

旭辉永升服务集团有限公司

(前稱為永升生活服务集团有限公司)

CIFI Ever Sunshine Services Group Limited

(Formerly known as Ever Sunshine Lifestyle Services Group Limited)

(Incorporated in the Cayman Islands with limited liability)

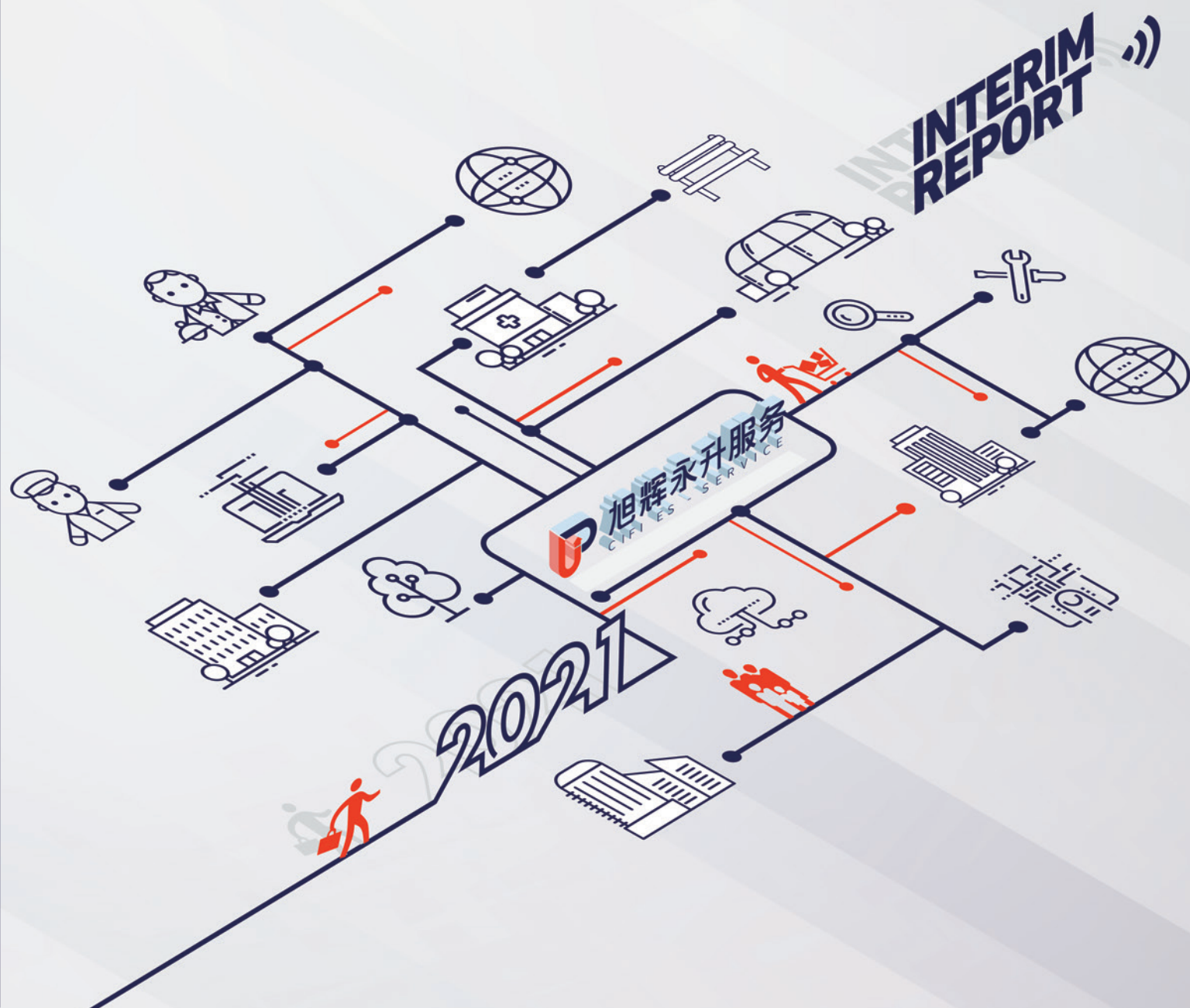
Stock code: 01995

 旭辉永升服务  
CIFI ES - SERVICE

# 用心構築美好生活

## BUILDING BETTER LIVES

Grow into a customer -  
preferred smart city service brand





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. LIN Zhong (*Chairman*)

Mr. ZHOU Hongbin

Mr. ZHOU Di

### Non-executive Director

Mr. LIN Feng

### Independent Non-executive Directors

Mr. MA Yongyi

Mr. WANG Peng

Mr. CHEUNG Wai Chung

## COMPANY SECRETARY

Ms. CHAN Yin Wah (Appointed on 20 July 2021)

Ms. LEE Shuk Man (Appointed on 21 January 2021 and resigned on 20 July 2021)

## AUTHORISED REPRESENTATIVES

Mr. LIN Zhong

Ms. CHAN Yin Wah (Appointed on 20 July 2021)

Mr. LIN Feng (Resigned on 20 July 2021)

## STRATEGY COMMITTEE

Mr. LIN Zhong (*Chairman*)

Mr. LIN Feng

Mr. ZHOU Hongbin

## AUDIT COMMITTEE

Mr. CHEUNG Wai Chung (*Chairman*)

Mr. LIN Feng

Mr. MA Yongyi

## REMUNERATION COMMITTEE

Mr. WANG Peng (*Chairman*)

Mr. LIN Zhong

Mr. MA Yongyi

## NOMINATION COMMITTEE

Mr. LIN Zhong (*Chairman*)

Mr. WANG Peng

Mr. MA Yongyi

## REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman KY1-1111

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

6F, Henderson CIFI Center

No. 20 Lane, 1188 Shenhong Road

Minhang District, Shanghai, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

## PRINCIPAL BANKS

China Construction Bank Shanghai Putuo Branch  
8th Floor  
95 Changshou Road  
Putuo District, Shanghai, PRC

China Construction Bank Shanghai Nujiang Road Branch  
Room 101  
1006 Jinshajiang Road  
Putuo District, Shanghai, PRC

Ningbo Bank Shanghai Huangpu Branch  
37 Huanghe Road  
Huangpu District  
Shanghai, PRC

China Construction Bank Suzhou New District Branch  
95 Shishan Road  
Gaoxin District  
Suzhou, Jiangsu Province, PRC

## AUDITOR

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

## LEGAL ADVISER

Sidley Austin

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre, 183 Queen's Road East  
Wanchai, Hong Kong

## STOCK CODE

01995

## WEBSITE

[www.cifies.com](http://www.cifies.com)

# AWARDS AND HONORS









## DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

5.375% Perpetual Securities	the senior perpetual capital securities (securities stock code: 05261) issued by CIFI Holdings in August 2017 with the aggregate principal amount of US\$300 million at a distribution rate of 5.375% per annum, which are listed on the Stock Exchange in August 2017
6% Senior Notes	the 6% senior notes (securities stock code: 40120) due 2025 issued by CIFI Holdings with the aggregate amount of US\$567 million, which are listed on the Stock Exchange in January 2020
Articles of Association	the Articles of Association of the Company (as amended from time to time)
Audit Committee	the audit committee of the Company
associate(s)	has the meaning ascribed thereto under the Listing Rules
Best Legend	Best Legend Development (PTC) Limited (formerly known as Best Legend Development Limited), a private trust company limited by shares incorporated in the BVI on 20 April 2018 and wholly owned by Mr. Lin Feng as a special purpose vehicle to hold Shares as the trustee of the Best Legend Trust
Best Legend Trust	a trust established on 19 October 2018, with Best Legend being appointed as the trustee, for the purpose of a share award scheme adopted by Best Legend
Board or Board of Directors	the board of directors of the Company
Board Committees	collectively the Strategy Committee, the Remuneration Committee, the Nomination Committee, and the Audit Committee, and the "Board Committee" means any of them
BU	Business unit
BVI	the British Virgin Islands
CG Code	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
China or PRC	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to "China" and the "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
CIFI Group	CIFI Holdings and its subsidiaries
CIFI Holdings	CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司) (stock code: 00884), an exempted company with limited liability incorporated in the Cayman Islands and the shares of which are listed on the Main Board

CIFI (PRC)	CIFI Group Co., Ltd. (旭輝集團股份有限公司) (formerly known as Shanghai Yongsheng Real Estate Co., Ltd. (上海永升置業有限公司) and CIFI Group Company Limited (旭輝集團有限公司)), a joint stock company with limited liability established in the PRC and an indirect wholly-owned subsidiary of CIFI Holdings
Company, Ever Sunshine, we or us	CIFI Ever Sunshine Services Group Limited (旭輝永升服務集團有限公司) (formerly known as Ever Sunshine Lifestyle Services Group Limited (永升生活服務集團有限公司)), a company incorporated in the Cayman Islands as an exempted company with limited liability on 16 April 2018 and the Shares of which are listed on the Main Board
Controlling Shareholder(s)	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, collectively refers to Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei, Elite Force Development, CIFI Holdings, Xu Sheng, Spectron and Best Legend
COVID-19	Coronavirus Disease 2019 epidemic
Ding Chang	Ding Chang Limited
Director(s)	director(s) of the Company
Elite Force Development	Elite Force Development Limited, a limited liability company incorporated in the BVI on 4 April 2018, one of our Controlling Shareholders and is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei
GFA	gross floor area
Group	the Company and its subsidiaries
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong dollars, HKD or HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Independent Third Party(ies)	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates
IPO	the initial public offering of the Company
Listing	the listing of the Shares on the Main Board
Listing Date	the date on which dealings in the Shares on the Main Board first commenced, being 17 December 2018





## DEFINITIONS

Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
M&A	merger and acquisition
Main Board	the Stock Exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
Nomination Committee	the nomination committee of the Company
Over-allotment Option	the option granted by the Company, pursuant to which the Company may be required to allot and issue up to an aggregate of 57,000,000 additional new Shares to, among other things, cover the over-allocations (if any) in the placing of Shares to professional, institutional and other investors (the portion of which has not been exercised has lapsed on 6 January 2019)
Placing	the placing of the Placing Shares by the Placing Agents to the placees at the Placing Price pursuant to the Placing and Subscription Agreement
Placing Agents	Credit Suisse (Hong Kong) Limited, Haitong International Securities Company Limited and Morgan Stanley & Co. International plc.
Placing and Subscription Agreement	the placing and subscription agreement entered into between the Company, Elite Force Development and the Placing Agents dated 4 June 2020
Placing Price	HK\$11.78 per Placing Share
Placing Shares	134,000,000 existing Shares beneficially owned by Elite Force Development and to be sold pursuant to the Placing and Subscription Agreement
Prospectus	the prospectus of the Company dated 4 December 2018
Rain-Mountain	Rain-Mountain Limited
Remuneration Committee	the remuneration committee of the Company
Reporting Period	the period from 1 January 2021 to 30 June 2021
Renminbi or RMB	the lawful currency of the PRC
Rosy Fortune	Rosy Fortune Investments Limited
SCTS Capital	SCTS Capital Pte. Ltd.
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Shareholder(s)	holder(s) of the Share(s)
Share(s)	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company, which are traded in Hong Kong dollars and listed on the Main Board
Spectron	Spectron Enterprises Limited, a limited liability company incorporated in the BVI on 18 September 2014 and one of our Controlling Shareholders
Standard Chartered Trust	Standard Chartered Trust (Singapore) Limited
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy Committee	the strategy committee of the Company
Subscription	the subscription of the Subscription Shares by Elite Force Development at the Subscription Price pursuant to the terms and conditions of the Placing and Subscription Agreement
Subscription Price	HK\$11.78 per Subscription Share
Subscription Shares	134,000,000 new Shares to be allotted and issued to Elite Force Development by the Company under the Subscription
Ultimate Controlling Shareholders	Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei
Xu Sheng	Xu Sheng Limited, a limited liability company incorporated in the BVI on 9 May 2011, a wholly-owned subsidiary of CIFI Holdings and one of our Controlling Shareholders
Yongsheng Property	Shanghai Yongsheng Property Management Co., Ltd. (上海永升物業管理有限公司) (formerly known as Shanghai Yongsheng Property Management Company Limited (上海永升物業管理股份有限公司)), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

\* For identification purposes only



## CHAIRMAN'S STATEMENT

Dear Shareholders,

Thank you for your continuous support for the evolution and development of the Group.

On behalf of the Board, I am pleased to present the interim report of the Group for the six months ended 30 June 2021, which summarizes the Group's achievements and shortcomings throughout the Reporting Period, and to share our future plans and developments.

The Group's revenue increased by 53.1% to RMB2,058.6 million in the first half of 2021. Moreover, with continuous improvement in our management efficiency, net profit margin increased by 0.8 percentage point, resulting in a profit attributable to owners of the Company of approximately RMB283.0 million, representing a year-on-year growth of 65.3%. Net cash inflow from operating activities reached approximately RMB425.3 million. Whilst achieving rapid growth, it is still our unwavering pursuit to maintain high-quality profit structure and profitable growth with an aim to put equal emphasis on high speed and high quality.

In the first half of 2021, our three major business lines continued the momentum of balanced and coordinated development. Driving the performance growth with diversified income, the Group has taken a solid step in developing into a conglomerate. In the first half of 2021, our two kinds of value-added services income increased rapidly by 67.7% year-on-year to RMB911.0 million, of which revenue from value-added services to non-property owners increased by 38.4% to RMB391.3 million and revenue from community value-added services increased by 99.6% to RMB519.7 million. This maintains the overall income structure of our three businesses at a good state of approximately "60%, 20%, 20%".

It is currently our core focus to expand the GFA of the Group in the market. In the context of increasingly intense market competition, Ever Sunshine has been firmly committed to its strategy. On one hand, we proceeded with our established "four-wheel driven" strategy to expand our GFA, and on the other hand, we continued to cultivate our strength in terms of sound and premium service capability, integrated service solution, good reputation and cooperation relationship and capable team, so as to make us better positioned to have access to market opportunities and resources. The increase in contracted GFA means more than just a periodic achievement to us, it is also an effective test of and review on our strategy and tactics implemented in the past. Every contract will be a source of reserve of follow-up income and profit growth after being implemented.

During the Reporting Period, the contracted GFA of the Group increased from 181.2 million sq.m. as at 31 December 2020 to 219.1 million sq.m. as at 30 June 2021, representing a growth of approximately 20.9%. In addition, the GFA under our management grew by 28.0% to 130.0 million sq.m. as at 30 June 2021, compared with 101.6 million sq.m. as at 31 December 2020.

The increase in the GFA under our management amounted to 28.3 million sq.m. in the first half of 2021, which was more than the increase in the total GFA under management in 2019, and which also meant it only took us half a year to achieve the same increase in amount that we took over throughout 2019 (the GFA under management of the Group increased by 24.9 million sq.m. in 2019).

The increase in contracted GFA has exceeded the increase in the GFA under management, which has further increased our reserve GFA which can be converted to GFA under management in the future, and in turn secured our future growth. Benefiting from the rapid increase in GFA under management, the number of property owners we served has also been increasing. As at 30 June 2021, we served more than 490,000 households. The relationship with every property owner is our precious asset, and we always think about and explore the path that leads to making better services available to the property owners who trust us.

It could be seen that there has been the unprecedented support of national policies for the vigorous development of the property management service industry from the circular jointly promulgated by 10 government ministries in January 2021. For a long time in the future, it will be a period of rapid increase in scale and concentration of leading enterprises in the industry, and high-quality enterprises will enjoy better development benefits. Meanwhile, the two major parallel tasks before us are how we can systematically ensure the Group's service quality during the rapid development in scale to provide property owners with value-added, exclusive and differentiated services, as well as cultivating and maintaining long-term competitiveness.

During the first half of 2021, we systematically implemented the "Six Management Goals" set by the Company at the beginning of the year.

Firstly, further cultivating professional BU segments to accelerate the market-oriented development of BU segments. In the first half of 2021, we set up property agency BU and already achieved good development results within just half a year after the property agency services business was being set to develop as a BU. It was the third BU we have developed after the BUs of community maintenance and repairing, and home decoration businesses. Based on existing resources, we had brought in new organization and introduced more professional talents. Innovative business service methods had enabled us to gain more business opportunities, especially when such business opportunities were also extended to residential communities not served by the Group, which proved the correctness of our BU strategy and strengthened our confidence to deepen BU efforts.



## CHAIRMAN'S STATEMENT

Secondly, sticking to the “four-wheel driven” strategy to achieve large-scale boost. We were determined to plan the Group's development in the strategy direction of “Platform + Ecology”. We had a huge demand for GFA under management for a particularly long time, and the encouragement from industry policies and the great market space had given us the opportunity to expand our GFA under management. The steady and continuous development of CIFI Group, one of our controlling shareholders, had given us strong confidence and stable development environment. In the third-party tendering market, we faced greater competitive pressure, but we had strong confidence in the established third-party market development strategy in the midst of market-oriented competition thanks to our professional market capabilities and our maturing brand image. More M&A opportunities would emerge in the process of industry integration. We insisted on the “strategic M&A” strategy. In the first half of 2021, we had acquired Huaxi Xin'an (Beijing) Property Management Co., Ltd.\* (華熙鑫安 (北京) 物業管理有限公司) (“**Huaxi Xin'an**”) and Shanghai Xingyue Property Service Co., Ltd.\* (上海星悅物業服務有限公司) (“**Shanghai Xingyue**”). We believe that there will be more opportunities in the future, and we will reach strategic cooperation with more high-quality enterprises.

Thirdly, refined operation to enhance experience. The overall evolution of the property management service industry had put forward more precise service criteria and more subtle requirements for us, and the satisfaction of property owners had become the basis of our existence. The key was how to operate in a refined manner and at a low cost and how to perform high-standard and high-satisfaction service actions in light of the basic conditions of different types of communities. We insisted on a hierarchical and classified operation method. We had transformed our service models by commercializing our services, conducting online satisfaction evaluation and implementing integrated kiosks and dual housekeeper model. In terms of the management of external projects, we carried out the “2385” plan (i.e. achieving a collection rate of 85% in three months for second-hand projects), achieving rapid increase in collection rate with our sincere services. We quickly established a strategic procurement mechanism, so as to achieve more effective cost control. At the same time, our dynamic budget management and comprehensive risk management mechanism reduced our overall risks. We also responded to the national call of party-building and leadership and quickly realized a red property benchmarking demonstration zone. By working together with organizations such as the street offices, governments and community groups where our projects are located, we created a party-building culture with “Ever Sunshine label” and integrated into community culture.

Fourthly, industrial transformation and organizational upgrade. Our continuous development is based on the healthy organization and the advancement of talents. In the first half of 2021, we continued to build a top management team featuring a shared vision, self-transcendence, inspiration, driving strategy, as well as the long-term will and resilience in the face of adversity struggle. Through a hierarchical and classified authorization system, we increased the authorization for customer communication and built an agile organization centering on customer needs, and focused business capabilities on frontline. For the training segment, we implemented a training system for employees of different levels to achieve a high-yielding and wide-ranging training system. In addition, we firmly implemented the incentive mechanism and corporate culture orientation towards overcomers, and advocated a performance evaluation system that brings passion to every employee and generates profit in frontline service.

Fifthly, building good reputation brand with proactive service. We further subdivided our focus of this goal according to the three types of customers we served. For enterprises, we insisted on being the player who creates the most value. For governments, we promoted the urban co-existence programme to lead the development of the industry. For property owners, we implemented an attentive plan with a caring hand to build a service brand with good reputation. We continued to improve the brand awareness of all employees, and encouraged them to be the communicator of the Company's brand through publicizing brand culture and story. Taking the Life Festival and the Xulin Festival (旭鄰節) as an opportunity to complete the whole process through our services, we created an exclusive IP with Ever Sunshine characteristics, and let the image of the designer of a good life be deeply rooted in everyone's heart.

Sixthly, smart property driven by digitization and intelligence. We are increasingly aware of the convenience and importance of technological development. As the carrier of our technology and intelligent development, Linjiu Zhihui Technology Company Limited\* (霖久智慧科技有限公司) ("Linjiu Technology") has fully demonstrated its important role as a technology platform. We insisted on digital intelligence business transformation. By quickly realizing employee mobile office with full-scenario indicator system and strengthening the ultimate experience of property owner home interaction with rich, interactive and interesting online operation capabilities, we improved the integrated system structure of business and finance, built an Internet of Things platform and strengthened the application of tool modules, which would steadily promote the continuous improvement of the Company's efficiency and constitute our sustainable competitiveness.

By keeping an eye on the target and the direction and sticking to scientific approaches, the Group, and our staff, will forge ahead with one heart and one mind, fighting and wining together. We firmly believe that our staff, having the spirit of Ever Sunshine, will brave all difficulties and hardships in the tide of industry development.

\* For identification purposes only



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

We are a respected and fast-growing comprehensive property management service provider in China. In April 2021, we were honourably elected as one of the “2021 Top 100 Property Management Companies in China (2021中國物業服務百強企業)” by the China Index Academy. Our ranking in terms of overall strength is 11th, promoted by 1 place compared with that of 2020. As at 30 June 2021, we provided property management services and value-added services in 114 cities in China with total contracted GFA amounting to approximately 219.1 million sq.m., among which, total GFA under management amounted to approximately 130.0 million sq.m., serving more than 490,000 households.

Our business covers a board spectrum of properties, including residential properties and non-residential properties (such as office buildings, shopping malls, school campus, hospitals, scenic spots, government-owned buildings, expressway stations, rail transit, and ferry terminals) and other quality tailor-made services.

We embrace the philosophy of “Building Better Lives” and are committed to providing our wide range of clients with comprehensive, attentive and professional property management services, researching and developing our services to build up our multi-tiered and multi-faceted service brand, such as “Bowyer Steward” (鉞悦管家) for top-tier residential property projects, “Yueze Commercial” (悦澤商辦) for commercial and office projects and “All-Rounded Steward” (全能管家) for ordinary residential property projects. These all testify our dedication to provide premium services for our customers.

### Our Business Model

We operate in three major business lines, namely, (i) property management services, (ii) community value-added services, and (iii) value-added services to non-property owners. Therefore, we offer to our clients a comprehensive service portfolio that covers an all-inclusive value chain in property management industry.

- **Property management services:** We provide property developers, property owners and residents with a variety of services in property management, primarily covering cleaning, security, gardening and repair and maintenance services. The portfolio of properties under our management includes both residential and non-residential property segments, while our non-residential segment includes office buildings, shopping malls, exhibition centers, industrial parks, hospitals and school campus, and others.
- **Community value-added services:** We provide community value-added services to both property owners and residents with the aim of not only improving their living experiences, but also the upkeep and betterment of their asset values. These services mainly cover (i) home-living services, (ii) parking unit management and leasing services, (iii) property agency services, and (iv) common area value-added services.
- **Value-added services to non-property owners:** We offer a comprehensive range of value-added services to non-property owners, which primarily include property developers, and, to a lesser extent, also include non-property developers that require additional customised services for their non-residential properties, as well as property management service providers from whom we accept sub-contract for certain value-added services. Our provision of value-added services to non-property owners mainly includes (i) sales assistance services, (ii) additional tailored services, (iii) housing repair services, (iv) pre-delivery inspection services, and (v) preliminary planning and design consultancy services that cover on-site inspection services for each unit, giving sufficient recommendations from the end-user’s perspective.



## Property Management Services

### Continuous Increase in Area Size

The Group adhered to rapid expansion on management coverage area as one of its strategic targets, and it has achieved speedy growth in contracted GFA and GFA under management through its multi-wheel driven roadmap during the first half of 2021. As at 30 June 2021, our contracted GFA amounted to approximately 219.1 million sq.m., and the number of contracted projects totaled 1,265, representing an increase of approximately 53.4% and 60.5%, respectively, compared with those as at 30 June 2020. As at 30 June 2021, the GFA under our management reached approximately 130.0 million sq.m., and the number of projects under management totaled 784, representing an increase of approximately 68.4% and 57.7%, respectively, compared with those as at 30 June 2020.

The table below indicates the movement of changes for our contracted GFA and GFA under management for the six months ended 30 June 2021 and 2020 respectively:

	For the six months ended 30 June			
	2021		2020	
	Contracted GFA (Sq.m.'000)	GFA under management (Sq.m.'000)	Contracted GFA (Sq.m.'000)	GFA under management (Sq.m.'000)
As at the beginning of the period	181,192	101,625	110,558	65,151
New engagements <sup>(1)</sup>	37,833	28,165	32,382	13,037
Acquisitions <sup>(2)</sup>	2,545	2,545	3,389	2,248
Terminations <sup>(3)</sup>	(2,490)	(2,376)	(3,482)	(3,258)
<b>As at the end of the period</b>	<b>219,080</b>	<b>129,959</b>	<b>142,847</b>	<b>77,178</b>

Notes:

- (1) With respect to residential and non-residential projects under our management, new engagements primarily include preliminary management contracts for new properties developed by property developers, and property management service contracts pursuant to which we replace the previous property management service providers.
- (2) The acquisitions during the Reporting Period include Huaxi Xin'an and Shanghai Xingyue.
- (3) These terminations include our voluntary non-renewal of certain property management service contracts as we reallocated our resources to more profitable engagements with an effort to optimize our property management portfolio.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Our Geographic Footprint

Since our inception up to 30 June 2021, we have expanded our geographic footprint from Shanghai to 114 cities in China.

The table below sets forth a breakdown, by geographic location, of our total GFA under management as at the dates indicated and revenue generated from property management services for the six months ended 30 June 2021 and 2020 respectively:

	As at 30 June or for the six months ended 30 June					
	2021			2020		
	GFA	Revenue		GFA	Revenue	
	Sq.m.'000	RMB'000	%	Sq.m.'000	RMB'000	%
Eastern region <sup>(1)</sup>	83,226	794,827	69.3	51,186	536,382	66.9
Northern region <sup>(2)</sup>	13,028	101,121	8.8	6,990	71,682	9.0
Central Southern region <sup>(3)</sup>	15,714	108,345	9.4	10,437	89,289	11.1
Western region <sup>(4)</sup>	13,757	114,490	10.1	5,427	65,003	8.1
Northeastern region <sup>(5)</sup>	4,234	27,927	2.4	3,138	39,044	4.9
<b>Total</b>	<b>129,959</b>	<b>1,146,710</b>	<b>100.0</b>	<b>77,178</b>	<b>801,400</b>	<b>100.0</b>

Notes:

- (1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Dezhou, Zhenjiang, Xuzhou, Nanjing, Hangzhou, Jiaxing, Huzhou, Ningbo, Fuzhou, Xiamen, Chuzhou, Wuhu, Hefei, Heze, Bozhou, Qingdao, Wuxi, Jiangyin, Taizhou, Zhangzhou, Huainan, Wenzhou, Nantong, Quzhou, Jinan, Jining, Changzhou, Jinhua, Yixing, Zhangjiagang, Kunshan, Shishi, Weifang, Binzhou, Yantai, Quanzhou, Fuyang, Shaoxing, Yangzhou, Bengbu, Chizhou, Linyi, Taizhou, Weihai, Suqian, Xuancheng, Zibo, Lianyungang.
- (2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Langfang, Shijiazhuang, Taiyuan, Hohhot, Tangshan, Qinhuangdao.
- (3) Cities in the central southern region in which we have property management projects include Wuhan, Changsha, Guangzhou, Guilin, Zhuhai, Foshan, Yichang, Yiyang, Shaoyang, Hengyang, Shaoguan, Zhengzhou, Jiangmen, Nanning, Dongguan, Sanya, Huanggang, Zhongshan, Yueyang, Huizhou, Nanchang, Chenzhou, Luoyang, Zhoukou, Nanyang, Zhuzhou, Xuchang, Xinxiang, Xiangtan, Xianning, Pingdingshan, Luohe, Haikou, Shenzhen, Suizhou and Xiaogan.
- (4) Cities in the western region in which we have property management projects include Chongqing, Kunming, Xi'an, Yinchuan, Chengdu, Guiyang, Liupanshui, Anshun, Baiyin, Bijie, Tongren, Xianyang, Meishan, Xining and Zunyi.
- (5) Cities in the northeastern region in which we have property management projects include Shenyang, Dalian, Dandong, Yingkou, Harbin and Changchun.

## Multi-wheel Driven Strategy Promotes the Continuous Expansion of Service Scale

### Growing together with CIFI Group

As a long-term service partner of CIFI Group, our services are overwhelmingly recognized by them. As such, a consolidated collaborative partnership between us and CIFI Group was established and we have been benefiting from CIFI Group's steady growth in the property development business.

Based on the announcement published by CIFI Holdings on 5 July 2021, in the first half of 2021, CIFI Group recorded aggregated contracted sales (including contracted sales by joint ventures and associated companies) of approximately RMB136.15 billion, representing a year-on-year increase of 68.6%, and contracted sales area of approximately 7.97 million sq.m., representing a year-on-year increase of 62.9%. As of 31 December 2020, CIFI Group had a land bank with total GFA of approximately 56.5 million sq.m., and most of the land bank was concentrated in first-tier and second-tier cities.

### Seize Market Opportunities in Independent Third-Party Markets

Apart from the substantial support we received from CIFI Group, we also explored third-party markets via diversified channels actively. Therefore, we expanded resources into different independent markets to increase our market share. Our principle targets regarding market expansion include independent regional property developers, property owners' committees, local governments, etc.. To acquire management rights for property developers' first-hand projects, we participated in the tender bidding of their new development projects. In the first half of 2021, we secured premium first-hand projects such as Changsha Huiju Jiayuan (長沙匯聚嘉園) and Nanning Fuyi Town (南寧福弈城). To acquire management rights for second-hand projects, we joined in the tender bidding offered by the property owners' committees to replace the previous property management service provider. In the first half of 2021, we acquired premium second-hand projects including the eastern part of Qingdao Shui'an Fudi (青島水岸府邸東區) and Wuxi Guoxin Guanhu Bay (無錫國信觀湖灣) through open tender bidding. We also participated in government procurements, including the tendering and bidding of public facility projects such as sports ground, rail transit, transportation hub points and office buildings. In the first half of 2021, we acquired premium public facility projects including Hunan University of Technology (湖南工業大學) and Suzhou Dushu Lake Sports Center Property Service Center (蘇州獨墅湖體育中心物業服務中心).

Meanwhile, we actively seek opportunities to enter into strategic partnership with various property developers and set up joint ventures to provide property management services. Until now, we have successfully achieved strategic cooperation with 21 property development companies or investment groups, and on account of such, we can enjoy priorities to acquire the property management rights of properties developed by these strategic partners.

Attributable to our quality services, professional marketing team, multi-channels for sourcing and our renowned reputation, we achieved rapid growth in terms of GFA developed by third party property developers.

With the encouragement from governmental policies and the evolution of the property management industry's own capabilities, the property management industry acquired more opportunities on expansion of new businesses. During the Reporting Period, through the adoption of city service positioning as one of our strategic development directions, we have successfully established strategic cooperation relationship with Jieshou Urban & Rural Construction Co., Ltd. (界首市城鄉建設有限公司) in Hunan Province and Handan City Hanshan District Urban Construction Investment Group Co., Ltd. (邯鄲市邯山區城市建設投資集團有限公司), and won the bid for the maintenance project of Jinan City Section of Xiaoqing River striving to jointly create a smart city.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Strategic Mergers and Acquisitions

Strategic mergers and acquisitions have become a crucial part of our development process. In terms of merger and acquisition, the Group adheres to the principle of “Selects the target carefully before investment; conducts effective management after investment (投前精選標的, 投後完善管理)”. Through appropriate mergers and acquisitions, we increase our concentration in existing markets, expand our regional business scales, and make up the weaknesses among sectors quickly to enhance our multi-sector services capabilities.

During the Reporting Period, the Group successfully acquired 50% equity interests in Huaxi Xin’an which has become a subsidiary of the Company since then. The project of Huaxi Xin’an, Wukesong Arena (華熙Live·五棵松) is a unique cultural and sports landmark in Beijing including high-end commercial and official buildings, large sports halls and other diversified sectors.

In June 2021, we completed the acquisition of Shanghai Xingyue. Shanghai Xingyue is principally engaged in property management services for home furnishing stores. Its projects are mainly located in Shanghai and developed cities in Jiangsu and Zhejiang provinces.

The table below sets forth a breakdown, by type of property developer, of our total GFA under management as at the dates indicated:

	As at 30 June			
	2021		2020	
	GFA		GFA	
	Sq.m.'000	%	Sq.m.'000	%
CIFI Group <sup>(1)</sup>	24,101	18.5	18,408	23.9
Third-party property developers <sup>(2)</sup>	105,858	81.5	58,770	76.1
<b>Total</b>	<b>129,959</b>	<b>100.0</b>	<b>77,178</b>	<b>100.0</b>

(1) Includes properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.

(2) Refers to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

**Transforming into a comprehensive property management service provider**

We manage a large variety of properties, including residential and non-residential properties. We have accumulated massive experience in managing non-residential properties, including office buildings, shopping malls, industrial parks, hospitals and school campus. Meanwhile, with the further opening up of the non-residential market, we are offered with more opportunities to participate in the tender bidding in such market and expand market share. We seized the emerging market opportunities and entered the sub-sectors in the non-residential market, including highway services stations, subway rail transit, tourist scenic spots and industrial exhibition centers. We will take the acquired projects as a stepping stone to set up benchmarks and continue to achieve penetrative development in local markets, thereby achieving the expansion of GFA under management as well as increase in the concentration in local market. Despite the fact that revenue generated from residential property projects has contributed and will continue to contribute the largest proportion of our property management revenue, we strive to diversify our service portfolio to cover more types of properties. As at 30 June 2021, non-residential properties accounted for approximately 32.7% in our GFA under management, while that was 23.8% as at 30 June 2020. To date, we have achieved initial full industry chain coverage, with an aim to eventually become a comprehensive property management service provider.

The table below sets forth a breakdown, by different types of properties as they were developed, of total GFA under management as at the dates indicated and revenue from property management services generated therefrom for the six months ended 30 June 2021 and 2020 respectively:

	As at 30 June or for the six months ended 30 June					
	2021			2020		
	GFA	Revenue		GFA	Revenue	
	Sq.m.'000	RMB'000	%	Sq.m.'000	RMB'000	%
Residential Properties	87,491	687,997	60.0	58,786	479,726	59.9
Non-residential Properties	42,468	458,713	40.0	18,392	321,674	40.1
<b>Total</b>	<b>129,959</b>	<b>1,146,710</b>	<b>100.0</b>	<b>77,178</b>	<b>801,400</b>	<b>100.0</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Lump Sum Basis and Commission Basis

We generally price our services by taking into account, among others, factors such as the characteristics and locations of the residential communities, our budget, targeted profit margins, property owner and resident profiles and the scope and quality of our services. We charge property management fees primarily on a lump sum basis, with a small portion of which charged on a commission basis.

The following table sets forth a breakdown, by revenue model, of our total GFA under management as at the dates indicated and revenue from property management services for the six months ended 30 June 2021 and 2020 respectively:

	As at 30 June or for the six months ended 30 June					
	2021			2020		
	GFA	Revenue		GFA	Revenue	
	Sq.m.'000	RMB'000	%	Sq.m.'000	RMB'000	%
Lump sum basis	128,124	1,145,050	99.9	75,196	795,843	99.3
Commission basis	1,835	1,660	0.1	1,982	5,557	0.7
<b>Total</b>	<b>129,959</b>	<b>1,146,710</b>	<b>100.0</b>	<b>77,178</b>	<b>801,400</b>	<b>100.0</b>

### Community Value-Added Services

In the first half of 2021, revenue from community value-added services increased significantly by approximately 99.6% from approximately RMB260.4 million in the corresponding period of 2020 to approximately RMB519.7 million, mainly due to the expansion in scale of our management area, the increase in the number of serviced households, and the continuous market penetration due to our diversified products.

Promoting rapid development of community value-added services and establishing a value-added service development system is one of the Group's key strategic directions. We adhered to the idea of "something must be done and some must not be done (有所為、有所不為)" and developed value-added service products suitable for property owners, so as to boost the revenue generated from our community value-added services.

Leveraging on our expanded service scope, enriched experience in developing community value-added services and continuous improvement and upgrade of talents, we continued to deepen our research on community conditions and targeted service groups, and proceeded from multiple areas including demand identification, product and service design, channel and supplier selection, as well as marketing plan formulation. In particular, after the outbreak of the COVID-19 in 2020, we set up the "Quality Product Institution (好物研究院)", whereby increased our exploration on the demand in different property sectors, as well as potential demands and service methods that might exist among property owners and tenants after the COVID-19. In the first half of 2021, we continued with the development trend of community value-added services. The revenue generated from community value-added services accounted for 25.2% of our total revenue and maintained at a high level, and the Group will continue to adhere to the strategy of promoting the increase in the percentage of revenue from community value-added services.

We adhered to our strategy of “Platform” + “Ecology” by applying the BU approach to our growing specialized business units. Through adopting the expanding community as a platform base and providing specialized assistance, we enabled our specialized business units to grow up independently on such platform. On the basis of the rapid development of such business units as community maintenance and repairing, and home decoration, we applied the BU approach to the property agency business in the first half of 2021, introduced high-level talents, formed a professional team, and gained phased achievements. In the future, we will continue to promote the application of the BU approach to value-added services which are in line with our business development strategies.

Currently, our community value-added services cover four major areas, namely home-living services, parking unit management and leasing services, property agency services, and common area value-added services. The following table sets forth the breakdown of revenue from our community value-added services for the six months ended 30 June 2021 and 2020 respectively:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Home-living services <sup>(1)</sup>	279,826	53.8	140,180	53.8
Parking unit management and leasing services <sup>(2)</sup>	59,469	11.5	40,781	15.7
Property agency services <sup>(3)</sup>	149,861	28.8	60,259	23.1
Common area value-added services <sup>(4)</sup>	30,503	5.9	19,204	7.4
<b>Total</b>	<b>519,659</b>	<b>100.0</b>	<b>260,424</b>	<b>100.0</b>

Notes:

- (1) This primarily includes house delivery-stage renovation services such as house decoration, partial house renovation, turnkey furnishing etc.; mature community services such as on-site maintenance, housekeeping and cleaning, home management, secondary renovation, community group purchasing etc.; and special services such as facilities and equipment repair, maintenance and renovation for communities.
- (2) This primarily includes fees received from leasing and management of parking units.
- (3) This primarily includes agency services related to apartments and agency sales and agency leasing of parking spaces.
- (4) This primarily includes service income received from leasing and management of common areas.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Value-Added Services to Non-Property Owners

We provide value-added services to non-property owners, which comprise sales assistance services that primarily includes display units management services (the scope of services mainly covers security, cleaning, greening, reception etiquette, and other services for display units), additional tailored services, preliminary planning and design consultancy services, housing repair services, and pre-delivery inspection services. We extend the professional services of property management to the front end of real estate development. Most of these non-property owners are property developers.

In the first half of 2021, revenue from value-added services to non-property owners increased by 38.4% to approximately RMB391.3 million as compared to RMB282.7 million for the corresponding period in 2020, mainly due to the substantial increase in the number of projects developed by CIFI Group and the partner property developers, which in turn drove a surge in demand for our services. Under the guidance of the "Vertical Industry Chain Expansion Strategy", we have enhanced professional capabilities and service quality. Along with providing services to CIFI Group, more third-party property developers have commissioned us to provide value-added services. During the Reporting Period, the revenue from value-added services to non-property owners accounted for 19.1% of the Group's total revenue.

The table below sets forth a breakdown of our revenue generated from our value-added services provided to non-property owners for the six months ended 30 June 2021 and 2020 respectively:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Sales assistance services	164,829	42.1	156,740	55.4
Additional tailored services	139,647	35.7	68,630	24.3
Preliminary planning and design consultancy services	42,087	10.8	31,842	11.3
Housing repair services	29,822	7.6	15,495	5.5
Pre-delivery inspection services	14,964	3.8	10,019	3.5
<b>Total</b>	<b>391,349</b>	<b>100.0</b>	<b>282,726</b>	<b>100.0</b>

### OUTLOOK

The outbreak of the COVID-19 pandemic has brought great challenges to society and disrupted economic activities. As a responsible property management company, we are always on the front line by actively participating in community work to help fight the disease while protecting its employees as its first priority. The Group has also been cooperating with the local government in its neighbourhood governance work in order to safeguard the health and safety of property owners and provide them with daily necessities. During this process, the trust and relationship built up between us and property owners, as well as the brand we have established through all this, will be a growth driver for us and will pave the way for the long-term development of the Group. In the face of the new challenges and opportunities in the future, the management of the Group will lead our staff to overcome obstacles and march forward according to our schedule.

### Step-up increase in our business size and market share

We plan to increase both the number and GFA of properties under management. We will further expand and optimize our professional marketing team to prepare for strategical evaluation and participation in biddings. We strive to acquire more property management appointments through tendering and bidding and achieve quality growth. We intend to strengthen our business in strategic locations with high population density and consumption capacity. To take advantage of our well-established market presence, we aim to consolidate our market position and further expand market share in the cities where we operate. In addition to continuing to solidify our presence in the existing markets, we will seek new business opportunities brought by CIFI Group's extensive business coverage. We will penetrate into new markets that feature growth potential by entering into strategic agreements with property developers. We will take advantage of our brand image to undertake penetrative and strategic cooperation with property development companies, along with providing property management services for their projects. Moreover, we aim to leverage on the overwhelming trend of service socialization to diversify the portfolio of properties under management via managing more non-residential properties, such as hospitals, exhibition centers and industrial parks. With the evolution of the Group's capabilities and opportunities arising in the industry, we will also gradually expand the Group's footprint and seize opportunities in city service as well as other segments.

### Continuous endeavour to diversify our services

We plan to further diversify our value-added services to non-property owners by enhancing our capabilities in preliminary planning and design consultancy services, project quality monitoring services, pre-delivery inspection services, sales assistance services and housing repair services. We will enhance full industry chain coverage for property development, sales and management so as to achieve vertical industry extension. We aim to acquire more opportunities to secure property management projects while providing value-added services to property developers. We also plan to provide consultancy services to local property management companies to expand our business and enhance our brand awareness.

### Further investment in technologies and intelligent operations

We will make further investments in technologies and intelligent operations to improve our service quality and operational efficiency. We have established Linjiu Technology, which further enhances the Group's technological strengths.

We plan to invest further in the upgrade of our internal management system. We expect to optimize our internal ERP information system, office automation system, financial system, human resources system and contract management system. We will build a big data information sharing platform, comprising management tools such as CRM cloud, property management cloud, bill management cloud and parking cloud, to enable the interconnection of information among property owners, our employees, and business partners. We plan to establish a centralized command center to enable remote control of our operation, conduct data analysis, reduce intermediate logistics and improve management accuracy and efficiency. We will continue to press forward with our progress towards standardization, centralization, digitalization and automation to ensure the consistent delivery of quality services with minimal human errors and to exercise effective control on operational costs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

During the Reporting Period, due to our continuous multi-wheel driven business development and the Group's business recovering from the impact of the COVID-19 pandemic, the Group's revenue amounted to approximately RMB2,058.6 million, representing an increase of 53.1% from approximately RMB1,344.9 million for the corresponding period of 2020.

Revenue of the Group by business line was as follows:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
Property management services	1,146,710	55.7	801,400	59.6
Community value-added services	519,659	25.2	260,424	19.4
Value-added services to non-property owners	391,349	19.1	282,726	21.0
Others	931	—	380	—
<b>Total revenue</b>	<b>2,058,649</b>	<b>100.0</b>	<b>1,344,930</b>	<b>100.0</b>

The property management services business is still our largest source of income. During the Reporting Period, the revenue from property management services was approximately RMB1,146.7 million, accounting for 55.7% of the Group's total revenue. This increase in revenue from property management services was primarily driven by the fast growth of our total GFA under management. Our total GFA under management was approximately 130.0 million sq.m. as at 30 June 2021, while that was approximately 77.2 million sq.m. as at 30 June 2020. This increase was a result of both our steady cooperation with CIFI Group and our efforts to expand the third-party customer base, as well as our acquisition of other property management service providers.

The following table sets out the Group's revenue derived from property management services by type of property developer during the Reporting Period:

	For the six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
CIFI Group <sup>(1)</sup>	359,806	31.4	315,031	39.3
Third-party property developers <sup>(2)</sup>	786,904	68.6	486,369	60.7
<b>Total revenue</b>	<b>1,146,710</b>	<b>100.0</b>	<b>801,400</b>	<b>100.0</b>

(1) Includes properties solely developed by CIFI Group and properties that CIFI Group jointly developed with other property developers in which CIFI Group held a controlling interest.

(2) Refers to properties solely developed by third-party property developers independent from CIFI Group, as well as properties jointly developed by CIFI Group and other property developers in which CIFI Group did not hold a controlling interest.

During the Reporting Period, the Group further optimized the business structure. Both the amount and the percentage of the revenue from value-added services continued to record an upward trend.

The revenue from community value-added services increased from approximately RMB260.4 million for the six months ended 30 June 2020 to approximately RMB519.7 million for the six months ended 30 June 2021, representing a significant increase of approximately 99.6%. Such increase was mainly due to a growing customer base which was brought about by the increase of our management area, as well as our further development in the provision of specialized value-added services such as decoration services and property agency services to meet diversified customer needs.

The revenue from value-added services to non-property owners increased by approximately 38.4% from approximately RMB282.7 million for the six months ended 30 June 2020 to approximately RMB391.3 million for the six months ended 30 June 2021, which was mainly driven by the increase in the revenue generated from additional tailored services, housing repair services, as well as preliminary planning and design consultancy services. During the Reporting Period, we further strengthened our cooperation relationship with partner property developers and provided them with professional and quality services.

### Cost of services

Cost of services increased by approximately 54.7% from approximately RMB932.4 million for the six months ended 30 June 2020 to approximately RMB1,442.3 million for the six months ended 30 June 2021, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. The rate of increase in cost of services was slightly higher than that in our revenue, principally because of the withdrawal of the national social security reduction policy. We will continuously invest in intelligent operation and conduct effective cost control measures to improve our operation efficiency.

### Gross profit

As a result of the above principal factors, the Group's gross profit increased by approximately 49.4% from approximately RMB412.5 million for the six months ended 30 June 2020 to approximately RMB616.3 million for the six months ended 30 June 2021.

Gross profit margin of the Group by business line was as follows:

	For the six months ended 30 June	
	2021	2020
Property management services	23.5%	24.8%
Community value-added services	46.5%	53.8%
Value-added services to non-property owners	26.6%	25.8%
<b>Overall</b>	<b>29.9%</b>	<b>30.7%</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the gross profit margin of the Group was 29.9%, representing a decrease of 0.8 percentage point as compared with that of 30.7% for the corresponding period in 2020, which was primarily due to the decrease in gross profit margin of our property management services and community value-added services.

The gross profit margin of property management services was 23.5%, representing a decrease as compared with that of 24.8% for the corresponding period in 2020. The decrease was primarily due to the withdrawal of the national social security reduction policy put in place initially by the government in 2020 to mitigate the impact of the COVID-19 on enterprises, which was also helpful in relieving our burden then. Along with the expansion of our management scale, the Group is also devoted to promote the construction of intelligent community and standardization of management system to provide property owners with a better experience.

The gross profit margin of community value-added services was 46.5%, representing a decrease as compared to that of 53.8% for the corresponding period in 2020, which was mainly due to the development of the new community maintenance and repairing business as well as the home decoration business, which were at the growth stage and thereby had a relatively lower gross profit margin and suffered relatively higher expenditures.

The gross profit margin of value-added services to non-property owners was 26.6%, representing an increase as compared to that of 25.8% for the corresponding period in 2020, which was mainly due to the overall efficiency improvement and economies of scale.

### Other income and other gains and losses

During the Reporting Period, the Group's other income and other gains and losses amounted to approximately RMB52.3 million, representing an increase of approximately 49.9% from approximately RMB34.9 million for the corresponding period in 2020, primarily due to an increase in gain from fair value changes of financial assets at fair value through profit and loss ("FVTPL").

### Administrative and selling expenses

During the Reporting Period, the Group's total administrative and selling expenses amounted to approximately RMB204.1 million, representing an increase of approximately 28.2% from approximately RMB159.2 million for the corresponding period in 2020, which was mainly due to the increase of personnel investment caused by the increase in the headcount of administrative and sales staff and the increase of other expenses caused by the growth of our business volume. The Group attached great importance to improving management efficiency. During the Reporting Period, the growth rate of the Group's administrative and selling expenses was much lower than that of the Group's revenue.

### Other expenses

During the Reporting Period, the Group recorded other expenses of approximately RMB3.0 million, representing an increase from approximately RMB1.5 million for the corresponding period of 2020.

### Profit before income tax expense

During the Reporting Period, the profit before income tax expense was approximately RMB425.7 million, representing an increase of approximately 58.7%, as compared with that of approximately RMB268.2 million for the six months ended 30 June 2020.

### Income tax expense

During the Reporting Period, the Group's income tax expense was approximately RMB103.7 million, representing 24.4% of the profit before income tax expense, compared with that of approximately RMB68.2 million, representing 25.4% of the profit before income tax expense for the six months ended 30 June 2020.

### Profit attributable to owners of the Company

The profit attributable to owners of the Company for the six months ended 30 June 2021 was approximately RMB283.0 million, representing an increase of approximately 65.3%, as compared with that of approximately RMB171.2 million for the corresponding period in 2020.

### Property, plant and equipment

Property, plant and equipment of the Group mainly consist of buildings, electronic equipment, right-of-use assets, as well as other fixed assets. As at 30 June 2021, the Group's property, plant and equipment amounted to approximately RMB89.9 million, representing a slight increase from approximately RMB86.2 million as at 31 December 2020.

### Investment properties

Our investment properties mainly comprise parking spaces and storage rooms at the properties we owned. As at 30 June 2021, the Group's investment properties amounted to approximately RMB54.3 million, representing a slight decrease from approximately RMB55.1 million as at 31 December 2020.

### Intangible assets

The Group's intangible assets mainly comprise property management contracts and customer relationship attributable to acquired companies, and information technology systems. As at 30 June 2021, the Group's intangible assets amounted to approximately RMB210.2 million, representing an increase from approximately RMB91.0 million as at 31 December 2020, which was mainly caused by the property management contracts and customer relationship arising from the acquisitions completed by the Group during the Reporting Period, and our continuous investment in information technology systems for the purpose of improving our managerial competence and delivering better services to our clients.

### Goodwill

As at 30 June 2021, the Group's goodwill amounted to approximately RMB706.7 million, representing an increase from approximately RMB471.0 million as at 31 December 2020. This increase in goodwill was mainly a result of the acquisitions of Huaxi Xin'an and Shanghai Xingyue.

### Trade and bill receivables

As at 30 June 2021, trade and bills receivables of the Group amounted to approximately RMB683.3 million, representing an increase from approximately RMB458.6 million as at 31 December 2020, which was consistent with the increase in our revenue.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Prepayments and other receivables

Our prepayments and other receivables mainly consist of payments made on behalf of our residents such as payments for the utility bills and public facility maintenance fund, as well as security deposits with local authorities for providing property management services per local law requirements and bidding deposits in relation to the public biddings. As at 30 June 2021, our prepayments and other receivables amounted to approximately RMB304.6 million, representing an increase from approximately RMB264.7 million as at 31 December 2020, which was mainly due to the growth of our business.

### Bank balances, deposits and cash

As at 30 June 2021, the Group's bank balances, deposits and cash were approximately RMB2,996.0 million, representing a decrease from approximately RMB3,170.6 million as at 31 December 2020.

### Trade payables

As at 30 June 2021, trade payables of the Group amounted to approximately RMB524.9 million, representing an increase from approximately RMB362.8 million as at 31 December 2020, which was mainly a result of the scale-up of our business, the increase of the sub-contracting cost as we continued to sub-contract certain services to third parties to optimize our operations, and the development of our new community construction and decoration business.

### Accruals and other payables

As at 30 June 2021, our accruals and other payables were approximately RMB854.2 million, representing an increase from approximately RMB693.3 million as at 31 December 2020, which was mainly due to the increase of other payables caused by the increase of our management scale and the expansion of our business.

### Contract liabilities

Contract liabilities of the Group were property management fees paid by customers in advance for the services which had not yet been provided and not been recognized as revenue. As at 30 June 2021, our contract liabilities amounted to approximately RMB485.4 million, representing an increase of 25.2% from approximately RMB387.8 million as at 31 December 2020, primarily due to the increase in our GFA under management and our customer base during the Reporting Period.

### Cash flows

During the six months ended 30 June 2021, net cash inflow from operating activities of the Group amounted to approximately RMB425.3 million, representing a significant increase from approximately RMB240.0 million for the corresponding period in 2020, which was mainly attributable to the increase of our operating profit.

During the six months ended 30 June 2021, net cash outflow from investing activities amounted to RMB440.5 million, while there was net cash inflow from investing activities amounting to approximately RMB18.5 million for the corresponding period in 2020. The cash outflow from investing activities in the first half of 2021 was mainly due to the payment of consideration for the acquisition of Shanghai Xingyue as well as the purchase of financial assets at FVTPL.



Net cash outflow from financing activities amounted to approximately RMB152.3 million for the six months ended 30 June 2021, while there was net cash inflow from financing activities amounting to approximately RMB1,282.8 million for the corresponding period in 2020. The cash outflow from financing activities in the first half of 2021 was mainly due to the dividends payment while the net cash inflow for the corresponding period in 2020 was mainly caused by the net proceeds from the Subscription (as defined hereinafter).

### Gearing ratio and the basis of calculation

As at 30 June 2021 and 31 December 2020, the gearing ratio of the Group was both nil. The gearing ratio is equal to the sum of long-term and short-term interest-bearing borrowings divided by total equity.

### Capital structure

As at 30 June 2021, the Group's cash and bank balances were mainly held in Renminbi and Hong Kong dollar, and the Group's borrowings were nil.

As at 30 June 2021, equity attributable to owners of the company amounted to approximately RMB3,059.2 million, compared to approximately RMB2,893.4 million as at 31 December 2020.

Financial position of the Group remained stable. As at 30 June 2021, the Group's net current assets was approximately RMB2,036.9 million, compared to approximately RMB2,348.1 million as at 31 December 2020.

### Liquidity and financial resources

During the Reporting Period, the Group's principal use of cash was working capital and consideration payment for acquisition of subsidiaries, which was mainly funded from cash flow from operations. In the foreseeable future, we expect cash flow from operations will continue to be our principal source of liquidity and we may use a portion of the proceeds from the IPO and the Subscription to finance some of our capital expenditures.

As at 30 June 2021, the Group's borrowings were nil. Except as disclosed herein and apart from intra-group liabilities, we did not have any outstanding loan capital, bank overdrafts and liabilities, or other similar indebtedness, debentures, mortgages, charges or loans as at 30 June 2021.

### Pledging of assets

As at 30 June 2021 and 31 December 2020, the Group had no pledging of assets.

### Contingent liabilities

As at 30 June 2021, the Group had no material contingent liabilities which have not been properly accrued for. The Group is involved in certain legal claims. Having considered relevant legal advice and made best estimation in respect of the liability, the Group expects that the claims will not incur any material adverse effect on our business, financial condition or operating results.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Interest rate risk

As the Group has no significant interest-bearing assets and liabilities other than bank deposits, the Group's exposure to the interest rate risk is limited to the market risk for changes in interest rates which relates primarily to bank balances that bear floating interest rates. Management monitors the interest rate risk and take prudent measures to reduce the interest rate risk.

### Foreign exchange risk

The principal activities of the Group are conducted in China, and a majority of the Group's income and expenses were denominated in Renminbi. Certain bank balances were denominated in Hong Kong dollars and US dollars. Currently, the Group has not entered into contracts to hedge its exposure to foreign exchange risk, but the management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce the foreign exchange risk.

### Employment and remuneration policy

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to staff is fixed by reference to the duties and the prevailing market rates in the region. Discretionary performance bonus after assessment is paid to the employees to reward their contribution. In compliance with the applicable statutory requirements in China and existing requirements of the local government, the Group has participated in different social welfare plans for the employees.

As at 30 June 2021, the Group had 12,049 employees (31 December 2020: 11,263 employees). Staff costs (including Directors' emoluments) incurred for the Reporting Period was RMB639.0 million (six months ended 30 June 2020: RMB447.9 million).

### Use of proceeds raised from IPO

On 17 December 2018, the Shares were successfully listed on the Stock Exchange. The IPO was well received by investors in both the international offering and the Hong Kong public offering. The Company raised net proceeds of (i) approximately HK\$619.8 million from the IPO, and (ii) approximately HK\$63.2 million from partial exercise of an over-allotment option on 4 January 2019 (collectively, the "Net Proceeds").

As stated in the Prospectus, we intended to use the Net Proceeds for the following purposes and in the following amounts: (i) approximately 55%, or approximately HK\$375.6 million for strategic acquisition and investment; (ii) approximately 26%, or approximately HK\$177.6 million for building up a smart community and using the most updated internet and information technologies which would improve service quality for our customers; (iii) approximately 9%, or approximately HK\$61.5 million for the development of a one-stop service community platform and our "Joy Life" online service platform; and (iv) approximately 10%, or approximately HK\$68.3 million as for our general corporate purposes and working capital.

Further, as stated in the announcement of the Company dated 18 June 2019, the Board resolved to change the proposed use of the Net Proceeds. The unutilised Net Proceeds originally allocated for (i) acquiring property management services providers that provide community products and services complementary to our own and (ii) for investing in property management industry funds jointly with business parties will instead be used for acquiring or investing in quality property management service providers that operate on a regional scale. For further details of the change in the proposed use of the Net Proceeds, please refer to the announcement of the Company dated 18 June 2019.

As at 30 June 2021, our planned use and actual use of the Net Proceeds was as follows:

	Net Proceeds					Expected timeline for the unutilised Net Proceeds
	Percentage of Net Proceeds	Available to utilise (HK\$ million)	Utilised	Utilised	Unutilised	
			during the period under review (HK\$ million)	(up to 30 June 2021) (HK\$ million)	(as at 30 June 2021) (HK\$ million)	
To pursue strategic acquisition and investment opportunities	55%	375.6	—	215.4	160.2	By 31 December 2021
To leverage the most updated internet and information technologies and build a smart community	26%	177.6	16.9	35.3	142.3	By 31 December 2023
To develop a one-stop service community platform and our "Joy Life" (悦生活) online service platform	9%	61.5	1.3	5.3	56.2	By 31 December 2022
For general corporate purposes and working capital	10%	68.3	—	68.3	—	N/A
	<u>100%</u>	<u>683.0</u>	<u>18.2</u>	<u>324.3</u>	<u>358.7</u>	

The remaining Net Proceeds which had not been utilized were deposited with licensed financial institution in Hong Kong and mainland China. The Company will continue to evaluate and adopt a prudent and flexible approach for utilising the Net Proceeds effectively and efficiently for the long-term benefit and development of the Group. The expected timeline for the unutilised Net Proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

### Placing and Subscription

On 4 June 2020, the Company, Elite Force Development and three Placing Agents entered into the Placing and Subscription Agreement, pursuant to which, (a) Elite Force Development has agreed to appoint the Placing Agents, and the Placing Agents have agreed to act as agents of Elite Force Development on a several basis to procure purchasers, on a best effort basis, to purchase a total of 134,000,000 existing Shares at the HK\$11.78 per share; and (b) Elite Force Development has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Elite Force Development, a total of 134,000,000 new Shares at the HK\$11.78 per share (being the same as the Placing Price).

The Placing Price is HK\$11.78 per share and represents (i) a discount of approximately 6.95% to the closing price of HK\$12.66 per share as quoted on the Stock Exchange on 3 June 2020, being the last trading day prior to the signing of the Placing and Subscription Agreement (the "Last Trading Date"); (ii) a discount of approximately 3.63% to the average closing price of HK\$12.22 per share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and (iii) a discount of approximately 0.61% to the average closing price of HK\$11.85 per share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Date.

## MANAGEMENT DISCUSSION AND ANALYSIS

Completion of the Placing and the Subscription took place on 8 June 2020 and 16 June 2020, respectively. A total of 134,000,000 existing Shares have been successfully placed at the Placing Price of HK\$11.78 per share to no less than six (6) independent placees, and a total of 134,000,000 new Shares (equal to the number of the existing Shares successfully placed under the Placing) were subscribed by Elite Force Development at the subscription price of HK\$11.78 per share.

The Company received net proceeds from the Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,564,476,000 and intended to use the net proceeds from the Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. The net price of the Shares issued in connection with the Subscription is approximately HK\$11.68 per Share. Details of the planned use and actual use of net proceeds from the Subscription were as follows:

	Net proceeds from the Subscription				Expected timeline for the unutilised net proceeds
	Percentage of net proceeds	Available to utilise	Utilised (up to 30 June 2021)	Unutilised (as at 30 June 2021)	
		(HK\$ million)	(HK\$ million)	(HK\$ million)	
Strategic acquisition and investment opportunities	80%	1,251.6	—	1,251.6	By 31 December 2023
Information technology related development	5%	78.2	—	78.2	By 31 December 2025
Working capital and general corporate purposes	15%	234.7	234.7	—	N/A
	<u>100%</u>	<u>1,564.5</u>	<u>234.7</u>	<u>1,329.8</u>	

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code. During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code. The Company will continue to review and enhance its corporate governance practices, and identify and formalize appropriate measures and policies, to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company. Having made specific enquiries of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by relevant employees, including any employee of the Company or director or employee of a subsidiary or holding company, who, because of his office or employment in the Company or a subsidiary, are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period after making reasonable enquiry.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Interest in Shares or Underlying Shares of our Company

Name of Director	Nature of Interest	Number of ordinary shares interested <sup>(1)</sup>	Approximate percentage in the Company's issued share capital
Mr. Lin Zhong <sup>(2)(3)(4)(5)</sup>	Interest in a controlled corporation, and co-founder of a discretionary trust	924,689,750 (L)	55.36%
Mr. Lin Feng <sup>(2)(3)(4)(5)</sup>	Interest in a controlled corporation, and co-founder of a discretionary trust	924,689,750 (L)	55.36%
Mr. Zhou Hongbin	Beneficial owner	42,538,250 (L)	2.55%
Mr. Zhou Di	Beneficial owner	1,240,000 (L)	0.07%

Note:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of 363,180,000 shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements of the Company dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Elite Force Development.
- (3) Spectron is indirectly wholly owned by CIFI Holdings. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Spectron.
- (4) Best Legend is wholly owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng, Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Best Legend.
- (5) Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong and Mr. Lin Feng. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Rosy Fortune.

## Interest in Shares or Underlying Shares of Associated Corporation

Name of Director	Associated Corporation	Capacity/nature of interest	Number of Shares	Approximate percentage of shareholding interest
Mr. LIN Zhong <sup>(1)(2)</sup>	CIFI Holdings	Founder of a discretionary trust, co-founder of a discretionary trust and beneficial owner	3,614,390,603	43.72%
Mr. LIN Feng <sup>(2)(3)(4)</sup>	CIFI Holdings	Founder of a discretionary trust, co-founder of a discretionary trust, interest in a controlled corporation and beneficial owner	2,622,953,155	31.73%
Mr. Zhou Hongbin	CIFI Holdings	Beneficial owner	630,000	0.01%
Mr. Zhou Di	CIFI Holdings	Beneficial owner	80,000	0.001%
Mr. LIN Zhong <sup>(5)</sup>	Xu Sheng	Interested in a controlled corporation	1	100%
Mr. LIN Feng <sup>(5)</sup>	Xu Sheng	Interested in a controlled corporation	1	100%
Mr. LIN Zhong <sup>(6)</sup>	Spectron	Interested in a controlled corporation	1	100%
Mr. LIN Feng <sup>(6)</sup>	Spectron	Interested in a controlled corporation	1	100%
Mr. LIN Zhong <sup>(7)</sup>	Elite Force Development	Beneficial owner	100	100%
Mr. LIN Feng <sup>(7)</sup>	Elite Force Development	Beneficial owner	100	100%
Mr. LIN Zhong <sup>(8)</sup>	Best Legend	Beneficial owner	1	100%
Mr. LIN Feng <sup>(8)</sup>	Best Legend	Beneficial owner	1	100%

## Notes:

- (1) 1,212,846,037 shares of CIFI Holdings are held by Ding Chang. The entire issued share capital of Ding Chang is wholly owned by Eternally Success International Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun Success Trust via SCTS Capital. The Sun Success Trust is a discretionary trust set up by Mr. Lin Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr. Lin Zhong. Mr. Lin Zhong as founder of the Sun Success Trust is taken to be interested in the 1,212,846,037 shares of CIFI Holdings held by Ding Chang pursuant to Part XV of the SFO.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (2) 2,393,670,975 shares of CIFI Holdings are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong and Mr. Lin Feng. Each of Mr. Lin Zhong and Mr. Lin Feng as a co-founder of the Lin's Family Trust is taken to be interested in the 2,393,670,975 shares of CIFI Holdings held by Rosy Fortune pursuant to Part XV of the SFO.
- (3) 217,046,580 shares of CIFI Holdings are held by Rain-Mountain. The entire issued share capital of Rain-Mountain is wholly owned by Beauty Fountain Holdings Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun-Mountain Trust via SCTS Capital. The Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. Mr. Lin Feng as founder of the Sun-Mountain Trust is taken to be interested in the 217,046,580 shares of CIFI Holdings held by Rain-Mountain pursuant to Part XV of the SFO.
- (4) 5,335,600 shares of CIFI Holdings are held by Towin Resources Limited. Towin Resources Limited is wholly owned by Mr. Lin Feng. By virtue of the SFO, Mr. Lin Feng is taken to be interested in the shares of CIFI Holdings held by Towin Resources Limited.
- (5) Xu Sheng is wholly owned by CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the shares of Xu Sheng held by CIFI Holdings.
- (6) Spectron is wholly owned by Xu Sheng, which is a wholly-owned subsidiary of CIFI Holdings. By virtue of the SFO, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the shares of Spectron held by CIFI Holdings.
- (7) The entire issued share capital of Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei has entered into an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. Mr. Lin Zhong and Mr. Lin Feng are taken to be interested in the shares of Elite Force Development pursuant to Part XV of the SFO.
- (8) The entire issued share capital of Best Legend is wholly owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. Mr. Lin Zhong and Mr. Lin Feng are taken to be interested in the shares of Best Legend pursuant to Part XV of the SFO.



## Interest in Debentures of Associated Corporation

Name of Director	Associated Corporation	Capacity/nature of interest	Principal amount of relevant debentures held	Approximate percentage of aggregate principal amount of the relevant debenture issued
Mr. LIN Zhong <sup>(1)(2)</sup>	CIFI Holdings	Co-founder of a discretionary trust	US\$1 million	0.18%
Mr. LIN Feng <sup>(1)(2)(3)(4)(5)</sup>	CIFI Holdings	Founder of a discretionary trust, and interest in a controlled corporation	US\$19 million	6.33%
		Co-founder of a discretionary trust	US\$1 million	0.18%

## Notes:

- (1) The 6% Senior Notes were freely transferable but not convertible in any shares or other securities of CIFI Holdings. For details of the 6% Senior Notes, please refer to the announcements of CIFI Holdings dated 8 January 2020 and 10 January 2020 respectively.
- (2) The principal amount of US\$1 million of 6% Senior Notes are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong and Mr. Lin Feng. Each of Mr. Lin Zhong and Mr. Lin Feng as a co-founder of the Lin's Family Trust is taken to be interested in the principal amount of of 6% Senior Notes held by Rosy Fortune pursuant to Part XV of the SFO.
- (3) The 5.375% Perpetual Securities are listed on the Stock Exchange.
- (4) Towin Resources Limited is wholly owned by Mr. Lin Feng. By virtue of the SFO, Mr. Lin Feng is taken to be interested in the principal amount of US\$15 million of 5.375% Perpetual Securities held by Towin Resources Limited.
- (5) The principal amount of US\$4 million of 5.375% Perpetual Securities are held by Rain-Mountain. The entire issued share capital of Rain-Mountain is wholly owned by Beauty Fountain Holdings Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun-Mountain Trust via SCTS Capital. The Sun-Mountain Trust is a discretionary trust set up by Mr. Lin Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. Lin Feng. Mr. Lin Feng as founder of the Sun-Mountain Trust is taken to be interested in the principal amount of 5.375% Perpetual Securities held by Rain-Mountain pursuant to Part XV of the SFO.

Save as disclosed above and to the best knowledge of the Directors, as at 30 June 2021, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as our Directors are aware, as at 30 June 2021, the following persons (other than the Directors or chief executive) had interests or short positions in the Shares or underlying Shares as required in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of ordinary shares interested <sup>(1)</sup>	Approximate percentage in the Company's issued share capital
Mr. LIN Wei <sup>(2)(3)(4)(5)(6)</sup>	Interest in a controlled corporation, and co-founder of a discretionary trust	924,689,750 (L)	55.36 %
Elite Force Development <sup>(2)</sup>	Beneficial owner	363,180,000 (L)	21.74%
Spectron	Beneficial owner	406,820,000 (L)	24.35%
Xu Sheng <sup>(3)</sup>	Interest in a controlled corporation	406,820,000 (L)	24.35%
CIFI Holdings <sup>(4)</sup>	Interest in a controlled corporation	406,820,000 (L)	24.35%
Best Legend <sup>(5)</sup>	Beneficial owner	153,689,750 (L)	9.20%
Cederberg Capital (Cayman) <sup>(7)</sup>	Interest in a controlled corporation	100,660,000 (L)	6.03%
Cederberg Capital (Cayman) GP <sup>(7)</sup>	Interest in a controlled corporation	100,660,000 (L)	6.03%
Krige Dawid <sup>(7)</sup>	Interest in a controlled corporation	100,660,000 (L)	6.03%
The Capital Group Companies, Inc. <sup>(8)</sup>	Interest in a controlled corporation	83,614,000 (L)	5.01%

## Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Elite Force Development is owned as to 50% by Mr. Lin Zhong, 25% by Mr. Lin Feng and 25% by Mr. Lin Wei. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. Elite Force Development entrusted Spectron to exercise voting rights of 363,180,000 shares directly held by Elite Force Development since 30 June 2020, while Elite Force Development continues to beneficially own the said shares and have rights to the dividends and distributions etc. attaching thereto. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018 and the announcements dated 29 May 2020 and 28 June 2020. By virtue of the SFO and based on the public information available, Mr. Lin Zhong and Mr. Lin Feng are deemed to be interested in the Shares held by Elite Force Development.
- (3) Spectron is wholly owned by Xu Sheng. By virtue of the SFO, Xu Sheng is deemed to be interested in Shares held by Spectron.
- (4) Xu Sheng is wholly owned by CIFI Holdings. By virtue of the SFO, CIFI Holdings is deemed to be interested in Shares held by Xu Sheng.
- (5) Best Legend is wholly owned by Mr. Lin Feng. Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei signed an acting in concert deed on 6 August 2018. For details, please see "History, Reorganization and Corporate Structure" in the Prospectus dated 4 December 2018. By virtue of the SFO, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei are deemed to be interested in the Shares held by Best Legend.
- (6) Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Lin's Family Trust via SCTS Capital. The Lin's Family Trust is a discretionary trust set up jointly by our Ultimate Controlling Shareholders as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei. By virtue of the SFO, Mr. Lin Zhong, Mr. Lin Feng and Mr. Lin Wei are deemed to be interested in the Shares held by Rosy Fortune.

- (7) Based on public information available, Cederberg Capital Limited is wholly owned by Cederberg Capital (Cayman). The general partner of Cederberg Capital (Cayman) is Cederberg Capital (Cayman) GP which is owned as to 64% by Krige Dawid. By virtue of the SFO, Krige Dawid is deemed to be interested in Shares held by Cederberg Capital Limited.
- (8) These 83,614,000 shares were directly held by Capital Research and Management Company, which is in turn wholly-owned by The Capital Group Companies, Inc.

Save as disclosed herein, as at 30 June 2021, our Directors are not aware of any persons (other than the Directors or chief executive) who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

### SIGNIFICANT INVESTMENTS HELD

As at 30 June 2021, the Group did not hold any significant investment.

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 7 January 2021, Yongsheng Property, an indirect wholly-owned subsidiary of the Company, as purchaser entered into a framework agreement (the "**Framework Agreement**") with Taixing Holdings Limited as vendors, Mr. Huang Haitao and Ms. Wang Chunlin as guarantors and Guilin Zhangtai Industrial Group Company Limited\* (桂林彰泰實業集團有限公司) as warrantor, pursuant to which Yongsheng Property has conditionally agreed to acquire, and the vendor has conditionally agreed to sell 65% issued share capital of Zhangtai Service Group Company Limited (彰泰服務集團有限公司) for a cash consideration of RMB433.875 million, subject to adjustment (the "**Acquisition**"). After due diligence and further consideration of all the circumstances surrounding the Acquisition, Yongsheng Property and the vendor had decided not to proceed with the Framework Agreement and the transactions contemplated thereunder. Accordingly, on 14 April 2021, after amicable discussion between all parties to the Framework Agreement, the parties entered into a deed of termination to terminate the Framework Agreement and the transactions contemplated thereunder with immediate effect. The Board considered that the termination of the Acquisition does not have any material adverse impact on the business operation and financial position of the Group.

For further details of the Acquisition and its termination, please refer to the announcements of the Company dated 7 January 2021 and 14 April 2021.

Save as disclosed in this section, the Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the Reporting Period.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 30 June 2021, the Group did not have any immediate plans for material investments and capital assets.

### **AUDIT COMMITTEE**

The Audit Committee consists of one non-executive Director and two independent non-executive Directors, namely Mr. Lin Feng, Mr. Ma Yongyi and Mr. Cheung Wai Chung (Chairman). Mr. Cheung Wai Chung, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors.

The Audit Committee of the Company has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim report for the six months ended 30 June 2021. In addition, the Company's auditor Deloitte Touche Tohmatsu has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021.

### **MATERIAL LEGAL PROCEEDINGS**

The Group was not involved in any material legal proceeding during the six months ended 30 June 2021.

### **INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO RULE 13.51B OF THE LISTING RULES**

As at the date of this interim report, the Directors confirmed that no information was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **OTHER CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the public float as required under the Listing Rules throughout the period from 1 January 2021 to 30 June 2021, and up to the date of this interim report.

By order of the Board

**LIN Zhong**

*Chairman*

Hong Kong, 24 August 2021



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

TO THE BOARD OF DIRECTORS OF CIFI EVER SUNSHINE SERVICES GROUP LIMITED  
(FORMERLY KNOWN AS EVER SUNSHINE LIFESTYLE SERVICES GROUP LIMITED)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of CIFI Ever Sunshine Services Group Limited (formerly known as Ever Sunshine Lifestyle Services Group Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 72, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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



## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONCLUSION

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

### OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the six-month period ended 30 June 2020 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the interim financial information of the Group for six-month period ended 30 June 2020 reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on 26 August 2020.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
24 August 2021

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Notes	Six months ended 30 June	
		2021	2020
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Revenue</b>	3	2,058,649	1,344,930
Cost of services		(1,442,307)	(932,430)
<b>Gross profit</b>		616,342	412,500
Other income and other gains and losses	4	52,304	34,855
Administrative expenses		(160,457)	(132,000)
Selling expenses		(43,647)	(27,192)
Administrative and selling expenses		(204,104)	(159,192)
Expected credit loss on financial assets	13	(34,304)	(17,713)
Finance costs		(1,541)	(747)
Other expenses		(2,970)	(1,475)
<b>Profit before taxation</b>	5	425,727	268,228
Income tax expense	6	(103,696)	(68,232)
<b>Profit and total comprehensive income for the period</b>		<u>322,031</u>	<u>199,996</u>
<b>Profit and total comprehensive income for the period attributable to:</b>			
Owners of the Company		282,967	171,174
Non-controlling interests		39,064	28,822
		<u>322,031</u>	<u>199,996</u>
<b>Earnings per share (RMB)</b>			
Basic earnings per share	8	<u>0.17</u>	<u>0.11</u>



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	30 June	31 December
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	89,903	86,201
Investment properties		54,253	55,119
Intangible assets		210,215	91,049
Goodwill		706,659	470,952
Financial assets at fair value through profit or loss	10	150,000	—
Deferred tax assets	16	32,481	20,620
Prepayments of property, plant and equipment		586	12,448
		<u>1,244,097</u>	<u>736,389</u>
<b>Current assets</b>			
Inventories		1,247	—
Trade and bills receivables	11	683,317	458,628
Prepayments and other receivables	12	304,608	264,688
Other financial assets		30,000	30,000
Restricted cash		7,418	6,873
Bank balances, deposits and cash		2,995,980	3,170,589
		<u>4,022,570</u>	<u>3,930,778</u>
<b>Current liabilities</b>			
Trade payables	14	524,873	362,848
Accruals and other payables	15	854,162	693,319
Contract liabilities		485,414	387,825
Lease liabilities		11,514	13,828
Provision for taxation		109,741	124,874
		<u>1,985,704</u>	<u>1,582,694</u>
<b>Net current assets</b>		<u>2,036,866</u>	<u>2,348,084</u>
<b>Total assets less current liabilities</b>		<u><u>3,280,963</u></u>	<u><u>3,084,473</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	30 June 2021	31 December 2020
		RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		10,358	15,508
Other long-term payables	15	5,288	4,928
Deferred tax liabilities	16	68,133	46,602
		<u>83,779</u>	<u>67,038</u>
<b>Net assets</b>		<u><b>3,197,184</b></u>	<u><b>3,017,435</b></u>
<b>Capital and reserves</b>			
Share capital	17	14,830	14,830
Reserves		3,044,343	2,878,604
Equity attributable to owners of the Company		3,059,173	2,893,434
Non-controlling interests		138,011	124,001
Total equity		<u><b>3,197,184</b></u>	<u><b>3,017,435</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Reserves					Retained earnings RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
	Share capital RMB'000 Note 17	Share premium RMB'000 Note (a)	Capital reserve RMB'000	Other reserve RMB'000 Note (b)	Statutory reserve RMB'000 Note (c)				
At 31 December 2019 and 1 January 2020(Audited)	13,607	819,354	26,799	(117,600)	48,712	357,025	1,147,897	80,033	1,227,930
Profit and total comprehensive income for the period	—	—	—	—	—	171,174	171,174	28,822	199,996
Transfer to statutory reserve	—	—	—	—	10,983	(10,983)	—	—	—
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	2,854	2,854
Dividends recognised as distribution (Note 7)	—	(75,418)	—	—	—	—	(75,418)	—	(75,418)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	(15,411)	(15,411)
Acquisition of subsidiaries (Note 18)	—	—	—	—	—	—	—	14,053	14,053
Placement of shares	1,223	1,439,808	—	—	—	—	1,441,031	—	1,441,031
Transaction cost attributable to the issue of new shares	—	(12,784)	—	—	—	—	(12,784)	—	(12,784)
At 30 June 2020(Unaudited)	<u>14,830</u>	<u>2,170,960</u>	<u>26,799</u>	<u>(117,600)</u>	<u>59,695</u>	<u>517,216</u>	<u>2,671,900</u>	<u>110,351</u>	<u>2,782,251</u>
At 31 December 2020 and 1 January 2021(Audited)	14,830	2,173,296	26,799	(117,600)	101,553	694,556	2,893,434	124,001	3,017,435
Profit and total comprehensive income for the period	—	—	—	—	—	282,967	282,967	39,064	322,031
Transfer to statutory reserve	—	—	—	—	36,654	(36,654)	—	—	—
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	2,450	2,450
Dividends recognised as distribution (Note 7)	—	(117,228)	—	—	—	—	(117,228)	—	(117,228)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	(29,815)	(29,815)
Acquisition of subsidiaries (Note 18)	—	—	—	—	—	—	—	2,311	2,311
At 30 June 2021(Unaudited)	<u>14,830</u>	<u>2,056,068</u>	<u>26,799</u>	<u>(117,600)</u>	<u>138,207</u>	<u>940,869</u>	<u>3,059,173</u>	<u>138,011</u>	<u>3,197,184</u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

Notes:

- (a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's share issued.
- (b) Other reserve represents the difference between the nominal amount of the share capital of Shanghai Yongsheng Property Management Co. Ltd. and nominal amount of the share capital issued by the Company pursuant to a group reorganisation completed on 6 July 2018.
- (c) Statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") (based on the subsidiaries PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before taxation	425,727	268,228
Adjustments for:		
Depreciation of property, plant and equipment	5,973	6,950
Depreciation of right-of-use assets	6,930	6,527
Amortisation of intangible assets	17,200	9,278
Allowance of credit loss of trade and bills receivables	35,873	17,469
(Reversal) allowance of credit loss of deposits and other receivables	(1,569)	244
Written off on trade receivables	—	1,980
Bank interest income	(12,640)	(10,195)
Interest on other payable	921	—
Interest on lease liabilities	620	747
Loss (gain) from fair value changes of investment properties	66	(595)
(Gain) loss on disposal of property, plant and equipment	(27)	391
Gain from fair value changes of financial assets at fair value through profit and loss ("FVTPL")	(25,789)	—
Exchange loss (gain)	9,179	(7,696)
Operating profit before working capital changes	462,464	293,328
Increase in inventories	(1,247)	—
Increase in trade and bills receivables	(249,755)	(133,803)
(Increase) decrease in prepayments and other receivables	(26,352)	36,567
Increase in restricted cash	(545)	—
Increase in trade payables	140,332	124,654
Increase (decrease) in accruals and other payables	140,052	(52,196)
Increase in contract liabilities	91,810	44,482
Cash generated from operations	556,759	313,032
Income tax paid	(131,471)	(72,991)
<i>Net cash generated from operating activities</i>	<u>425,288</u>	<u>240,041</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Cash flows from investing activities</b>		
Prepayment of property, plant and equipment	(673)	—
Purchase of intangible assets	(9,446)	(2,810)
Purchase of property, plant and equipment	(31,955)	(4,762)
Withdrawal of restricted cash	—	41,759
Acquisition of subsidiaries, net of cash acquired	(289,218)	(25,953)
Deposit paid for potential acquisition of subsidiaries	(100,000)	—
Refund of deposit paid for potential acquisition of subsidiaries	100,000	—
Proceed from disposal of property, plant and equipment	846	—
Proceed from disposal of investment properties	800	103
Bank interest income received	13,348	10,195
Purchase of financial assets at FVTPL	(818,500)	—
Proceed from disposal of financial assets at FVTPL	694,289	—
<i>Net cash (used in) generated from investing activities</i>	<u>(440,509)</u>	<u>18,532</u>
<b>Cash flows from financing activities</b>		
Capital contribution from non-controlling shareholders	2,450	2,854
Repayment of bank borrowing	—	(3,005)
Proceed from issue of shares	—	1,441,032
Payment of transaction cost attributable to issue of shares	—	(12,785)
Payment of bills payables	—	(43,000)
Interest on lease liabilities paid	(620)	(747)
Payment of lease liabilities	(8,296)	(10,699)
Dividends paid	(145,798)	(90,829)
<i>Net cash (used in) generated from financing activities</i>	<u>(152,264)</u>	<u>1,282,821</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(167,485)</b>	<b>1,541,394</b>
Effect of exchange rate changes on cash and cash equivalents	(7,124)	7,696
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,170,589</b>	<b>1,283,642</b>
<b>Cash and cash equivalents at end of the period</b>	<b><u>2,995,980</u></b>	<b><u>2,832,732</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

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

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE

Revenue mainly comprises proceeds from property management services, community value-added services and value-added services to non-property owners. Information is reported to the executive directors of the Company, being the chief operating decision maker of the Group, for the purposes of resource allocation and performance assessment with a focus on revenue analysis. No other discrete financial information is provided other than the Group’s results and financial position as a whole.

An analysis of the Group’s revenue by category was as follows:

	Six months ended 30 June	
	2021	2020
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Revenue from contract with customer	2,057,718	1,344,550
Others	931	380
Total	<u>2,058,649</u>	<u>1,344,930</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 3. REVENUE (continued)

#### Revenue from contract with customer

##### Disaggregated revenue information

For the six months ended 30 June 2021

	Property management services	Community value-added services	Value-added services to non-property owners	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Types of goods and services</b>				
Property management services				
Lump sum basis	1,145,050	—	—	1,145,050
Commission basis	1,660	—	—	1,660
	<u>1,146,710</u>	<u>—</u>	<u>—</u>	<u>1,146,710</u>
Community value-added services				
Home-living services	—	279,826	—	279,826
Parking unit management and leasing services	—	59,469	—	59,469
Property agency services	—	149,861	—	149,861
Common area value-added services	—	30,503	—	30,503
	<u>—</u>	<u>519,659</u>	<u>—</u>	<u>519,659</u>
Value-added services to non-property owners				
Sales assistance services	—	—	164,829	164,829
Additional tailored services	—	—	139,647	139,647
Preliminary planning and design consultancy services	—	—	42,087	42,087
Housing repair services	—	—	29,822	29,822
Pre-delivery inspection services	—	—	14,964	14,964
	<u>—</u>	<u>—</u>	<u>391,349</u>	<u>391,349</u>
	<u>1,146,710</u>	<u>519,659</u>	<u>391,349</u>	<u>2,057,718</u>
<b>Timing of revenue recognition</b>				
A point in time	—	190,875	—	190,875
Over time	1,146,710	328,784	391,349	1,866,843
	<u>1,146,710</u>	<u>519,659</u>	<u>391,349</u>	<u>2,057,718</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 3. REVENUE (continued)

#### Revenue from contract with customer (continued)

##### Disaggregated revenue information (continued)

For the six months ended 30 June 2020

	Property management services	Community value-added services	Value-added services to non-property owners	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Types of goods and services</b>				
Property management services				
Lump sum basis	795,843	—	—	795,843
Commission basis	5,557	—	—	5,557
	<u>801,400</u>	<u>—</u>	<u>—</u>	<u>801,400</u>
Community value-added services				
Home-living services	—	140,180	—	140,180
Parking unit management and leasing services	—	40,781	—	40,781
Property agency services	—	60,259	—	60,259
Common area value-added services	—	19,204	—	19,204
	<u>—</u>	<u>260,424</u>	<u>—</u>	<u>260,424</u>
Value-added services to non-property owners				
Sales assistance services	—	—	156,740	156,740
Additional tailored services	—	—	68,630	68,630
Preliminary planning and design consultancy services	—	—	31,842	31,842
Housing repair services	—	—	15,495	15,495
Pre-delivery inspection services	—	—	10,019	10,019
	<u>—</u>	<u>—</u>	<u>282,726</u>	<u>282,726</u>
	<u>801,400</u>	<u>260,424</u>	<u>282,726</u>	<u>1,344,550</u>
<b>Timing of revenue recognition</b>				
A point in time	—	72,892	—	72,892
Over time	801,400	187,532	282,726	1,271,658
	<u>801,400</u>	<u>260,424</u>	<u>282,726</u>	<u>1,344,550</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Other income		
– Bank interest income	12,640	10,195
– Government grants (note)	21,152	10,398
	<u>33,792</u>	<u>20,593</u>
Other gains and losses		
– Net foreign exchange (loss) gain	(9,179)	7,696
– Gain (loss) on disposal of property, plant and equipment	27	(391)
– (Loss) gain from fair value changes of investment properties	(66)	595
– Gain from fair value changes of financial assets at FVTPL	25,789	—
– Others	1,941	6,362
	<u>18,512</u>	<u>14,262</u>
	<u>52,304</u>	<u>34,855</u>

Note: Government grants represented unconditional cash payments granted by government authorities.

### 5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Depreciation of property, plant and equipment	12,903	13,477
Amortisation of intangible assets	17,200	9,278
Short-term lease expense:		
– Rented premises	4,077	3,171
– Plant and machinery	138	120
Staff costs (including directors' emoluments):		
– Salaries, wages and other benefits	499,841	392,512
– Bonus	54,075	36,468
– Retirement scheme contribution	85,072	18,961

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
PRC Enterprise Income Tax:		
Current tax	116,140	72,705
Over-provision in respect of prior year	(279)	(2,735)
	<u>115,861</u>	<u>69,970</u>
Deferred tax:		
Credited to profit or loss for the year (Note 16)	(12,165)	(1,738)
	<u><u>103,696</u></u>	<u><u>68,232</u></u>

### 7. DIVIDENDS

During the current interim period, a final dividend of HK\$0.0838 per share in respect of the year ended 31 December 2020 (2020: HK\$0.0479 per share in respect of the year ended 31 December 2019) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to RMB117,228,000 (2020: RMB75,418,000).

No interim dividend was declared for the six months ended 30 June 2021 and 2020.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to the equity owners of the Company	<u>282,967</u>	<u>171,174</u>

	Six months ended 30 June	
	2021	2020
	Number'000 (Unaudited)	Number'000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u>1,670,400</u>	<u>1,547,442</u>

No diluted earnings per share is presented as there were no potential ordinary shares in issue for the six months ended 30 June 2021 and 2020.

### 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid RMB31,955,000 (six months ended 30 June 2020: RMB4,762,000) for acquisition of property, plant and equipment.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 3 to 5 years. On lease commencement, the Group recognised right-of-use assets of RMB832,000 (six months ended 30 June 2020: RMB20,875,000) and lease liabilities of RMB 832,000 (six months ended 30 June 2020: RMB20,875,000).

### 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Amount represents the Group's investment in a partnership fund (the "Partnership Fund"), a limited partnership in the PRC.

Pursuant to the limited partnership agreement, the Group subscribed for, via its wholly-owned subsidiary, a limited partnership interest in the Partnership Fund with a total investment amount of RMB150,000,000, representing 74.6% of interest in the total capital contribution of the Partnership Fund. The Partnership Fund has a term of 5 years, which can be revised as determined by the general partner in accordance with the terms in the partnership agreement. The Partnership Fund has an expected but unguaranteed return of 9.5% per annum.

As at 30 June 2021, the investment portfolio of the Partnership Fund mainly referred to a debt investment in a real estate company in the PRC.

Details of the fair value measurement are set out in Note 20.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 11. TRADE AND BILLS RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade receivables		
– Related parties	108,389	80,507
– Third parties	666,202	428,697
	774,591	509,204
Bills receivables	540	5,618
Total	775,131	514,822
Less: allowance for credit losses	(91,814)	(56,194)
	<u>683,317</u>	<u>458,628</u>

All bills received by the Group are with a maturity period of less than one year.

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade and bills receivables net of allowance of credit losses presented based on invoice date were as follows:

	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 1 year	576,478	373,521
1 to 2 years	84,474	66,424
2 to 3 years	17,606	15,730
3 to 4 years	4,127	2,874
4 to 5 years	632	79
	<u>683,317</u>	<u>458,628</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 12. PREPAYMENTS AND OTHER RECEIVABLES

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Included in current assets		
Deposits and other receivables		
– Related parties	101,111	60,066
– Third parties	152,349	174,088
Total	253,460	234,154
Less: allowance for credit losses of deposits and other receivables	(13,571)	(15,140)
	239,889	219,014
Prepayments	64,416	56,525
Interest receivables	889	1,597
	305,194	277,136
Less: Prepayments for property, plant and equipment	(586)	(12,448)
Prepayments and other receivables presented as current assets	<u>304,608</u>	<u>264,688</u>

### 13. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognised (reversed) in respect of		
– Trade and bills receivables	35,873	17,469
– Other receivables	(1,569)	244
	<u>34,304</u>	<u>17,713</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 14. TRADE PAYABLES

	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade payables		
– Related parties	5,932	5,900
– Third parties	518,941	356,948
	<u>524,873</u>	<u>362,848</u>

Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Group's trade payables as at 30 June 2021 and 31 December 2020 as follows:

	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 1 year	506,465	342,139
1 to 2 years	12,176	20,025
2 to 3 years	6,093	684
3 to 4 years	139	—
	<u>524,873</u>	<u>362,848</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 15. ACCRUALS AND OTHER PAYABLES

	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
Accruals and other payables		
– Related parties (Note a)	167,409	65,196
– Third parties	447,227	391,260
	614,636	456,456
Amount due to a director (Note a)	84	84
Provision for legal dispute (Note b)	7,094	4,893
Dividends payable to non-controlling shareholders of subsidiaries	8,085	—
Amount due to former shareholders of a subsidiary	—	6,840
Consideration payables for acquisition of a subsidiary (Note c)	8,150	7,274
Salaries payables	128,487	148,647
Other tax payables	92,914	74,053
	859,450	698,247
Less: Amount shown under non-current liabilities	(5,288)	(4,928)
Accruals and other payables presented as current liabilities	854,162	693,319

Notes:

- (a) The balance is unsecured, interest-free and repayable on demand.
- (b) The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action.
- (c) The amount represents the consideration payables for acquisition of Jiangsu Xiangjiang Property Development Company Limited ("Jiangsu Xiangjiang"). Included amount of RMB4,612,000 are due 12 months after the Reporting Period and therefore presented as non-current liabilities.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 16. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements for the six months ended 30 June 2021 are as follows:

#### Deferred tax assets

	Impairment	Impairment	Provision for	Accumulated	Adjustment of	Total
	loss on trade	loss on other			legal dispute	
	and bills	receivables			lease	
	receivables	receivables				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019 and 1 January 2020 (Audited)	7,171	3,537	358	765	—	11,831
Acquisition of subsidiaries (Note 18)	437	90	—	—	—	527
Credited (charged) to profit or loss for the year	7,608	429	865	(654)	76	8,324
At 31 December 2020 and 1 January 2021 (Audited)	15,216	4,056	1,223	111	76	20,682
Acquisition of subsidiaries (Note 18)	2,811	—	—	—	—	2,811
Credited (charged) to profit or loss for the period	8,905	(392)	551	—	(76)	8,988
At 30 June 2021 (Unaudited)	<u>26,932</u>	<u>3,664</u>	<u>1,774</u>	<u>111</u>	<u>—</u>	<u>32,481</u>

#### Deferred tax liabilities

	Withholding	Fair value	Fair value	Fair value	Adjustment of	Total
		adjustment of	adjustment	adjustment		
	tax of	management	of revalued	for investment	HKFRS 16	
	undistributed	contract &	property, plant	for investment	lease	
	profits	customer	and equipment	properties		
	RMB'000	relationship			RMB'000	RMB'000
At 31 December 2019 and 1 January 2020 (Audited)	(11,926)	(25,150)	(958)	(10,439)	(43)	(48,516)
Acquisition of subsidiaries (Note 18)	—	(6,441)	(399)	—	—	(6,840)
Credited (charged) to profit or loss for the year	—	8,828	231	(348)	(19)	8,692
At 31 December 2020 and 1 January 2021 (Audited)	(11,926)	(22,763)	(1,126)	(10,787)	(62)	(46,664)
Acquisition of subsidiaries (Note 18)	—	(24,600)	(46)	—	—	(24,646)
Credited (charged) to profit or loss for the period	—	3,466	83	(107)	(265)	3,177
At 30 June 2021 (Unaudited)	<u>(11,926)</u>	<u>(43,897)</u>	<u>(1,089)</u>	<u>(10,894)</u>	<u>(327)</u>	<u>(68,133)</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 16. DEFERRED TAX (continued)

For the purpose of presentation in the consolidated financial statements, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
Deferred tax assets	32,481	20,620
Deferred tax liabilities	<u>(68,133)</u>	<u>(46,602)</u>
	<u>(35,652)</u>	<u>(25,982)</u>

### 17. SHARE CAPITAL

	2021		2020	
	Number '000	Amount RMB'000	Number '000	Amount RMB'000
Authorised:				
As at 1 January and 30 June/31 December	<u>4,000,000</u>	<u>35,462</u>	<u>4,000,000</u>	<u>35,462</u>

	2021		2020	
	Number '000	Amount RMB'000	Number '000	Amount RMB'000
Issued and fully paid:				
As at 1 January	1,670,400	14,830	1,536,400	13,607
Placement of shares	<u>—</u>	<u>—</u>	<u>134,000</u>	<u>1,223</u>
At 30 June/31 December	<u>1,670,400</u>	<u>14,830</u>	<u>1,670,400</u>	<u>14,830</u>

## 18. ACQUISITION OF SUBSIDIARIES

### For the six months ended 30 June 2021

#### Acquisitions of business

On 24 February 2021, the Group entered into a sale and purchase agreement with an independent third party to acquire 50% equity interests in Huaxi Xin'an (Beijing) Property Management Co., Ltd. ("Huaxi Xin'an"), a company whose principal activity is the provision of property management services. The acquisition was completed in April 2021. By execution of the sale and purchase agreement, all of the strategic financial and operating decisions required approval by simple majority of the shareholders, for which Group has 51% voting right through a Group's subsidiary. Since the Group obtained effective control of voting power to govern the relevant activities of Huaxi Xin'an, Huaxi Xin'an is regarded as a subsidiary of the Group.

On 25 March 2021, the Group entered into a sale and purchase agreement with an independent third party to acquire 90.1% equity interests in Shanghai Xingyue Property Service Co., Ltd. ("Shanghai Xingyue"), a company whose principal activity is the provision of property management and other community services. The acquisition was completed in June 2021.

These acquisitions were made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence and have been accounted for as acquisition of businesses using the acquisition method.

#### Consideration transferred

	Huaxi Xin'an	Shanghai Xingyue	Total
	RMB'000	RMB'000	RMB'000
Cash consideration paid	780	297,330	298,110

Acquisition-related costs amounting to RMB300,000 have been excluded from the consideration transferred and have been recognised as an expense for the six months ended 30 June 2021, within the "administrative expenses" line item in the condensed statement of profit or loss and other comprehensive income.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 18. ACQUISITION OF SUBSIDIARIES (continued)

For the period ended 30 June 2021 (continued)

Acquisitions of business (continued)

Assets acquired and liabilities recognised at the date of acquisition

	Huaxi Xin'an	Shanghai Xingyue	Total
	Fair value	Fair value	
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	622	—	622
Intangible assets			
– property management contracts and customers relationship	—	98,400	98,400
Deferred tax assets	2,811	—	2,811
Trade receivables	10,807	—	10,807
Prepayments and other receivables	18,233	—	18,233
Bank balances, deposits and cash	7,763	1,129	8,892
Trade payables	(21,693)	—	(21,693)
Accruals and other payables	(22,456)	—	(22,456)
Contract liabilities	(5,779)	—	(5,779)
Provision for taxation	(477)	—	(477)
Deferred tax liabilities	(46)	(24,600)	(24,646)
Net identifiable (liabilities) assets	<u>(10,215)</u>	<u>74,929</u>	<u>64,714</u>

The trade receivables and other receivables acquired with a fair value of RMB29,040,000 as at the respective date of the acquisitions had gross contractual amounts of RMB40,295,000. The best estimate at acquisition date of contractual cash flows not expected to be collected amounted to RMB11,255,000.

The fair value of intangible assets acquired in business combination is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquirees.

**18. ACQUISITION OF SUBSIDIARIES (continued)**
**For the period ended 30 June 2021 (continued)**
**Acquisitions of business (continued)**

## Goodwill arising on acquisition

	Huaxi Xin'an	Shanghai Xingyue	Total
	RMB'000	RMB'000	RMB'000
Consideration transferred	780	297,330	298,110
Add: Non-controlling interests	(5,107)	7,418	2,311
Less: Fair value of net identifiable liabilities (assets) acquired	10,215	(74,929)	(64,714)
Goodwill arising on acquisition	<u>5,888</u>	<u>229,819</u>	<u>235,707</u>

The non-controlling interests arising from the acquisition of respective subsidiaries were measured by reference to the proportionate share of the acquirees' net assets at the acquisition dates.

Goodwill arose on the acquisition of subsidiaries because the expected future development of acquirees' business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc.. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

**Net cash outflows arising on acquisitions**

	Huaxi Xin'an	Shanghai Xingyue	Total
	RMB'000	RMB'000	RMB'000
Cash consideration paid	780	297,330	298,110
Less: Bank balances, deposits and cash	(7,763)	(1,129)	(8,892)
	<u>(6,983)</u>	<u>296,201</u>	<u>289,218</u>

**Impact of acquisitions on the results of the Group**

Since the acquisitions dates, Huaxi Xin'an and Shanghai Xingyue in aggregate have contributed RMB31,097,000 and RMB4,489,000 to the Group's revenue and profit for the six months ended 30 June 2021. If the acquisitions had occurred on 1 January 2021, the Group's revenue and profit would have been RMB2,078,703,000 and RMB312,950,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2021, nor is it intended to be a projection of future performance.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 18. ACQUISITION OF SUBSIDIARIES (continued)

#### For the period ended 30 June 2020

##### Acquisitions of business

On 27 February 2020, the Group entered into a sale and purchase agreement with independent third parties for the acquisition of 50% of equity interests in Qingdao Yinshengtai Property Management Services Company Limited (“**Qingdao Yinshengtai**”), a company whose principal activity is the provision of property management and other community services. By execution of the sale and purchase agreement, all of the strategic financial and operating decisions required approval by simple majority of the board of directors, of which three directors and two directors are nominated by the Group and the other shareholders, respectively. Since the Group obtained effective control of voting power to govern the relevant activities of the entity, Qingdao Yinshengtai is regarded as a subsidiary of the Group.

On 1 April 2020, the Group entered into a sale and purchase agreement with independent third parties for the acquisition of 51% of equity interests in Jiangsu Xiangjiang, a company whose principal activity is the provision of property management and other community services.

These acquisitions were made with the aims to expand the Group’s existing scale of operation and enlarge the Group’s market presence and have been accounted for as acquisition of business using the acquisition method.

##### Consideration transferred

	Qingdao Yinshengtai	Jiangsu Xiangjiang	Total
	RMB’000	RMB’000	RMB’000
Cash consideration paid	8,644	38,378	47,022
Consideration payable	—	7,274	7,274
Total	<u>8,644</u>	<u>45,652</u>	<u>54,296</u>

The consideration of Jiangsu Xiangjiang is subject to adjustment of profit guarantee granted by the seller. The management believes that the fair value of the above profit guarantee is insignificant on the acquisition date and as at 31 December 2020 and 30 June 2021.

Acquisition-related costs amounting to RMB277,000 have been excluded from the consideration transferred and have been recognised as an expense for the six months ended 30 June 2020 within the “administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 18. ACQUISITION OF SUBSIDIARIES (continued)

#### For the period ended 30 June 2020 (continued)

##### Acquisitions of business (continued)

Assets acquired and liabilities recognised at the date of acquisition

	Qingdao	Jiangsu	Total
	Yinshengtai	Xiangjiang	
	Fair value	Fair value	
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	1,724	1,650	3,374
Intangible assets			
– property management contracts and customers relationship	7,163	18,600	25,763
Deferred tax assets	177	350	527
Trade receivables	9,398	16,297	25,695
Prepayments and other receivables	14,412	2,976	17,388
Bank balances, deposits and cash	12,842	4,032	16,874
Trade payables	(3,028)	—	(3,028)
Accruals and other payables	(20,571)	(12,464)	(33,035)
Contract liabilities	(11,657)	(145)	(11,802)
Provision for taxation	(910)	(2,478)	(3,388)
Bank borrowing	—	(3,003)	(3,003)
Deferred tax liabilities	(1,930)	(4,910)	(6,840)
Net identifiable assets	<u>7,620</u>	<u>20,905</u>	<u>28,525</u>

The trade receivables and other receivables acquired with a fair value of RMB32,881,000 as at the respective date of the acquisitions had gross contractual amounts of RMB34,947,000. The best estimate at acquisition date of contractual cash flows not expected to be collected amounted to RMB2,066,000.

The fair value of intangible assets acquired in business combination is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquirees.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 18. ACQUISITION OF SUBSIDIARIES (continued)

#### For the period ended 30 June 2020 (continued)

##### Acquisitions of business (continued)

##### Goodwill arising on acquisition

	Qingdao	Jiangsu	Total
	Yinshengtai	Xiangjiang	
	RMB'000	RMB'000	RMB'000
Consideration transferred	8,644	45,652	54,296
Add: Non-controlling interests	3,810	10,243	14,053
Less: Fair value of net identifiable assets acquired	(7,620)	(20,905)	(28,525)
Goodwill arising on acquisition	<u>4,834</u>	<u>34,990</u>	<u>39,824</u>

The non-controlling interests arising from the acquisition of respective subsidiaries were measured by reference to the proportionate share of the acquirees' net assets at the acquisition dates.

Goodwill arose on the acquisition of subsidiaries because the expected future development of acquirees' business, improvement on market coverage, enriching the service portfolio, integrating value-added services, and improvement on management efficiency, etc.. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

##### Net cash outflows arising on acquisitions

	Qingdao	Jiangsu	Total
	Yinshengtai	Xiangjiang	
	RMB'000	RMB'000	RMB'000
Cash consideration paid	8,644	38,378	47,022
Less: Bank balances, deposits and cash	(12,842)	(4,032)	(16,874)
	<u>(4,198)</u>	<u>34,346</u>	<u>30,148</u>

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

Since the acquisitions dates, Qingdao Yinshengtai and Jiangsu Xiangjiang in aggregate have contributed RMB56,113,000 and RMB7,392,000 to the Group's revenue and profit for the six months ended 30 June 2020. If the acquisitions had occurred on 1 January 2020, the Group's revenue and profit would have been RMB1,380,270,000 and RMB204,779,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indications of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2020, nor is it intended to be a projection of future performance.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 19. MATERIAL RELATED PARTIES TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

#### (a) Related parties transactions

	Six months ended 30 June	
	2021	2020
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Property management services</b>		
Fellow subsidiaries (Note i)	9,532	29,280
Associates and joint ventures of the ultimate holding company (Note ii)	4,751	4,858
Directors/management of the Company	—	18
Total	<u>14,283</u>	<u>34,156</u>
<b>Community value-added services</b>		
Fellow subsidiaries (Note i)	22,248	447
Associates and joint ventures of the ultimate holding company (Note ii)	14,754	1,434
Total	<u>37,002</u>	<u>1,881</u>
<b>Value-added services to non-property owners</b>		
Fellow subsidiaries (Note i)	202,062	139,347
Associates and joint ventures of the ultimate holding company (Note ii)	106,873	90,798
Total	<u>308,935</u>	<u>230,145</u>

Notes:

- (i) Represented the subsidiaries of CIFI Holdings (Group) Co. Ltd.
- (ii) The amount include associates and joint ventures of CIFI Holdings (Group) Co. Ltd., which became the ultimate holding company of the Company since 30 June 2020.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 19. MATERIAL RELATED PARTIES TRANSACTIONS (continued)

#### (b) Related parties balances

	30 June 2021	31 December 2020
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Trade and bills receivables</b>		
Fellow subsidiaries	—	16,412
Associates and joint ventures of the ultimate holding company	<u>108,389</u>	<u>64,095</u>
Total	<u><u>108,389</u></u>	<u><u>80,507</u></u>
<b>Deposits and other receivables</b>		
Fellow subsidiaries	87,550	55,433
Associates and joint ventures of the ultimate holding company	<u>13,561</u>	<u>4,633</u>
Total	<u><u>101,111</u></u>	<u><u>60,066</u></u>
<b>Prepayments</b>		
Fellow subsidiaries	<u>121</u>	<u>122</u>
<b>Trade payables</b>		
Fellow subsidiaries	5,816	5,900
Associates and joint ventures of the ultimate holding company	<u>116</u>	<u>—</u>
Total	<u><u>5,932</u></u>	<u><u>5,900</u></u>
<b>Other payables</b>		
Fellow subsidiaries	124,707	64,952
Associates and joint ventures of the ultimate holding company	<u>42,702</u>	<u>244</u>
Total	<u><u>167,409</u></u>	<u><u>65,196</u></u>
<b>Contract liabilities</b>		
Fellow subsidiaries	50,856	21,946
Associates and joint ventures of the ultimate holding company	<u>4,096</u>	<u>3,057</u>
Total	<u><u>54,952</u></u>	<u><u>25,003</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets are measured at fair value at the end of each Reporting Period. The following table gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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

Financial instrument	Fair values as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	30 June 2021	30 June 2020			
Financial assets at FVTPL	RMB 150,000,000	Nil	Level 3	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Discount rate of 9.5%

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

#### Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL
	RMB'000
At 1 January 2020 and 30 June 2020 (Unaudited)	—
At 31 December 2020 and 1 January 2021 (Audited)	—
Purchased	818,500
Disposals	(694,289)
Total gains in profit or loss	25,789
At 30 June 2021	150,000

Of the total gains or losses for the period included in profit or loss, RMB 7,560,000 relates to financial assets at FVTPL held at the end of the current Reporting Period. Fair value gains or losses on financial assets at FVTPL are included in "other income and other gains and losses".

#### Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

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