities.

Community Leasing, Sales and Other Services

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

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

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

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

Common area rental assistance

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

Purchase assistance

Depending on the product or service types, residents may place orders at the Group's on-site management offices, through a toll free service hotline and the Company's website which covered 1,634 residential communities as at 31 December 2015. Typically, for purchases of rice, bottled water and cooking oil, residents place orders at the Group's on-site management offices and through the toll free service hotline. The Group's on-site management offices maintain a certain amount of bottled water to cater the urgent needs of residents. Based on the Group's orders, the bottled water, cooking oil and rice suppliers will make deliveries to the residential communities the Group manages or provides consultancy services to. The payments are generally settled upon the delivery. The Group either receives a percentage of the sales price or a fixed fee as referral fees from the suppliers. In addition, the Group also purchases and maintains some stock of fruit and sells to residents of the communities.

Residential and retail units rental and sales assistance

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

Community operational platform business

With the growth of the total contracted GFA as well as the number of residential communities the Group manages or provides with consultancy services, the Group sees potential demand for local products and services among its large number of residents and property owners.

These residents and property owners traditionally rely on sifting through a large amount of information primarily through offline channels to find relevant offerings.

Enhancement of human resources

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

Financial Review

Revenue

The Group's revenue mainly arises from (i) property management services, (ii) engineering services, (iii) community leasing, sales and other services. For the year ended 31 December 2015, the total revenue increased by 112.6% to approximately RMB827.6 million from RMB389.3 million for the year ended 31 December 2014.

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

– *Property Management Services*

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

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

Such increase was primarily attributable to:

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

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

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

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

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

– *Engineering Services*

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

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

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

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

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

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

– *Community Leasing, Sales and Other Services*

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

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

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

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

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

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

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

Cost of Sales and Services

The Group's cost of sales and services primarily comprises labor costs, sub-contracting costs, costs of raw materials which mainly consist of energy saving light bulbs, intercommunication devices, security camera wires, pipes, and others, utility costs, depreciation and amortisation and others. For the year ended 31 December 2015, cost of sales and services increased by 370.0% from approximately RMB79.4 million for the year 2014 to approximately RMB373.2 million. The increase was primarily attributable to the acquisition of Kaiyuan International and other property companies. The majority of the cost is charged with the property management services under lump sum basis and pre-sale services contracted with property developers.

Gross Profit and Gross Profit Margin

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

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

(i) Property Management Services

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

(ii) Engineering Services

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

(iii) Community Leasing, Sales and Other Services

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

Other Gains and Losses

For the year ended 31 December 2015, the Group's other gains and losses increased by 125.2% to a loss of RMB26.8 million from a loss of RMB11.9 million for the year ended 31 December 2014. The increase was primarily due to (i) an increase in impairment loss recognised on payments on behalf of residents under commission basis from RMB5.8 million to RMB19.1 million; and (ii) an increase in impairment loss recognised on trade receivables from RMB5.6 million to RMB9.4 million, which the Company believes may not be recovered based on the Company's review of the balances for the Group's property management and engineering services contracts.

Other Income

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

Selling and Distribution Expenses

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

Administrative Costs

For the year ended 31 December 2015, the Group's administrative costs increased by 133.5% to RMB216.9 million from RMB92.9 million for the year ended 31 December 2014. The Group continues to tighten the cost control measures. The increase in administrative costs was primarily attributable to (i) the grant of share options by the Company on 30 April 2015, together with the batch granted on 29 September 2014, resulting in a charge of an amount of RMB88.5 million administrative costs for the year ended 31 December 2015; (ii) with the expansion of the Group's business scale which is in line with the Group's growing GFA, more back offices function personnel were retained for headquarter management function as well as other centralized services like finance and human resources services; and (iii) increase in the Group's regional administrative costs associated with some of the acquisitions of local property management companies by the Group, as a result of the Group's expansion to more new areas/cities.

Expenses recharged to Residential Communities under Commission Basis

For the year ended 31 December 2015, the Group's expenses recharged to residential communities under commission basis amounted to RMB47.2 million, representing an increase of 136.0% as compared to RMB20.0 million for the year ended 31 December 2014. These increases were primarily attributable to the increase in the cost recovery in line with the growing GFA under the Group's management, the Group's centralised services of financial accounting, human resources, operation, legal services, etc., and as such the re-charge of such expenses back to the community level increased consistently.

Finance Costs

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

Share Options

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

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

Changes in Fair Value of Investment Properties

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

Income Tax Expenses

The Group's income tax expenses increased by 13.2% to approximately RMB69.4 million in 2015 from approximately RMB61.3 million in 2014. The increase was primarily due to an increase of current tax for EIT by 22.4% to RMB78.1 million from RMB63.8 million in 2014.

Adjusted Profit for the Year

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

	For the year ended 31 December		**Variance**	
	2015	2014		
	RMB'000	*RMB'000*	*RMB'000*	%
Profit for the year under HKFRS	**182,655**	150,486	32,169	21.4%
Add:				
Listing expenses	**–**	16,282	(16,282)	(100)%
Share option expenses	**88,479**	29,780	58,699	197.1%
Depreciation and amortization	**28,073**	9,884	18,189	184.0%
Allowance for doubtful debt	**28,466**	11,054	17,412	157.5%
Adjusted profit for the year	**327,673**	217,486	110,187	50.7%

Property, Plant and Equipment

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

Intangible Assets

As at 31 December 2015, the carrying value of intangible assets held by the Group amounted to RMB152.0 million (31 December 2014: RMB26.9 million). The increase of intangible assets was mainly attributable to the increase of the property management contracts of the subsidiaries acquired by the Group, which were valued through the application of an income approach. The valuation of the intangible assets had been assessed by Jones Lang LaSalle Sallmanns Limited, with independent assessment reports issued.

Investment Properties

As at 31 December 2015, the investment properties held by the Group amounted to approximately RMB88.8 million (31 December 2014: RMB29.8 million). These investment properties had been assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, with independent assessment reports issued. The investment properties increased by approximately RMB59.0 million as compared to 31 December 2014, which was mainly due to additions from acquisition of Kaiyuan International, which amounted to approximately RMB53.6 million, as well as several sets of properties received from developers for settlement of outstanding management fees.

Goodwill

Since 1 January 2015, the Group has acquired 42 property companies, which generated the goodwill of RMB470.4 million for the year ended 31 December 2015. Based on the impairment assessment conducted by the management of the Company, there was no indication of impairment related to the goodwill, and no impairment provision was required for the year ended 31 December 2015.

Deferred Taxes

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

Bank Balances and Cash

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

Trade and Other Receivables and Prepayments

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

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

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

Payment/Receipts on Behalf of Residents

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

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

Trade and Other Payables and Accruals

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

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

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

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

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

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

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

Paid-In Capital

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

Cash Position

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

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

Borrowings and Charges on the Group's Assets

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

Net Gearing Ratio

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

Currency Risk

The Group principally focused on the operation in PRC. Except for the bank deposits denominated in foreign currencies, the Group was not subject to any other material risk directly relating to the foreign exchange fluctuation. For the year ended 31 December 2015, despite the depreciation of RMB against USD and HKD, the Directors expected any fluctuation of the RMB exchange rate would not materially and adversely affect the operations of the Group.

Employees and Remuneration Policies

As at 31 December 2015, excluding the employees for communities under commission basis, the Group had approximately 7,537 employees (31 December 2014: approximately 1,265 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

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

DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK10.00 cents per share payable on Monday, 30 May 2016 to all persons registered as holders of shares of the Company on Friday, 20 May 2016, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "AGM"). The aggregate amount shall be paid out of the Company's share premium account if sanction by an ordinary resolution passed at the AGM.

ANNUAL GENERAL MEETING

The AGM will be held on 13 May 2016 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 9 May 2016 to Friday, 13 May 2016, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 6 May 2016.

(b) For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Thursday, 19 May 2016 to Friday, 20 May 2016, both days inclusive. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 May 2016.

CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. For the year ended 31 December 2015, the Board is of the view that the Company has complied with all code provisions set out in the CG Code save and except for code provisions A.1.1 and E.1.2:

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

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

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 December 2015 had been reviewed by the Audit Committee, which consists of three independent non-executive Directors, namely, Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin.

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 had made specific enquiry of all Directors whether they have complied with the required standard set out in the Model Code during the year ended 31 December 2015 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code during the year ended 31 December 2015.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.colourlife.hk). The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

The excellent performance of the Company was really founded on the tremendous support from all sectors and the diligent fulfillment and contribution of all our staff. On behalf of the Board, the Company would like to take this opportunity to express its heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. Following the 18th CPC Central Committee, the economy and society of China has entered into a historical moment when state-owned enterprises face challenges and market opportunities. The Company will adhere to the concept of maintaining a close relationship with customers and developing a light asset based business so as to become a leader in community services sector in three to five years' time and create valuable life to its customers continuously and thoroughly with new ideas. The Company dedicates to maximise the value for its shareholders and investors in creating the best returns.

By Order of the Board
Colour Life Services Group Co., Limited
彩生活服務集團有限公司
TANG Xuebin
Executive Director and Chief Executive Officer

Hong Kong, 2 March 2016

As at the date of this announcement, the Board comprises Mr. TANG Xuebin, Mr. DONG Dong and Mr. ZHOU Qinwei as executive directors; Mr. PAN Jun, Mr. LAM Kam Tong and Mr. ZHOU Hongyi as non-executive directors; and Mr. TAM Chun Hung, Anthony, Dr. LIAO Jianwen and Mr. XU Xinmin as independent non-executive directors.