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 2017

HIGHLIGHTS

— For the year ended 31 December 2017, profit attributable to owners of the Company increased by approximately 70.8% to approximately RMB320.7 million as compared to that of approximately RMB187.8 million for the year ended 31 December 2016.

— Segment profit of community leasing, sales and other value-added services was approximately RMB217.9 million (2016: approximately RMB121.5 million), contributing approximately 42.9% to total segment profit in 2017 from approximately 30.2% in 2016.

— Basic earnings per share increased by approximately 71.4% to approximately RMB32.19 cents in 2017 from approximately RMB18.78 cents in 2016.

— As at 31 December 2017, the Group's total bank balances and cash was approximately RMB856.7 million (2016: approximately RMB754.8 million), representing an increase of approximately 13.5% as compared to that as at 31 December 2016.

— The Board proposed the payment of a final dividend of HK15.00 cents per share, representing about 50% dividend payout ratio, for the year ended 31 December 2017.

— As at 31 December 2017, the Group's platform service area increased by approximately 130.7 million sq.m. to approximately 900.2 million sq.m. from approximately 769.5 million sq.m. as at 31 December 2016.

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") announces the audited financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 RMB'000	2016 RMB'000
Revenue	3	**1,628,698**	1,342,069
Cost of sales and services		**(898,020)**	(756,280)
Gross profit		**730,678**	585,789
Other gains and losses	4	**(5,103)**	(30,868)
Other income	4	**52,715**	19,562
Selling and distribution expenses		**(26,167)**	(13,477)
Administrative expenses		**(277,215)**	(297,505)
Expenses recharged to residential communities under commission basis		**67,409**	66,255
Finance costs	5	**(90,236)**	(38,004)
Change in fair value of investment properties		**2,840**	5,503
Share of results of associates		**(279)**	796
Share of results of joint ventures		**1,988**	(258)
Profit before tax		**456,630**	297,793
Income tax expense	6	**(105,981)**	(81,782)
Profit for the year	7	**350,649**	216,011
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		**1,897**	23,103
Deferred taxation effect on change in fair value of available-for-sale investments		**(474)**	(5,776)
Other comprehensive income for the year, net of income tax		**1,423**	17,327
Total comprehensive income for the year		**352,072**	233,338

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	2017 RMB'000	2016 RMB'000
Profit for the year attributable to:			
— Owners of the Company		**320,657**	187,785
— Non-controlling interests		**29,992**	28,226
		350,649	216,011
Total comprehensive income attributable to:			
— Owners of the Company		**322,080**	205,112
— Non-controlling interests		**29,992**	28,226
		352,072	233,338
Basic and diluted earnings per share (RMB cents)	9	**32.19**	18.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	NOTES	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**168,679**	180,757
Investment properties		**70,554**	92,528
Interests in associates		**23,692**	7,728
Interests in joint ventures		**45,645**	850
Available-for-sale investments		**148,457**	133,303
Intangible assets		**241,046**	210,303
Goodwill		**917,440**	749,580
Trade receivables	*10*	**10,983**	8,247
Other receivables and prepayments		**6,989**	7,489
Loan receivables		**44,794**	9,750
Deferred tax assets		**37,342**	26,506
Amount due from a director		**323**	343
Deposits paid for potential acquisitions of subsidiaries		**52,793**	142,537
		1,768,737	1,569,921
Current assets			
Inventories		**7,331**	2,486
Amounts due from customers for contract works		**43,693**	41,018
Trade receivables	*10*	**381,716**	270,525
Other receivables and prepayments		**315,751**	196,027
Loan receivables		**39,550**	217,500
Payments on behalf of residents		**406,827**	259,802
Amounts due from fellow subsidiaries		**109,743**	34,550
Amounts due from non-controlling shareholders of the subsidiaries		**113,153**	82,330
Amounts due from related parties		**15,477**	16,168
Amounts due from associates		**27,567**	1,434
Amounts due from joint ventures		**5,292**	–
Amount due from a director		**60**	60
Financial assets at fair value through profit or loss ("FVTPL")		**191,898**	83,275
Pledged bank deposits		**377,175**	492,675
Bank balances and cash		**856,680**	754,837
		2,891,913	2,452,687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AT 31 DECEMBER 2017

	NOTES	**2017** *RMB'000*	2016 *RMB'000*
Current liabilities			
Amounts due to customers for contract works		**13,778**	16,746
Trade payables	*11*	**221,172**	113,991
Other payables and accruals		**624,959**	596,177
Receipts on behalf of residents		**157,872**	156,442
Amounts due to fellow subsidiaries		**12,740**	7,442
Amounts due to non-controlling shareholders of the subsidiaries		**16,472**	32,886
Amounts due to associates		**13,513**	7,564
Amounts due to joint ventures		**7,153**	326
Tax liabilities		**179,000**	136,799
Borrowings due within one year		**454,030**	161,506
Corporate bonds due within one year		**16,300**	14,436
Assets backed securities issued due within one year		**42,533**	37,642
		1,759,522	1,281,957
Net current assets		**1,132,391**	1,170,730
Total assets less current liabilities		**2,901,128**	2,740,651
Non-current liabilities			
Deferred tax liabilities		**79,773**	73,941
Amount due to a fellow subsidiary		**2,271**	9,859
Borrowings due after one year		**270,570**	498,788
Corporate bonds due after one year		**536,302**	388,149
Assets backed securities issued due after one year		**185,204**	237,442
Total non-current liabilities		**1,074,120**	1,208,179
Net assets		**1,827,008**	1,532,472
Capital and reserves			
Share capital	*12*	**78,945**	79,325
Reserves		**1,641,855**	1,379,597
Equity attributable to owners of the Company		**1,720,800**	1,458,922
Non-controlling interests		**106,208**	73,550
Total equity		**1,827,008**	1,532,472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL

Colour Life Services Group Co., Limited (the "Company") is a limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited ("the SEHK"). Its 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 addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company.

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")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group had applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

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

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 *disclosures initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flow from those financial assets were or future cash flow will be included in cash flows from financing activities.

Specially, the amendments require the following to be disclosed (i) changes from financing cash flows; (ii) changes arising from obtaining or loss control of subsidiaries or other business; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the addition disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 "*Financial Instruments*"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be 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 generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets 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; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

- Unlisted equity securities classified as available-for-sale investments carried at fair value as disclosed: these securities qualified for designation as FVTOCI under HKFRS 9 and the Group plans to designate these securities as FVTOCI, however, the fair value gains or losses accumulated in the investments revaluation reserve amounting to RMB32,667,000 as at 1 January 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income in the future;

- Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed: these securities qualified for designation at FVTOCI under HKFRS 9 and the Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve. Upon initial recognition of HKFRS 9, the directors of the Company consider that no significant fair value gain or losses on these securities would be adjusted to investments revaluation reserve as at 1 January 2018; and

- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables, other receivables and prepayments, loan receivables and payments on behalf of residents. Such further impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets at 1 January 2018.

HKFRS 15 "Revenue from Contracts with Customers"

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.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presented upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB588,533,000. A preliminary assessment indicated that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB10,471,000 and refundable rental deposits received of RMB13,570,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except as mentioned above, the directors of the Company do not anticipate that the application of other new and revised HKFRSs and interpretations issued but not yet effective, will have a material effect on the Group's consolidated financial statements in the foreseeable future.

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 executive 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 by different type of services rendered. 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 to other property management companies.

2. Community leasing, sales and other value-added services — Provision of common area rental assistance, online promotion services, leasing information system software, residential and retail units rental and sales assistance, and office sublet and other value-added services.

3. Engineering services — Provision of equipment installation services, repair and maintenance services, equipment leasing services and energy-saving 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 changes in fair value of investment properties, change in fair value of financial assets at FVTPL, share of results of associates and joint ventures, interest income, finance costs, share-based payment expenses, exchange (loss) gain, gain on disposal of subsidiaries and central administrative 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 segments.

	Property management services *RMB'000*	**Community leasing, sales and other value-added services** *RMB'000*	**Engineering services** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2017					
External revenue	**1,231,285**	**276,804**	**120,609**	**–**	**1,628,698**
Inter-segment revenue	**–**	**26,191**	**12,938**	**(39,129)**	**–**
Segment revenue	**1,231,285**	**302,995**	**133,547**	**(39,129)**	**1,628,698**
Segment profit	**239,344**	**217,854**	**51,143**		**508,341**
Changes in fair value of investment properties					**2,840**
Changes in fair value of financial assets at FVTPL					**5,896**
Gain on disposal of subsidiaries					**48,285**
Share of results of associates					**(279)**
Share of results of joint ventures					**1,988**
Finance costs					**(90,236)**
Interest income					**34,441**
Share-based payment expense					**(45,303)**
Exchange loss					**(1,309)**
Other unallocated expenses					**(8,034)**
Profit before tax					**456,630**

	Property management services *RMB'000*	Community leasing, sales and other value-added services *RMB'000*	Engineering services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Year ended 31 December 2016					
External revenue	1,059,067	156,856	126,146	–	1,342,069
Inter-segment revenue	–	16,178	6,159	(22,337)	–
Segment revenue	1,059,067	173,034	132,305	(22,337)	1,342,069
Segment profit	234,015	121,507	47,253		402,775
Changes in fair value of investment properties					5,503
Changes in fair value of financial assets at FVTPL					2,828
Share of results of associates					796
Share of result of a joint venture					(258)
Finance costs					(38,004)
Interest income					5,653
Share-based payment expense					(79,041)
Exchange gain					1,937
Other unallocated expenses					(4,396)
Profit before tax					297,793

Other segment information

	Property management services ***RMB'000***	**Community leasing, sales and other value-added services** ***RMB'000***	**Engineering services** ***RMB'000***	**Total** ***RMB'000***
Year ended 31 December 2017				
Segment information included in the measure of segment profit:				
Amortisation of intangible assets	**28,702**	**–**	**–**	**28,702**
Depreciation of property, plant and equipment	**6,320**	**10,430**	**21,437**	**38,187**
Impairment loss recognised on payments on behalf of residents under commission basis	**31,963**	**–**	**–**	**31,963**
Impairment loss recognised on trade and other receivables	**12,736**	**2,999**	**2,073**	**17,808**
Imputed interest income on non-current interest-free trade receivables	**–**	**–**	**401**	**401**
Loss on disposal of property, plant and equipment	**3,095**	**–**	**–**	**3,095**

	Property management services RMB'000	Community leasing, sales and other value-added services RMB'000	Engineering services RMB'000	Total RMB'000
Year ended 31 December 2016				
Segment information included in the measure of segment profit:				
Amortisation of intangible assets	23,108	–	–	23,108
Depreciation of property, plant and equipment	6,641	2,665	18,473	27,779
Impairment loss recognised on payments on behalf of residents under commission basis	17,274	–	–	17,274
Impairment loss recognised on trade and other receivables	6,858	2,548	2,320	11,726
Imputed interest income on non-current interest-free trade receivables	–	–	1,128	1,128
Loss on disposal of property, plant and equipment	4,364	–	–	4,364

Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

Revenue from major services

	2017 *RMB'000*	2016 *RMB'000*
Property management services		
Property management services fee under commission basis	**164,761**	163,960
Property management services fee under lump sum basis	**911,456**	758,169
Pre-sale services	**85,173**	91,772
Property management consultancy services fee	**69,895**	45,166
	1,231,285	1,059,067
Community leasing, sales and other value-added services		
Common area rental assistance	**36,094**	37,082
Usage fees from online promotion services and leasing information system software	**137,208**	74,015
Residential and retail units rental and sales assistance	**17,186**	19,696
Office sublet and other value-added services	**86,316**	26,063
	276,804	156,856
Engineering services		
Installation service fees from provision of engineering services	**15,478**	36,224
Services fee from provision of repair and maintenance services	**47,631**	47,159
Equipment leasing income	**41,287**	31,275
Services fee from provision of energy-saving services	**16,213**	11,488
	120,609	126,146
	1,628,698	1,342,069

Geographical information

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

Information about major customers

During the years ended 31 December 2017 and 2016, there was no revenue from transactions with a single customer amounted to 10% or more of the Group's total revenue.

4. OTHER GAINS AND LOSSES AND OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Other gains and losses		
Impairment loss recognised on		
— trade and other receivables	**(17,808)**	(11,726)
— payments on behalf of residents under commission basis	**(31,963)**	(17,274)
Gain on disposal of subsidiaries	**48,285**	–
Loss on disposal of property, plant and equipment	**(3,095)**	(4,364)
Exchange (loss) gain	**(1,309)**	1,937
Others	**787**	559
	(5,103)	(30,868)
Other income		
Interest income from		
— banks	**5,154**	4,824
— loan receivables	**28,715**	298
— non-current advance to staffs	**558**	519
— a director	**14**	12
Unconditional government grants	**11,336**	9,385
Imputed interest income on non-current interest-free trade receivables	**401**	1,128
Rental income from investment properties *(note)*	**612**	68
Change in fair value of financial assets at FVTPL	**5,896**	2,828
Others	**29**	500
	52,715	19,562

Note: Direct operating expenses incurred for investment properties that generated rental income during the years ended 2017 and 2016 were insignificant.

5. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interests on:		
— amount due to a non-controlling shareholder of a subsidiary	**–**	(109)
— amount due to a fellow subsidiary	**(2,271)**	(702)
— corporate bonds	**(33,213)**	(14,436)
— assets backed securities issued	**(19,332)**	(6,863)
— borrowings	**(35,420)**	(15,894)
	(90,236)	(38,004)

6. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")		
Current year	**(123,331)**	(95,422)
(Under) over provision in respect of prior years	**(297)**	768
	(123,628)	(94,654)
Singapore EIT	**(96)**	(206)
	(123,724)	(94,860)
Deferred tax		
Current year	**17,743**	13,078
	(105,981)	(81,782)

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 EIT and Singapore EIT are calculated based on the applicable tax rates 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 RMB1,325,156,000 (2016: RMB879,594,000) 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.

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

	2017	2016
	RMB'000	*RMB'000*
Profit before tax	**456,630**	297,793
Tax at the PRC EIT rate of 25%	**114,158**	74,448
Tax effect of expenses not deductible for tax purpose	**16,469**	23,853
Tax effect of non-taxable income	**(12,975)**	(3,744)
Tax effect of tax losses not recognised	**4,556**	3,651
Under (over) provision in prior year	**297**	(768)
Utilisation of tax loss previously not recognised	**(261)**	(406)
Tax effect of deductible temporary difference not recognised	**2,368**	3,180
Tax effect of share of results of associates	**70**	(199)
Tax effect of share of results of joint ventures	**(497)**	65
Tax effect of different tax rates of certain subsidiaries	**(18,403)**	(17,509)
Tax effect of adopting prescribed tax calculation method by the PRC subsidiaries	**(6)**	(1,114)
Others	**205**	325
Income tax expense	**105,981**	81,782

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

7. PROFIT FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**5,048**	10,179
Other staffs' salaries and other benefits	**559,976**	510,054
Retirement benefits scheme contributions	**49,312**	48,534
Share-based payment expenses	**43,100**	72,392
Total staff costs	**657,436**	641,159
Auditors' remuneration	**3,219**	2,858
Amortisation of intangible assets	**28,702**	23,108
Depreciation for property, plant and equipment	**38,187**	27,779
Minimum lease payments under operating leases in rented premises	**49,433**	10,614
Allowance for doubtful debts on trade receivables	**16,712**	11,522
Impairment loss recognised on payments on behalf of residents under commission basis	**31,963**	17,274

8. DIVIDENDS

	2017	2016
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2016 final dividend HK10.00 cents (2016: 2015 final dividend HK10.00 cents) per share	**86,718**	84,695

Subsequent to 31 December 2017, a final dividend for the year ended 31 December 2017 of HK15.00 cents, equivalent to RMB12.11 cents (2016: HK10.00 cents, equivalent to RMB8.95 cents) per share amounting to RMB159,180,000 in aggregate has been proposed by the directors for approval by the shareholders of the company in the forthcoming annual general meeting. The final dividends proposed after the end of the reporting period has not been recognised as a liability at the end of reporting period.

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:

	2017	2016
Earnings *(RMB'000)*		
Earning for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**320,657**	187,785
Number of shares *('000)*		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**996,174**	1,000,119
Effect of dilutive potential ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**996,174**	1,000,119

For the year ended 31 December 2017 and 2016, the computation of diluted earnings per share does not assume the exercise of the Company's share options as the exercise prices of the options were higher than the average market price per share both 2017 and 2016.

10. TRADE RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**410,592**	284,667
Retention receivables	**679**	4,008
Invoices to be issued *(note)*	**20,869**	14,948
	432,140	303,623
Less: Allowance for doubtful debts	**(39,441)**	(24,851)
Total trade receivables	**392,699**	278,772
Classified as:		
Non-Current	**10,983**	8,247
Current	**381,716**	270,525
	392,699	278,772

Note: For the customers of installation of energy-saving lighting systems, of which they are mainly the residential communities managed by the Group, the Group allows the customers to settle the installation fee over a 48-month interest-free period. According to the agreements between the Group and the customers, the energy-saving systems are installed in these residential communities and the Group would bill the residential communities at the end of each month over the 48-month period. The unbilled installation revenue is discounted at an effective interest rate of 8.0% per annum for the year ended 31 December 2017 and 2016. Upon meeting the revenue recognition criteria, installation revenue recognised prior to the issuance of invoice is recognised as "invoice to be issued" in the consolidated statement of financial position.

Trade receivables are mainly arisen from property management service income from communities under lump sum basis, installation contract income from engineering services and service income from common area rental assistance, online promotion services and other services.

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

Installation service income 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 common area rental assistance, online promotion services and other services are received in accordance with the terms of the relevant service agreements, normally within 30 to 90 days from 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 Shenzhen Caizhijia Real Estate Planning Co., Ltd. ("Caizhijia"), of which the invoice date represented the payment due date:

	2017	2016
	RMB'000	*RMB'000*
0–30 days	**149,079**	92,158
31–90 days	**74,842**	43,229
91–180 days	**69,137**	44,130
181–365 days	**48,634**	58,878
Over 1 year	**68,900**	46,272
	410,592	284,667

11. TRADE PAYABLES

The credit period granted by suppliers to the Group ranges from 30 to 180 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2017	2016
	RMB'000	*RMB'000*
0–60 days	**114,027**	74,277
61–180 days	**79,717**	26,521
181–365 days	**18,395**	9,310
Over 1 year	**9,033**	3,883
	221,172	113,991

12. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Ordinary shares of HKD0.1 each		
Authorised:		
At 1 January 2016, 31 December 2016 and 31 December 2017	**50,000,000**	5,000,000
Issued and fully paid:		
At 1 January 2016, 31 December 2016	**1,000,119**	100,012
Cancelled upon repurchase of shares	**(4,378)**	(438)
At 31 December 2017	**995,741**	**99,574**

	Amount
	RMB'000
Shown in the consolidated financial statements:	
At 31 December 2017	78,945
At 31 December 2016	79,325

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a leading community service platform operator in the PRC. In 2017, the Group's platform service continued to keep its fast-growing momentum in coverage areas. It was accredited as the "World's Largest Community Service Platform" by the China Index Academy in June 2017. The Group focused on setting up offline and online service platform via the internet and effectively linking residents of the community with different commodities and service providers, so as to provide the best residential service for the residents of the community.

The Group has three main business segments:

Property management services, which primarily include: (i) provision of services to residential communities under commission basis; (ii) provision of services to residential communities under lump sum basis; (iii) provision of pre-sale services to property developers; and (iv) provision of consultancy services to regional property management companies;

Community leasing, sales and other value-added services (also referred to as value-added services), which primarily include: (i) provision of common area rental assistance services; (ii) provision of online promotion services and leasing information system software; (iii) provision of residential and retail units rental and sales assistance; and (iv) provision of office sublet and other value-added services;

Engineering services, which primarily include: (i) provision of equipment installation services to property developers in accordance with their requirements; (ii) provision of repair and maintenance services and provides consultancy services to and cooperates with the communities it manages; (iii) automation and other equipment upgrade services through the Group's equipment leasing program; and (iv) provision of energy-saving services through the construction implementation, equipment installation and equipment leasing.

Along with the diversified development of the Group's business in the recent two years, some business segments underwent name changes of their business divisions and a new business division was added, the specific details are as follows: (i) the division "platform usage fee" is renamed as "online promotion services and leasing information system software", mainly attributable to the change in service models and income sources of the Group's online platform; (ii) the division "office sublet and other value-added services" under the segment "community leasing, sales and other value-added services" includes the offline on-site promotion business of the division "purchase assistance" in previous years, the community energy general modification business under E-Energy, provision of car park operation and residents' car value-added services under E-Parking and the Eastern Colour Life Ecosystem Center's office sublet service; (iii) the "energy-saving services" under the segment "engineering services" is the new services added in recent years, which was primarily businesses related to the construction implementation, equipment installation and equipment leasing in the course of provision of energy-saving modification services by E-Energy for communities.

Property Management Services

Usually, property developers are required to engage property management companies before they obtain the pre-sale permits. At this stage, property developers usually identify qualified property management companies by way of tender offer, where the Group arranges its marketing department to submit tenders. Once the Group wins the bid, the area under the property management contract will be integrated into the Group's contracted GFA under management. Then, property developers will issue a move-in notification to purchasers after the properties are sold. Upon receipt of such notification, the purchasers will be obliged to settle property management fees. The contracted GFA under management will thus transform into the revenue-bearing GFA. The Group adhered to its strategy of rapid expansion in recent years. It started to provide the underlying technology of Caizhiyun APP with other enterprises in the property management industry at the end of 2016. Caizhiyun APP services not only the communities managed by the Group, but also those of its collaborative partners. The aggregate area of Caizhiyun platform's coverage over communities is collectively referred to as the platform service area.

As at 31 December 2017, GFA under management contracts and consultancy service arrangements of the Group reached 436.0 million sq.m. and the number of residential communities under the Group's management and consultancy service contracts reached 2,384, representing a year-on-year growth of 10.3% and 1.9%, respectively. As at 31 December 2017, the Group's revenue-bearing GFA reached 293.6 million sq.m. while the number of communities reached 1,926. Projects under the Group's management cover 222 cities across China and a foreign country, namely Singapore, realizing rapid expansion of contracted GFA. It should be emphasized that majority of the new area under the Group's management in 2017 was obtained through tender processes (on a discretionary basis), showing the core competitiveness of Colour Life in terms of brand, service quality and market expansion.

Meanwhile, the Group's "Colour Life Property (彩生活住宅)" sales model is designed to provide quality property services and facilitate faster destocking process by property developers, in turn bringing the Group with better chance of obtaining discretionary property management contracts. The sales model of "property + service" under "Colour Life Property" was well-accepted by developers and property owners. The Group has entered into strategic collaborative agreements with 41 developers successively, including regional leading developers like Anhui Goocoo Group (安徽國購集團) and Xi'an Ronghua Group (西安榮華集團). In 2017, Colour Life Property extended its presence into cities such as Xi'an, Tianjin and Wuhan with coverage in 67 cities across China, accelerating the sales of new properties by developers. At the same time, the Group's another innovative product "Colour Life Parking Lots (彩生活車位)" expedited the sales progress while boosted the inventory turnover of parking lots of developers. As at 31 December 2017, accumulated sales of "Colour Life Property" plus "Colour Life Parking Lots" amounted to 10,057 units, representing a year-on-year increase of 122.8%. The products of "Colour Life Property" and "Colour Life Parking Lots" facilitated good interactions between the Group and property developers, helping the Group to gain property service resources. On the other hand, it facilitated the accumulation of a large amount of "meal coupons" returned by developers to purchasers on Caizhiyun platform. The bonding between products and services resulted in a strong purchasing power formed by meal coupons on the platform, which attracted more quality providers and business starters to join the platform and in turn drove positive circulation in the ecosystem.

The transformation of the Group's business structure became more secure with supporting business and financial data. In 2017, contribution of value-added services to the Group's segment profit further rose to 42.9%, representing a year-on-year growth of 12.7 percentage points. This stems from the richer portfolios of product companies in the ecosystem as well as better recognition of value-added services by property owners. Under the encouraging development trend of value-added services, the Group formulated platform output strategy in a timely manner. Through providing the platform to collaborative partners, the Group's online platform could serve more communities and families not managed by Colour Life. In 2017, the Group successively established cooperation with 50 property management companies including Lanzhou Chengguan Property Service Group Limited (蘭州城關物業服務集團有限公司), Jiangsu Zhongzhu Property Service Development Limited (江蘇中住物業服務開發有限公司) and Hubei Yunfan Property Service Limited (湖北雲帆物業服務有限公司). As at 31 December 2017, service area of Colour Life's platform reached 900.2 million sq.m., including 404.3 million sq.m. under the Group's management, 31.7 million sq.m. under the Group's consultancy service, 214.2 million sq.m. under cooperation with the Group and 250.0 million sq.m. under the Group's alliance agreement. The Group's leading advantages is bearing more significance.

Furthermore, at the extraordinary general meeting held on 28 February 2018, the proposed resolutions about the acquisition of Wanxiangmei Property Management Co., Ltd. (WXM) were duly passed by the Independent Shareholders. Therefore, WXM will become a subsidiary wholly owned by the Group in 2018.

WXM provided property management services to over 132 communities and the GFA of these communities reached over 40.0 million sq.m. For the ten months ended October 31, 2017, WXM recorded a net profit of RMB235.0 million, representing an increase of around 15 times from the corresponding period in 2016. After consolidating WXM, the Group's financial data will have more growth potential and generate more synergy by bringing the Group's advanced management model and various value-added services to communities under WXM's management.

Geographical Presence

As at 31 December 2017, the locations of residential communities where the Group managed, provided consultancy services and cooperated with 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. Quanzhou
24. Sanming
25. Zhangzhou
26. Nanxiong
27. Longyan
28. Jiujiang
29. Nanping
30. Xinyu
31. Zhaoqing
32. Haikou
33. Danzhou
34. Fuzhou
35. Shantou
36. Zhanjiang
37. Jinggangshan
38. Fengcheng
39. Ji'an
40. Meizhou
41. Zhangping
42. Sanya
43. Ruijin
44. Wenchang
45. Pingxiang
46. Zhangshu

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

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

Northeastern China
141. Gaizhou
142. Harbin
143. Huludao
144. Shenyang
145. Tieling
146. Yingkou
147. Diaobingshan
148. Benxi
149. Changchun
150. Panjin
151. Dalian
152. Mudanjiang

Northwestern China
153. Xi'an
154. Yinchuan
155. Lanzhou
156. Hancheng
157. Xining
158. Yulin
159. Baoji
160. Ankang
161. Pingliang
162. Hanzhong
163. Weinan
164. Urumqi

Northern China
165. Beijing
166. Qinhuangdao
167. Tianjin
168. Shijiazhuang
169. Baotou
170. Tongliao
171. Wuhai
172. Taiyuan
173. Tangshan
174. Hulunbuir
175Ulanqab
176. Langfang
177. Datong
178. Baoding
179. Changzhi
180. Hohhot

Central China
181. Changsha
182. Xinxiang
183. Yiyang
184. Zhengzhou
185. Wuhan
186. Chenzhou
187. Kaifeng
188. Anyang
189. Xiangyang
190. Jingmen
191. Puyang
192. Yichang
193. Yueyang
194. Zhangjiajie
195. Zhuzhou
196. Huixian
197. Luohe
198. Xiangtan
199. Huanggang
200. Changde
201. Jingzhou
202. Loudi
203. Luoyang
204. Wugang
205. Suizhou
206. Nanyang
207. Xingyang
208. Shangqiu
209. Enshi
210. Jiaozuo
211. Xiangfan
212. Hengyang
213. Jiyuan
214. Qianjiang
215. Zhoukou
216. Zhumadian
217. Xiaogan
218. Shaoyang
219. Pingdingshan
220. Shiyan
221. Huaihua

Non-Mainland China
222. Hong Kong

Overseas
223. Singapore

The Group recorded a sustained growth in total contracted GFA in 2017. The following table sets out the total contracted GFA and the number of residential communities where the Group managed, provided consultancy services and entered into cooperation in respect of platform service in different regions across China and overseas country as at the dates indicated below:

	As at 31 December 2017						As at 31 December 2016					
	Managed by the Group		**Under the Group's consultancy service arrangements**		**Cooperated with the Group**		Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group	
	Total Contracted GFA *('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	Total Contracted GFA *('000 sq.m.)*	Number	Total Contracted GFA *('000 sq.m.)*	Number
Shenzhen	**9,644**	**130**	**754**	**18**	**–**	**–**	9,745	132	753	18	–	–
Southern China (excluding Shenzhen)	**75,153**	**508**	**7,621**	**23**	**44,403**	**288**	69,657	473	7,265	29	40,635	225
Eastern China[1]	**115,318**	**744**	**11,357**	**31**	**27,534**	**290**	109,323	711	12,994	51	17,424	169
Southwestern China[2]	**83,778**	**352**	**2,163**	**6**	**82,609**	**352**	56,701	342	1,993	5	45,703	281
Northeastern China	**11,358**	**59**	**3,758**	**17**	**881**	**5**	10,284	49	4,554	25	–	–
Northwestern China[3]	**14,594**	**68**	**275**	**2**	**35,313**	**359**	19,265	92	275	2	4,202	49
Northern China[4]	**17,853**	**79**	**2,585**	**7**	**1,942**	**19**	16,880	83	4,589	25	199	1
Central China[5]	**75,544**	**277**	**3,202**	**9**	**21,548**	**157**	64,639	236	5,176	12	16,282	111
Non-Mainland China	**40**	**16**	**–**	**–**	**–**	**–**	40	16	–	–	–	–
Singapore	**987**	**38**	**–**	**–**	**–**	**–**	987	38	–	–	–	–
Total[6]	**404,269**	**2,271**	**31,715**	**113**	**214,230**	**1,470**	357,521	2,172	37,599	167	124,445	836

Notes:

(1) The Group newly entered Dongying, Dezhou and Ningbo as at 31 December 2017.

(2) The Group newly entered Yibin as at 31 December 2017.

(3) The Group newly entered Hanzhong, Weinan, Urumqi as at 31 December 2017.

(4) The Group newly entered Baoding, Changzhi and Huhhot as at 31 December 2017.

(5) The Group newly entered Xiaogan, Shaoyang, Pingdingshan, Shiyan and Huaihua as at 31 December 2017.

(6) As at 31 December 2017, the Group's platform service area reached 900.2 million sq.m., including the contracted GFA managed by the Group 404.3 million sq.m., the contracted GFA under the Group's consultancy service arrangement 31.7 million sq.m., the contracted GFA cooperated with the Group 214.2 million sq.m. and the GFA under alliance agreement 250.0 million sq.m.

As at 31 December 2017, the Group extended its total contracted GFA coverage to 222 cities in China and 1 overseas country, namely Singapore. As at 31 December 2017, the Group was contracted to manage 2,271 residential communities with an aggregate contracted GFA of approximately 404.3 million sq.m. and entered into consultancy service contracts with 113 residential communities with an aggregate contracted GFA of approximately 31.7 million sq.m. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the movements of total contracted GFA and the number of residential communities where the Group managed, provided consultancy services and cooperated with at the end of 2017:

	As at 31 December 2017						As at 31 December 2016					
	Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group		Managed by the Group		Under the Group's consultancy service arrangements		Cooperated with the Group	
	Total Contracted GFA ('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	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	357,521	2,172	37,599	167	124,445	836	303,473	1,879	18,651	122	–	–
New engagements[1]	51,159	133	1,027	3	–	–	36,563	159	23,677	66	–	–
Acquisitions[2]	6,827	54	–	–	–	–	29,559	191	265	2	–	–
New cooperation[3]	–	–	–	–	84,080	603	–	–	–	–	124,445	836
Transfer from consultancy service to self-management[4]	5,362	40	(5,362)	(40)	–	–	–	–	–	–	–	–
Transfer from self-management to consultancy service[5]	(454)	(1)	454	1	–	–						
Transfer from self-management to cooperation[6]	(5,705)	(31)	–	–	5,705	31						
Terminations[7]	(10,441)	(96)	(2,003)	(18)	–	–	(12,074)	(57)	(4,994)	(23)	–	–
As at the end of the year	404,269	2,271	31,715	113	214,230	1,470	357,521	2,172	37,599	167	124,445	836

Notes:

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

(2) The Group acquired some other companies in the property management industry in order to expand its managed GFA and gain synergy after the acquisition.

(3) Through cooperation in platform output service, the Group gained minority interests of targeted partners and output its online platform and vertical application services to the partners.

(4) The Group managed to acquire some of the property management companies to which it provided consultancy service previously, resulting in the relevant residential communities under the Group's consultancy service arrangements transferred into those the Group managed.

(5) The Group ceased to renew certain property management contracts when these contracts expired. However, developers or residents committees may still want to enjoy the Group's services, then the Group can sign a consultant contract with them.

(6) The Group sold majority of interests to targeted partners, transferring self-management services to online platform output service, while keeping minority interests.

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

Nature of the Property Developers

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

	As at 31 December 2017				As at 31 December 2016			
	Total Contracted GFA ***('000 sq.m.)***	**% of total Contracted GFA**	**Number of Properties**	**% of total number of properties**	Total Contracted GFA *('000 sq.m.)*	% of total Contracted GFA	Number of Properties	% of total number of properties
Properties constructed by independent property developers other than the Fantasia Group	**644,126**	**99.1%**	**3,824**	**99.2%**	513,477	98.8%	3,145	99.1%
Properties constructed by the Fantasia Group	**6,088**	**0.9%**	**30**	**0.8%**	6,088	1.2%	30	0.9%
Total	**650,214**	**100.0%**	**3,854**	**100.0%**	519,565	100.0%	3,175	100.0%

Property Management Services Model

While the substance of property management services of the Group is the same as those of other companies in the industry, the way of organising property management services is very different. Following the in-depth implementation of smart community construction, the Group is undergoing transformation into a technology service-oriented modern service enterprise. Such transformation was primarily embodied in the fact that the Group actively acquires new technology brought on by the development of the internet and focuses on the investment in intelligent equipment. On the other hand, the Group enhances management efficiency to provide better service experience for communities. The Group has established a solid information "cloud" system at the headquarter, which strengthened the service capacity of the "terminal" and lessen the function and scope of "management", so as to organise effective community services. The Group has also classified communities managed by it into various service levels based on different charging standards and set standards for equipment modification and service packages to ensure consistency of customer experience in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, the Group has realised excellent capacity of cost control under the premise of increasing management areas and securing customer satisfaction.

The Group also optimized community services with innovative use of mobile technology. By implementing the functions of E-Repair, E-Lift, E-Cleaning, E-Security and E-Gardening, the Group initially realised the order-orientation of fundamental property services and further enhanced the service efficiency of the Group. For instance, without the change of repair expenses per unit area, the equipment availability increased by 10 percentage points as a result of implementing E-Repair; with 10% reduction in cleaning expenses per unit area, customer satisfaction rate increased by 5 percentage points as a result of implementing E-Cleaning.

Meanwhile, the Group is actively building up an online platform, Caizhiyun APP, for its community services, and migrating functions such as paying property management fees, ordering repair and maintenance services, issuing notices and submitting complaints from a traditional offline approach to the online platform. It not only provides convenience to the residents of the communities but also strengthens the communications between the Group and property owners of the communities. Meanwhile, the Group designates customer managers to serve the communities based on the proportion to the number of the residents in such communities. The customer managers will schedule visits with the residents through the Caizhiyun platform for following up works and feedbacks relating to customer satisfaction in a timely manner in order to ensure the quality of the offline community services and efficiently become aware of the services that the property owners are demanding. The Group will push forward the development of corresponding value-added services and proceed with the organic integration of both the online and offline community businesses, in turn further enhancing the Group's competitive edges.

As at 31 December 2017, the Group employed over 38,911 on-site personnel to provide property management services. The following table sets out the property management fee range for the residential area within the residential communities managed by the Group on a commission basis and a lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region may vary depending on various factors such as the types and locations of properties.

	As at 31 December 2017		As at 31 December 2016	
	Under commission basis *(RMB/ sq.m./month)*	**Under lump sum basis** *(RMB/ sq.m./month)*	Under commission basis *(RMB/ sq.m./month)*	Under lump sum basis *(RMB/ sq.m./month)*
Shenzhen	**0.4–10.0**	**1.0–8.0**	0.4–10.6	1.0–6.9
Southern China (excluding Shenzhen)	**0.5–5.6**	**0.7–8.0**	0.3–4.0	0.6–6.0
Eastern China[(1)]	**0.4–9.4**	**0.8–6.5**	0.2–8.0	1.2–3.0
Southwestern China[(2)]	**0.4–6.1**	**0.3–6.3**	0.3–4.0	0.9–4.5
Northeastern China	**0.4–3.3**	**2.0–5.0**	0.4–3.7	2.0–5.0
Northwestern China[(3)]	**0.5–3.9**	**1.1–5.0**	0.6–1.8	1.1–3.0
Northern China[(4)]	**0.6–4.5**	**1.0–7.9**	0.6–2.5	1.2–5.2
Central China[(5)]	**0.6–2.7**	**0.9–4.8**	0.4–4.2	0.4–2.5
Singapore	**1.2**	**–**	1.2	–
Hong Kong	**4.2–20.9**	**–**	4.4–22.0	–

Notes:

(1) The Group newly entered Dongying, Dezhou and Ningbo as at 31 December 2017.

(2) The Group newly entered Yibin as at 31 December 2017.

(3) The Group newly entered Hanzhong, Weinan, Urumqi as at 31 December 2017.

(4) The Group newly entered Baoding, Changzhi and Huhhot as at 31 December 2017.

(5) The Group newly entered Xiaogan, Shaoyang, Pingdingshan, Shiyan and Huaihua as at 31 December 2017.

Scope of Services for Property Management Services

Property management services, which primarily include: (i) provision of services to residential communities under commission basis; (ii) provision of services to residential communities under lump sum basis; (iii) provision of pre-sale services to property developers; and (iv) provision of consultancy services to regional property management companies.

Property management services fee under commission basis

Under commission basis, the Group essentially acts as an agent of the property owners. The Group has the right to retain an agreed percentage (generally 10%) of the property management fee payable by the property owner as the Group's revenue. The remaining property management fee will be used as the working capital for property management, so as to set off against the expenses related to the property management work. As at 31 December 2017, GFA under the management of the Group on commission basis reached 334.2 million sq.m., 221.0 million sq.m. of which has generated income for the Group. While the remaining 113.2 million sq.m. is unoccupied area which will be changed to revenue-bearing GFA in the future.

Property management services fee under lump sum basis

Under lump sum basis, the Group has the right to fully recognize the property management fee from the property owner as revenue, and settle the expenses related to property management out of the property management fee. Therefore, the relevant cost is recognized as the cost of sales and services of the Group. As at 31 December 2017, GFA under the management of the Group on lump sum basis reached 70.1 million sq.m., 55.2 million sq.m. of which has generated income for the Group. While the remaining 14.9 million sq.m. is unoccupied area which will be changed to revenue-bearing GFA in the future.

Pre-sales services

The Group may be appointed as the property management firm by the property developers in the early stage of the property development. The Group provides cleaning, security and maintenance of the pre-sale display units for the preparation of their pre-sales activity and recognizes the revenue in accordance with the number of staffs and positions deployed by the Group. Relevant staff cost incurred is the selling cost arising from provision of service.

Property management consultancy services fee

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

As at 31 December 2017, the Group was contracted to provide consultancy services to 113 residential communities. Area for consultancy service was 31.7 million sq.m., the majority of which are communities managed by WXM.

Community leasing, sales and other value-added services

Adhering to its value and concept of "Service to Your Family", the Group has been focusing on the extensions of its diversified services to community property owners. The Group timely organises services and improves its service provision in response to the changing demands of community property owners at different stages. With sixteen years of experience in community management and services, the Group has established a comprehensive offline service system. The Group has employed many experienced customer managers and community stewards to provide more convenient services to property owners and had built up trust with the residents. The Group has a more comprehensive understanding on the demands of the community property owners and the creation of the community scenarios by paying frequent visits and communications with property owners through the Group's customer managers. Leveraging on the advanced understanding about the residents of the communities for whom the Group provides management, consultancy services and platform services, as well as the capacity enhancement of service offering, the online platform, which the Group has been creating, is reaching a more mature stage.

In 2017, by integrating feedback from users, Caizhiyun APP upgraded and optimised its underlying structure, interactive model and UI interface. Users could experience significant improvement in utilising basic functions such as handling property management fee, receiving service notices etc. They could also enjoy great enhancement in various product and service consumptions experience through the platform which is connected to various services and goods providers.

Besides, in 2017, the Group adhered to its existing strategy of building up an open platform and achieved fruitful results in its incubated third party service companies. Especially, the Group's competitive services and products have gained recognitions in the communities managed by cooperation partners.

Represented by E-Energy, E-Parking, E-Leasing, E-Wealth Management, etc., those services and products have enjoyed high penetration in communities and contributed greater revenues to the Group. Services and products, such as E-Lift, E-Repair and E-Advertising, have been widely accepted in the market through continuous improvement, which are under fast market expansion and in the stage of rapid growth. At the same time, in 2017, the Group introduced complementary new services and products that are suitable for household consumptions, including the introduction of a smart lock manufacturer, an education and culture organizer etc. The Group had also entered into strategic cooperation with okliang.com one of whose shareholder is a subsidiary wholly invested by COFCO, which further facilitated products and services provision on the platform.

As at 31 December 2017, the accumulated transactions turnover of the Group's online platform amounted to approximately RMB7,614.0 million, while the accumulated turnover of E-Wealth Management amounted to approximately RMB5,771.7 million, among which, the accumulated turnover of Colour Wealth Life value-added plan amounted to approximately RMB5,681.2 million. For E-Lift, 100,000 units of lifts have been in operation through the SAAS (software as a service) platform and more than 70% of them were from communities which were not managed by the Group. Such positive operating data have underlined the initial success of the Group's ecosystem. On 30 June 2017, the Group launched the Eastern Colour Life Ecosystem Center, which is the second incubation service center designated for eastern China upon the establishment of Southern Colour Life Ecosystem Center. After half year of effective operation, Eastern Colour Life Community Ecosystem has attracted over 20 suppliers, providing diversified services and products to residents living in eastern China.

With a sophisticated "Colour Life Property" sales model, as well as the successful launch of the new "Colour Life Parking Lots (彩生活車位)" business model, the amounts of the meal coupons which was refund by developers and saved in residents' Caizhiyun accounts will continuously increase. Due to the accumulation of meal coupons, the Group can negotiate with suppliers with greater bargaining power, providing community residents with quality products and service at favourable price.

As at 31 December 2017, registered users of ecosystem main platform increased to 10,340,000, of which 3,494,000 were active users. In the future, the Group will further strengthen its ability to investigate and foster community accesses and community scenarios, facilitating the integration of its online and offline services platform.

Scope of Services for Community Leasing, Sales and Other Value-added Services

The Group's community leasing, sales and other value-added services primarily include (i) common area rental assistance; (ii) usage fees from online promotion services and leasing information system software; (iii) residential and retail units rental and sales assistance; and (iv) office sublet and other value-added services.

Common area rental assistance

Advertising spaces in a residential community, such as those on elevator walls or in common spaces, are the properties of the property developers or property owners. The Group assists them to lease out such spaces and receives 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.

Usage fees from online promotion services and leasing information system software

The Group collaborates with providers of various products and services and promotes products or services to property owners through the Caizhiyun APP, the online platform run by the Group. Providers pay certain amount of commission according to their sales ordered through the Caizhiyun APP to the Group. As at 31 December 2017, the Caizhiyun APP provided services to 2,813 residential communities. Further, the Group leases system or software to projects it provides management and consultant services to in order to improve service quality and efficiency.

Residential and retail units rental and sales assistance

The Group (i) refers a property owner, who intends to lease out property, to an independent third-party property agent, who rents the unit from the property owner as the primary tenant, and then sub-leases the unit to an appropriate tenant; or (ii) refers the case to a third-party property agent, who assists the property owner to complete the sale of the property. The Group charges the property agent on every successful referral and generates revenue from authorising property agents rights to use our online leasing data platform.

Office sublet and other value-added services

Office sublet and other value-added services mainly include (i) the Eastern Colour Life Ecosystem Center's office sublet services; (ii) energy management services; (iii) parking management services; (iv) purchase assistance; and (v) other value-added services.

Engineering services

The Group provides engineering services to property developers (including primarily independent property developers and to a lesser extent, the Fantasia Group) and communities which the Group manages through sub-contracting and collaboration with qualified third-party contractors and through its subsidiaries, Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji"), Shenzhen Yixuan Technology Co., Ltd. ("Shenzhen Yixuan") and Shenzhen Ancaihua Energy Investment Co., Ltd. ("Shenzhen Ancaihua").

Engineering services provide a safe and comfortable environment and experience to the property owners of the communities. It also laid the foundation of hardware for accelerating the transformation of intelligent generalization and implementation of E-services in the communities which the Group serves.

In 2017, the Group continued to carry out the Internet-based transformation to the projects under its management, pushing forward the optimization and upgrade of Smart Community Model from Version 3.3 to Version 4.0. Version 4.0 focuses on the property owners satisfying multi-dimension needs for easy community life. It strengthens the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, two-dimensional code/face recognition access control, vehicle license recognition system in car park etc., so as to realise centralized management control, replacing labour with equipment, saving energy and duty, enhancing efficiency and service quality. Moreover, a community service platform is established through connecting communities to the Group's headquarter cloud system. For example, real-time picture of the operation condition in the community under the Group's management will be sent to the headquarter cloud system using remote monitoring technology. The Group's headquarter cloud system will assign correction task to on site employee for area with potential problem.

Scope of Services for Engineering Services

The Group's engineering services primarily include (i) automation and other hardware equipment installation services; (ii) community utility facilities repair and maintenance services; (iii) community automation equipment leasing services; and (iv) energy-saving services.

Installation service fees from provision of engineering services

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

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

Services fee from provision of repair and maintenance services

The Group provides repair and maintenance services on various building hardware such as elevators, fire protection equipment and drainage systems in residential communities. With the further implementation of Colour Life Smart Community Model of the Group, the Group has promoted an equipment management model in the communities it manages to reduce the occurrence of major failures of the above mentioned hardware and equipment that requires large-scale repairs through regular maintenance.

Equipment leasing services

The Group provides automation and other equipment upgrade services to residential communities it manages or provides consultancy services to, including car park security systems, building access systems and remote surveillance cameras. These equipments were invested by Shenzhen Kaiyuan Tongji and Shenzhen Yixuan and provided for the use of each residential community through the Group's equipment leasing program.

Services fee from provision of energy-saving services

The Group provides energy-saving services to residential communities it manages or provides consultancy services to. These services include energy-saving devices installation and equipment leasing services. By installing and using cutting-edge energy saving equipment, the Group help communities to reduce energy consumption.

Financial Review

Revenue

The Group's revenue mainly arises from (i) property management services; (ii) community leasing, sales and other value-added services; and (iii) engineering services. For the year ended 31 December 2017, the total revenue increased by 21.4% to approximately RMB1,628.7 million from approximately RMB1,342.1 million for the year ended 31 December 2016.

The increase in revenue was primarily driven by (i) an increase in the total revenue-bearing GFA; and (ii) development of the Group's community leasing, sales and other value-added services business.

Property Management Services

For the year ended 31 December 2017, revenue from property management services increased by 16.3% to RMB1,231.3 million from RMB1,059.1 million for the year ended 31 December 2016. Breakdown of revenue from property management services are as below:

	For the year ended 31 December			
	2017	2016	**Variance**	
	Amount	Amount	**Amount**	%
	RMB'000	*RMB'000*	*RMB'000*	
Revenue				
Property management services fees under commission basis	**164,761**	163,960	801	0.5%
Property management services fees under lump sum basis	**911,456**	758,169	153,287	20.2%
Pre-sale services fees	**85,173**	91,772	(6,599)	(7.2%)
Property management consultancy services fees	**69,895**	45,166	24,729	54.8%
Total of property management services fees	**1,231,285**	1,059,067	172,218	16.3%

Such increase was primarily attributable to:

(a) For the year ended 31 December 2017, as the Group implemented platform output strategy and decreased the acquisition activities of property management companies, revenue from property management services fees charged under commission basis remained stable and slightly increased RMB0.8 million. The revenue-bearing GFA under commission basis increased by approximately 3.0 million sq.m. or approximately 1.4%, to approximately RMB221.0 million sq.m. from approximately 218.0 million sq.m. as at the same date in 2016;

(b) An increase in revenue of approximately RMB153.3 million under lump sum basis which in turn was driven by th growing revenue-bearing GFA. As at 31 December 2017, the revenue-bearing GFA under lump sum basis increased by approximately 5.0 million sq.m. to approximately 55.2 million sq.m. from approximately 50.2 million sq.m. as at the same date in 2016;

(c) A decrease in revenue of approximately RMB6.6 million from services fees charged for rendering pre-sale related services for the year ended 31 December 2017 as compared to that charged for the year ended 31 December 2016 resulting from the completion of pre-sale services contracts;

(d) An increase in revenue of RMB24.7 million from fees charged under consultancy services contracts, which is due to the consultancy contract between Shenzhen Kaiyuan International Property Management Co.,Ltd. 深圳市開元國際物業管理有限公司 ("Kaiyuan International") and WXM entered into on 2 August 2016, leading to a service fee received under consultancy service contract during the year.

Community Leasing, Sales and Other Value-added Services

For the year ended 31 December 2017, community leasing, sales and other value-added services income increased by 76.5% to RMB276.8 million from RMB156.9 million for the year ended 31 December 2016.

Breakdown of revenue from community leasing, sales and other value-added services are as below:

	For the year ended 31 December		**Variance**	
	2017	2016		
	Amount	Amount	**Amount**	%
	RMB'000	*RMB'000*	*RMB'000*	
Common area rental assistance	**36,094**	37,082	(988)	(2.7%)
Usage fees from online promotion services and leasing information system software	**137,208**	74,015	63,193	85.4%
Residential and retail units rental and sales assistance	**17,186**	19,696	(2,510)	(12.7%)
Office sublet and other value-added services	**86,316**	26,063	60,253	231.2%
Total of community leasing, sales and other value-added services fees	**276,804**	156,856	119,948	76.5%

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

(a) A slight decrease of approximately RMB1.0 million in community common area rental assistance commission income.

(b) An increase in usage fees from online promotion services and leasing information system software at approximately RMB63.2 million for the year ended 31 December 2017 as driven by the rapid development of the companies who cooperated with the Group aiming at the Caizhiyun platform and the Group's growth in the total revenue-bearing GFA. As a result, the revenue of usage fees from online promotion services and leasing information system software increased by 85.4% to RMB137.2 million for the year ended 31 December 2017 from RMB74.0 million of that for the year ended 31 December 2016.

(c) A decrease in residential and retail units rental and sales assistance income of RMB2.5 million to RMB17.2 million for the year ended 31 December 2017 from RMB19.7 million for the year ended 31 December 2016, representing a decrease of 12.7%. The decrease was due to the business adjustment of Caizhijia.

(d) Office sublet and other value-added services for the year ended 31 December 2017 mainly consist of (i) the Eastern Colour Life Ecosystem Center's office sublet services; (ii) energy management services; (iii) parking management services; (iv) purchase assistance; and (v) other value-added services. A significant increase in office sublet and other value-added services revenue of 231.2% to RMB86.3 million for the year ended 31 December 2017 from RMB26.1 million for the year ended 31 December 2016 was driven by introduction of several new businesses of the Group during the year.

Engineering Services

For the year ended 31 December 2017, revenue from engineering services decreased by 4.4% to RMB120.6 million from RMB126.1 million for the year ended 31 December 2016. Breakdown of revenue from engineering services are as below:

	For the year ended 31 December			
	2017	2016	**Variance**	
	Amount	Amount	**Amount**	%
	RMB'000	*RMB'000*	*RMB'000*	
Installation service fees from provision of engineering services	**15,478**	36,224	(20,746)	(57.3%)
Services fees from provision of repair and maintenance services	**47,631**	47,159	472	1.0%
Equipment leasing income	**41,287**	31,275	10,012	32.0%
Services fee from provision of energy-saving services	**16,213**	11,488	4,725	41.1%
Total of engineering services fees	**120,609**	126,146	(5,537)	(4.4%)

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

(a) A decrease in revenue in equipment installation services of approximately 57.3% to approximately RMB15.5 million for the year ended 31 December 2017 from approximately RMB36.2 million for the year ended 31 December 2016, which was determined by the completion schedules.

(b) For the year ended 31 December 2017, community repair and maintenance services income slightly increased by 1.0% as compared to that for the year ended 31 December 2016.

(c) An increase of RMB10.0 million in services fees from community equipment leasing, which was in line with the Group's community equipment upgrade program.

(d) An increase of RMB4.7 million in services fees from leasing energy-saving devices and energy management platform.

Cost of Sales and Services

The Group's cost of sales and services primarily comprised 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, rental cost and others. For the year ended 31 December 2017, cost of sales and services increased by 18.7% from approximately RMB756.3 million for the year ended 31 December 2016 to approximately RMB898.0 million. The increase was primarily attributable to (i) the increase in revenue-bearing GFA under lump sum basis; (ii) costs generated from the office sublet and other value-added services.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2017, the overall gross profit increased by 24.7% to approximately RMB730.7 million from approximately RMB585.8 million for the year ended 31 December 2016. The increase of gross profit was in line with the growth of revenue in all segments.

The overall gross profit margin increased by approximately 1.3 percentage points to approximately 44.9% for the year ended 31 December 2017 from that of approximately 43.6% for the year ended 31 December 2016. The increase was attributable to a combination of the changes of gross profit in all segments.

(i) Property Management Services

For the year ended 31 December 2017, the gross profit margin of property management services decreased by 0.4 percentage points from approximately 35.6% for the year ended 31 December 2016 to approximately 35.2%, 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.

(ii) Community Leasing, Sales and Other Value-added Services

For the year ended 31 December 2017, gross profit from community leasing, sales and other value-added services segment increased by 57.5% to approximately RMB227.0 million from approximately RMB144.1 million for the year ended 31 December 2016. Gross profit margin decreased by 9.9 percentage points from 91.9% for the year ended 31 December 2016 to 82.0% for the year ended 31 December 2017. The decrease was primarily attributable to a relatively lower gross profit margin for some new businesses;

(iii) Engineering Services

For the year ended 31 December 2017, gross profit for engineering services increased by approximately 9.5% from approximately RMB64.4million to approximately RMB70.5million. For the year ended 31 December 2017, gross profit margin for engineering services increased by approximately 7.5 percentage points to approximately 58.5% from approximately 51.0% for the year ended 31 December 2016. The increase was primarily attributable to the significant increase in the services fee from provision of energy-saving services for the year, of which the gross profit margin was relatively higher.

Other Gains and Losses

For the year ended 31 December 2017, the Group's other gains and losses decreased by approximately 83.5% to a loss of approximately RMB5.1 million from a loss of approximately RMB30.9 million for the year ended 31 December 2016. The decrease in losses was primarily due to (i) gains of approximately RMB48.3 million from disposal of subsidiaries for the year; offset by (ii) an increase in impairment loss recognised on payments on behalf of residents under commission basis from approximately RMB17.3 million to approximately RMB32.0 million; and (iii) an increase in impairment loss recognised on trade and other receivables from approximately RMB11.7 million to approximately RMB17.8 million, which the Group believes may not be recovered based on the Group's review of the balances for the Group's services contracts.

Other Income

For the year ended 31 December 2017, other income increased by approximately 168.9% to approximately RMB52.7 million from approximately RMB19.6 million for the year ended 31 December 2016. The increase was primarily attributable to (i) an increase in interest income from approximately RMB5.7million to approximately RMB34.4million; (ii) an increase in an in unconditional government grants from RMB9.4 million to RMB11.3 million; and (iii) an increase in change in fair value of financial assets at FVTPL from approximately RMB2.8 million to approximately RMB5.9 million.

Selling and distribution expenses

For the year ended 31 December 2017, selling and distribution expenses increased by 94.1% to approximately RMB26.2 million from approximately RMB13.5 million for the year ended 31 December 2016, mainly due to (i) an increase of approximately RMB7.0 million in sales commissions resulting from the growth of E-Wealth Management business; (ii) promotion and marketing expenses of RMB 4.0 million resulting from the office sublet business; (iii) an increase of approximately RMB2.0 million in agency fee incurred from Colour Life Property business as compared to that for the year ended 31 December 2016.

Administrative Expenses

For the year ended 31 December 2017, the Group's administrative expenses decreased by 6.8% to approximately RMB277.2 million from RMB297.5 million for the year ended 31 December 2016. The Group continued to tighten the cost control measures. The decrease was primarily attributable to (i) a decrease of approximately RMB33.7million in share-based payment expenses from approximately RMB79.0million for year ended 31 December 2016 to approximately RMB45.3million; (ii) with the expansion of the Group's business scale which was in line with the Group's growing GFA under its management and the development of its community leasing, sales and other value-added services business, more management function personnel were retained for headquarter management function as well as other centralized controlling functions, resulting into an increase of approximately RMB13.4million in administrative expenses during the year.

Expenses recharged to Residential Communities under Commission Basis

For the year ended 31 December 2017, the Group's expenses recharged to residential communities under commission basis amounted to approximately RMB67.4 million, representing an increase of approximately 1.7% as compared to approximately RMB66.3 million for the year ended 31 December 2016. The slight increase was primarily attributable to the increase in the cost recovery in line with the growing GFA under the Group's management, the Group's centralised services of financial accounting, human resources, operation, legal services, etc., and as such the re-charge of such expenses back to the community level increased consistently.

Finance Costs

The Group's finance costs was approximately RMB90.2 million for the year ended 31 December 2017, which increased by approximately 137.4% as compared to that of RMB38.0 million for the year ended 31 December 2016, mainly due to (i) an increase of approximately RMB18.8 million in interest expenses on the issued corporate bonds; (ii) an increase of approximately RMB12.5 million in interest expenses on the issued assets backed securities; and (iii) an increase of approximately RMB19.5 million in interest expenses on bank borrowings.

Share Options

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

On 29 September 2014, 30 April 2015 and 18 March 2016, the Company granted 45,000,000, 25,000,000 and 34,247,488 share options to its employees, Directors, and certain non-controlling shareholders of the Company's subsidiaries for which the exercise price is HK$6.66 each, HK$11.00 each and HK$5.76 each respectively. The Share-based payment expenses charged to the statement of profit or loss for the year ended 31 December 2017 was approximately RMB45.3 million.

Changes in Fair Value of Investment Properties

The Group's changes in fair value of investment properties decreased by approximately 49.1% to approximately RMB2.8 million for the year ended 31 December 2017 from approximately RMB5.5 million for the same period in 2016. The changes in fair value of investment properties were primarily due to the decreasing rate in the increase of market value.

Income Tax Expenses

The Group's income tax expenses increased by 29.6% to approximately RMB106.0 million for the year ended 31 December 2017 from that of approximately RMB81.8 million for the year ended 31 December 2016. The increase was primarily due to an increase of current tax for enterprise income tax by 30.3% to approximately RMB123.7 million from approximately RMB94.9 million in 2016.

Property, Plant and Equipment

As at 31 December 2017, the carrying value of property, plant and equipment of the Group decreased by approximately 6.7% to approximately RMB168.7 million from approximately RMB180.8 million as at 31 December 2016, which was mainly due to (i) disposal of buildings for the year, amounting to approximately RMB11.7 million; (ii) reduction of furniture, fixtures and equipment amounting to RMB12.6 million which was mainly caused by disposal of subsidiaries; off-set by (iii) additions in leasehold improvement amounting to RMB7.9 million; and (iv) an increase in construction-in-progress amounting to approximately RMB6.0 million, resulting from the increasing research and development expenditure by Shenzhen Colour Life Network Services Co., Ltd, for the year ended 31 December 2017.

Intangible Assets

As at 31 December 2017, the carrying value of intangible assets held by the Group amounted to RMB241.0 million (31 December 2016: approximately RMB210.3 million). The increase of intangible assets was mainly attributable to an increase in the number 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 Corporate Appraisal and Advisory Limited, with independent assessment reports issued.

Investment Properties

As at 31 December 2017, the investment properties held by the Group amounted to approximately RMB70.6 million (31 December 2016: RMB92.5 million). These investment properties had been assessed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, with independent assessment reports issued. The decrease of investment properties was mainly due to disposals of investment properties for the year by approximately RMB43.6 million and additions of new investment properties by approximately RMB22.4 million.

Available-for-sale Investments ("AFS Investments")

AFS Investments represented an unlisted equity securities at fair value and certain unlisted equity securities at cost: (i) The unlisted equity securities at fair value represented the Group's investment in equity securities issued by Shenzhen Home E&E Commercial Services Group Co., Ltd. (深圳市美易家商務服務集團股份有限公司) ("Home E&E"), a fellow subsidiary of the Company, which primarily engaged in property management, asset operation and management and the relevant value added services for commercial properties in the PRC. The investment represented 4.2% holding of issued ordinary shares of Home E&E. In 2015, Home E&E was listed on National Equities Exchange and Quotations ("NEEQ"). On 27 December 2017, the shares of Home E&E were delisted from NEEQ. The fair value of the equity investment as at 31 December 2017 has been arrived at on the basis of valuations carried out by an independent qualified professional valuer by reference to recent transaction prices, where appropriate; (ii) The unlisted equity securities at cost represented the investments in Wuhu Gopher Asset Management Co., Ltd. (蕪湖歌斐資產管理有限公司) ("Wuhu Gopher"), Shenzhen Baicheng Jinggong Co., Ltd. (深圳百城精工有限公司) ("Baicheng Jinggong") and several entities. At 31 December 2016, the investments owned by the Group represented 6.1% and 11.0% of the equity interests of Wuhu Gopher and Baicheng Jinggong amounting to RMB60,000,000 and RMB200,000, respectively. In addition to Wuhu Gopher and Baicheng Jinggong, the Group had invested RMB13,257,000 in several entities in aggregate, which represented the equity interests ranging from 5% to 15% in the investees, during the year. The above investments were measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates was so significant that the Directors of the Company were of the opinion that their fair values could not be measured reliably.

Goodwill

For the year ended 31 December 2017, the Group acquired 16 companies, which generated the goodwill of approximately RMB187.4 million; while the Group disposed 3 subsidiaries, which led to reduction of the goodwill of approximately RMB19.6 million. 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 2017.

Deferred Taxes

As at 31 December 2017, Group's deferred tax assets that resulted from the allowance on doubtful debt amounted to approximately RMB37.3 million, while, the Group's deferred income tax liabilities that resulted from the amortisation of intangible assets, fair value adjustments of AFS investments, fair value adjustments of properties and temporary difference on long-term receivables were approximately RMB79.8 million, in total.

Bank balances and cash

As at 31 December 2017, the Group's bank balances and cash increased by 13.5% to the equivalent of approximately RMB856.7 million from approximately RMB754.8 million as at 31 December 2016. The increase in bank balances and cash was primarily attributable to: (i) net cash inflows of approximately RMB139.9 million generated from operating activities; (ii) net cash inflows of approximately RMB2.7 million generated from investing activities; offset by (iii) net cash outflows of approximately RMB 40.7 million used in financing activities.

Trade and other Receivables and prepayments

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

As at 31 December 2017, total trade receivables of the Group amounted to approximately RMB392.7 million, which increased by approximately RMB113.9 million as compared to approximately RMB278.8 million as at 31 December 2016. The increase was mainly attributable to: (i) the growing revenue-bearing GFA under lump sum basis for the year; and (ii) the significant increase in revenue resulting from the rapid development of community leasing, sales and other value-added services.

The Group has subsequently collected total balances of the trade receivables of more than RMB74.1 million.

As at 31 December 2017, other receivables and prepayments increased from approximately RMB203.5 million as at 31 December 2016 to approximately RMB322.7 million, which was primarily attributable to: (i) an increase of approximately RMB60.8 million in prepayments to suppliers arising from the Group's office sublet business and Colour Life Property business, as well as its equipment upgrade projects, which were widely promoted among residential communities that the Group managed; (ii) an increase of approximately RMB28.5 million in payments on behalf of residents under lump sum basis and an increase of approximately RMB11.0 million in other deposits due to the growing revenue-bearing GFA under lump sum basis for the year; and (iii) an increase of approximately RMB18.9 million in other miscellaneous receivables in line with the rapid development of the Group's business.

Payments/Receipts on Behalf of Residents

Payments/receipts on behalf of residents represent the current accounts with the property management offices of residential communities managed by the Group 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 expenditures paid by the Group on behalf of the residential communities.

Increase in balance of payments on behalf of residents and increase in balance of receipts 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 comprised items such as payables to sub-contracting services, receipts on behalf of residents under lump sum basis, receipts on behalf of residents for residential communities under consultancy services arrangement, advances from customers, deposits received, accrued staff costs, other tax payable, provision for retirement benefit contributions and consideration payables for acquisition of subsidiaries.

Trade payables increased from approximately RMB114.0 million as at 31 December 2016 to approximately RMB221.2 million as at 31 December 2017. This was primarily due to the growth of the Group's property management services business under lump sum basis and its community leasing, sales and other value-added services business.

Other payables and accruals increased from approximately RMB596.2 million as at 31 December 2016 to approximately RMB625.0 million as at 31 December 2017, primarily attributable to: (i) an increase of approximately RMB17.5 million in advances from customers and an increase of approximately RMB8.9 million in deposits received, resulting from the growing revenue-bearing GFA under lump sum basis for the year; (ii) an increase of RMB45.9 million in other tax payables and others in line with the Group's increase in business scale; offset by (iii) a decrease of approximately RMB43.5 million in consideration payables for acquisition of subsidiaries as compared to that as at 31 December 2016 due to subsequent settlements of the payables and the relatively reduced acquisition activities for the year.

Corporate Bonds

In November 2017, Shenzhen Colour Life Services Group Co., Ltd. (深圳市彩生活服務集團有限公司) ("Shenzhen Colour Life") issued domestic corporate bonds with an aggregate principal amount of RMB150,000,000. The domestic corporate bonds are guaranteed by Fantasia China, carrying a nominal interest at rate of 7% per annum and interest is payable annually, commencing in November 2018. The issue price is 96.3% of the principal. The effective interest rate is 8.4% per annum. The domestic corporate bonds will mature in November 2020.

As at 31 December 2017, the balance of the Group's corporate bonds was approximately RMB552.6 million.

Assets Backed Securities Issued ("ABS")

On 30 August 2016, Shenzhen Colour Life issued ABS under securitisation arrangements collateralised by the future cash inflows relating to certain trade receivables for the payments of property management fee and guaranteed by Fantasia China. The ABS were issued at discount of 5% with aggregate nominal value of RMB300,000,000 which carry interests ranging from 4.5% to 6.1% per annum. Under the securitisation arrangement, the principal and interests are payable quarterly and with maturity from November 2016 to August 2021. The effective interest rates ranges from 6.9% to 8.3% per annum.

For certain portion of ABS to the amount of RMB135,000,000 mentioned above, at the end of the third year, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of ABS may at their options ("Put Options") to sell back the ABS to the Group in whole or in part at face value of their principal amount.

For the year ended 31 December 2017, the Group repaid the principle and the interest according to the agreement. As at 31 December 2017, the balance of the ABS in issue was approximately RMB227.7 million.

Financial Assets at Fair Value through Profit or Loss ("Financial Assets at FVTPL")

Financial assets at FVTPL mainly represented money market funds investment issued by a reputable securities corporation. As at 31 December 2017, the balance of the financial assets at FVTPL was approximately RMB191.9 million.

Share Capital

As at 31 December 2017, the total number of issued shares of the Company was 995,741,000 (31 December 2016: 1,000,119,000) and the share capital was RMB78,945,000 (31 December 2016: RMB79,325,000).

Cash Position

As at 31 December 2017, the Group's total cash including pledged bank deposits decreased by approximately 1.1% to approximately RMB1,233.9 million from approximately RMB1,247.5 million as at 31 December 2016. Among the total cash, approximately RMB377.2 million (31 December 2016: approximately RMB492.7 million) of 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 2017, the current ratio (current asset/current liabilities) of the Group was approximately 1.6 (31 December 2016: approximately 1.9).

Borrowings and Charges on the Group's Assets

As at 31 December 2017, the Group had an aggregate bank and other borrowings of approximately RMB724.6 million (31 December 2016: approximately RMB660.3 million), among which, approximately RMB371.7 million (31 December 2016: RMB490.0 million) was secured by the Group's bank deposits and approximately RMB50.7 million was secured by the Company's equities in three subsidiaries, while the rest of approximately RMB302.2 million was purely credit loans.

Net Gearing Ratio

The net gearing ratio was 4.3% as at 31 December 2017 (31 December 2016: 0.5%), resulting from additional approximately RMB203.6 million of purely credit loans drawn down and approximately RMB150 million domestic corporate bonds issued during the year. The net gearing ratio was measured by net debt (including borrowings, corporate bonds and asset backed securities issued, and deducting bank balances and cash, pledged bank deposits and financial assets at FVTPL) over the total equity.

Currency Risk

The Group's operation is principally based in the PRC. Except for the bank deposits and bank borrowings 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 2017, despite the appreciation of RMB against SGD and HKD, the Directors do not expect any fluctuations in the RMB exchange rate would materially and adversely affect the operations of the Group.

Employees and Remuneration Policies

As at 31 December 2017, excluding the employees for communities under commission basis, the Group had approximately 7,213 employees (31 December 2016: approximately 7,727 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

Events after the Reporting Period

Subsequent to the reporting date, the following significant events of the Group took place:

(a) Pursuant to the agreements entered into among certain subsidiaries of the Company and Fantasia Holdings, Fantasia Holding agreed to transfer its 100% beneficial interest in 深圳市幸福萬象投資合夥企業(有限合夥) Shenzhen Xingfu Wanxiang Investment Partnership (Limited Partnership) and its 100% of the equity interest in WXM to the Company. The consideration constitutes cash consideration of RMB1,014,174,000 and issuance of 231,500,000 ordinary shares of the Company. The acquisition was completed on 28 February 2018.

(b) The Company issued 87,246,000 new ordinary shares for consideration of HKD5.00 per shares on 5 January 2018 to the existing shareholders. The placing shares represent approximately 8.76% of the existing issued share capital of the Company.

(c) In January 2018, Shenzhen Colour Life issued ABS under securitisation arrangements collateralised by the future earnings relating to property management fee and guaranteed by Fantasia China. The ABS were issued at discount of 2.0% with aggregate nominal value of RMB100,000,000 which carry interests ranging from 6.5% to 7.3% per annum. Under the securitisation arrangement, the principal and interests are payable semi-annually and with maturity from January 2019 to January 2021. The effective interest rates ranges from 6.9% to 7.5% per annum.

    For certain portion of ABS amounting to RMB36,000,000, at the end of the second year, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of ABS may at their options ("Put Options III") to sell back the ABS to the Group in whole or in part at face value of their principal amount. Put Options III held by the ABS holders are regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the Put Options III are not separated from liability component.

DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK15.00 cents per share amounting to HK$197,173,050 payable on Friday, 15 June 2018 to all persons registered as holders of shares of the Company on Tuesday, 5 June 2018, 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.

ANNUAL GENERAL MEETING

The AGM will be held on 29 May 2018 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 Wednesday, 23 May 2018 to Tuesday, 29 May 2018, 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 Monday, 21 May 2018.

(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 Monday, 4 June 2018 to Tuesday, 5 June 2018, 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 Friday, 1 June 2018.

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 2017, 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 provision E.1.2.

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 24 May 2017 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 2017 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 has made specific enquiry of all Directors whether the Directors have complied with the required standard as set out in the Model Code during the year ended 31 December 2017 and all Directors confirmed that they have complied with the Model Code and the Securities Dealing Code during the year ended 31 December 2017.

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

Share Award Scheme

The Board of Director of the Company has adopted a share award scheme (the "Share Award Scheme") on 4 July 2016 for certain employees of the Group and consultants to the Group (the "Grantees") as incentives or rewards for their contribution to the Group by way of the Company's shares acquired by and held through an independent trustee appointed by the Company (the "Trustee") until fulfilment of special conditions before vesting. During the year ended 31 December 2017, total of 159,000 (2016: 1,607,000) Company's shares were acquired by the Trustee for the Share Award Scheme. The aggregate consideration paid for these shares in an amount of RMB9,010,000 (2016: RMB9,010,000) was deducted from shareholders' equity.

As at 31 December 2017, the shares held for the Share Award Scheme have not been awarded to eligible employees or consultants of the Group.

Share Repurchases

As at 31 December 2017, the Company had repurchased a total of 4,378,000 shares of HK$0.10 each on the Stock Exchange at an aggregate consideration of HK$21,288,390. All of the repurchased shares were subsequently cancelled. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	**Total number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
April 2017	970,000	4.66	4.45	4,422,110
June 2017	1,304,000	4.63	4.48	5,984,900
July 2017	943,000	5.52	5.18	5,060,930
August 2017	826,000	5.15	4.90	4,148,820
September 2017	335,000	5.04	4.96	1,671,630

Save as disclosed, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's Listed Securities during the year ended 31 December 2017.

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 2017 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. 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 the community services sector 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, 19 March 2018

As at the date of this announcement, the Board comprises Mr. TANG Xuebin and Mr. DONG Dong 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.