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**CIFI Ever Sunshine Services Group Limited**

**旭辉永升服务集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1995)**

## **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

### **HIGHLIGHTS**

1. Revenue for the six months ended 30 June 2022 was approximately RMB3,162.9 million, representing an increase of approximately 53.6% from approximately RMB2,058.6 million for the corresponding period in 2021.
2. The gross profit of the Group for the six months ended 30 June 2022 was approximately RMB812.9 million, representing an increase of approximately 31.9% from approximately RMB616.3 million for the corresponding period in 2021.
3. Profit for the first half of 2022 was approximately RMB437.4 million, representing an increase of approximately 35.8%, as compared with that of approximately RMB322.0 million for the corresponding period in 2021. Meanwhile, profit attributable to owners of the Company for the first half of 2022 was approximately RMB377.4 million, representing an increase of approximately 33.4% as compared with that of approximately RMB283.0 million for the corresponding period in 2021.
4. The Board has resolved to pay an interim dividend of HK\$0.074 per ordinary share of the Company for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of CIFI Ever Sunshine Services Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “**Group**”, “**we**” or “**us**”) for the six months ended 30 June 2022 (the “**Period**”) with comparative figures for the corresponding period in 2021. These unaudited condensed consolidated results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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

*For the six months ended 30 June 2022*

		<b>For the six months ended</b>	
		<b>30 June</b>	
	Notes	<b>2022</b>	2021
		<b><i>RMB’000</i></b>	<i>RMB’000</i>
		<b><i>(Unaudited)</i></b>	<i>(Unaudited)</i>
<b>Revenue</b>	3	<b>3,162,874</b>	2,058,649
Cost of services		<b>(2,349,989)</b>	(1,442,307)
<b>Gross profit</b>		<b>812,885</b>	616,342
Other income and other gains and losses		<b>74,860</b>	52,304
Administrative expenses		<b>(218,072)</b>	(160,457)
Selling expenses		<b>(48,453)</b>	(43,647)
Expected credit loss on financial assets		<b>(52,175)</b>	(34,304)
Finance costs		<b>(1,911)</b>	(1,541)
Other expenses		<b>(1,862)</b>	(2,970)
<b>Profit before taxation</b>		<b>565,272</b>	425,727
Income tax expense	6	<b>(127,891)</b>	(103,696)
<b>Profit and total comprehensive income for the period</b>		<b><u>437,381</u></b>	<u>322,031</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (Continued)**

*For the six months ended 30 June 2022*

		<b>For the six months ended</b>	
		<b>30 June</b>	
	Note	<b>2022</b>	2021
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b><i>(Unaudited)</i></b>	<b><i>(Unaudited)</i></b>
<b>Profit and total comprehensive income for</b>			
<b>the period attributable to:</b>			
Owners of the Company		<b>377,375</b>	282,967
Non-controlling interests		<b>60,006</b>	39,064
		<b><u>437,381</u></b>	<b><u>322,031</u></b>
<b>Earnings per share (RMB)</b>			
Basic earnings per share	7	<b><u>0.22</u></b>	<b><u>0.17</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

		30 June	31 December
	Note	2022	2021
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b><i>(Unaudited)</i></b>	<i>(Audited)</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		112,734	112,264
Investment properties		54,994	58,970
Intangible assets		370,698	371,687
Goodwill		1,454,656	1,343,707
Deferred tax assets		54,789	38,196
Prepayments of property, plant and equipment		620	367
Deferred contract costs		14,770	12,663
		<b>2,063,261</b>	1,937,854
<b>Current assets</b>			
Inventories		3,459	3,549
Deferred contract costs		10,540	4,474
Trade and bills receivables	4	1,269,570	788,316
Prepayments and other receivables		627,275	536,134
Financial assets at fair value through profit or loss		19,251	—
Restricted cash		9,613	11,119
Bank balances, deposits and cash		3,854,251	3,985,046
		<b>5,793,959</b>	5,328,638

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(Continued)**

*As at 30 June 2022*

	Note	30 June 2022 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2021 <i>RMB'000</i> <i>(Audited)</i>
<b>Current liabilities</b>			
Trade payables	5	901,259	586,364
Accruals and other payables		1,176,697	1,106,347
Borrowings		24,104	1,400
Contract liabilities		613,377	597,347
Lease liabilities		8,990	11,250
Provision for taxation		121,171	135,072
		<u>2,845,598</u>	<u>2,437,780</u>
<b>Net current assets</b>		<u>2,948,361</u>	<u>2,890,858</u>
<b>Total assets less current liabilities</b>		<u><u>5,011,622</u></u>	<u><u>4,828,712</u></u>
<b>Non-current liabilities</b>			
Borrowings		4,789	—
Lease liabilities		6,220	9,179
Other long-term payables		15,918	20,787
Deferred tax liabilities		106,945	107,008
		<u>133,872</u>	<u>136,974</u>
<b>Net assets</b>		<u><u>4,877,750</u></u>	<u><u>4,691,738</u></u>
<b>EQUITY</b>			
Share capital		15,508	15,519
Reserves		4,603,312	4,428,294
<b>Equity attributable to owners of the Company</b>		<u>4,618,820</u>	<u>4,443,813</u>
<b>Non-controlling interests</b>		<u>258,930</u>	<u>247,925</u>
<b>Total equity</b>		<u><u>4,877,750</u></u>	<u><u>4,691,738</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 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 (the “Listing Rules”).

## 2 PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

### 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 Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 AND SEGMENT INFORMATION

Revenue mainly comprises of proceeds from property management services, community value-added services, value-added services to non-property owners and city services. 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 segment 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:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<b>3,161,904</b>	2,057,718
Others	<b>970</b>	931
Total	<b><u>3,162,874</u></b>	<u>2,058,649</u>

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

For the six months ended 30 June 2022

	Property management services	Community value-added services	Value-added services to non-property owners		Total
			City services		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Types of goods and services</b>					
<u>Property management services</u>					
Lump sum basis	1,891,290	—	—	—	1,891,290
Commission basis	463	—	—	—	463
	<u>1,891,753</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,891,753</u>
<u>Community value-added services</u>					
Home-living services	—	325,423	—	—	325,423
Parking unit management and leasing services	—	61,843	—	—	61,843
Property agency services	—	102,667	—	—	102,667
Common area value-added services	—	55,273	—	—	55,273
	<u>—</u>	<u>545,206</u>	<u>—</u>	<u>—</u>	<u>545,206</u>

**For the six months ended 30 June 2022**

	Property management services <i>RMB'000</i> <i>(Unaudited)</i>	Community value-added services <i>RMB'000</i> <i>(Unaudited)</i>	Value-added services to non-property owners <i>RMB'000</i> <i>(Unaudited)</i>	City services <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
<u>Value-added services to non-property owners</u>					
Sales assistance services	—	—	175,371	—	175,371
Additional tailored services	—	—	240,735	—	240,735
Preliminary planning and design consultancy services	—	—	41,621	—	41,621
Housing repair services	—	—	61,344	—	61,344
Pre-delivery inspection services	—	—	21,403	—	21,403
	—	—	540,474	—	540,474
<u>City services</u>	—	—	—	184,471	184,471
	1,891,753	545,206	540,474	184,471	3,161,904
<b>Timing of revenue recognition</b>					
A point in time	—	181,637	—	—	181,637
Over time	1,891,753	363,569	540,474	184,471	2,980,267
	<u>1,891,753</u>	<u>545,206</u>	<u>540,474</u>	<u>184,471</u>	<u>3,161,904</u>



For the six months ended 30 June 2021

	Property management services <i>RMB'000</i> <i>(Unaudited)</i>	Community value-added services <i>RMB'000</i> <i>(Unaudited)</i>	Value-added services to non-property owners <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
<b>Types of goods and services</b>				
<u>Property management services</u>				
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>
<u>Community value-added services</u>				
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>

For the six months ended 30 June 2021

	Property management services <i>RMB'000</i> <i>(Unaudited)</i>	Community value-added services <i>RMB'000</i> <i>(Unaudited)</i>	Value-added services to non-property owners <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
<u>Value-added services to non-property owners</u>				
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
	—	—	391,349	391,349
	1,146,710	519,659	391,349	2,057,718
<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
	1,146,710	519,659	391,349	2,057,718

#### 4. TRADE AND BILLS RECEIVABLES

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables		
– Related parties	<b>295,925</b>	136,322
– Third parties	<b>1,124,159</b>	761,313
	<b>1,420,084</b>	897,635
Bills receivables	<b>3,060</b>	1,598
Total	<b>1,423,144</b>	899,233
Less: allowance for credit losses	<b>(153,574)</b>	(110,917)
	<b>1,269,570</b>	788,316

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

As at 30 June 2022 and 31 December 2021, the ageing analysis of the Group's trade and bills receivables net of allowance of credit losses presented based on invoice date was as follows:

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 1 year	<b>1,050,760</b>	628,043
1 to 2 years	<b>147,120</b>	118,452
2 to 3 years	<b>59,549</b>	33,549
3 to 4 years	<b>9,573</b>	6,726
4 to 5 years	<b>2,568</b>	1,546
	<b>1,269,570</b>	788,316

## 5 TRADE PAYABLES

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables		
– Related parties	<b>36,463</b>	20,955
– Third parties	<b>864,796</b>	565,409
	<b>901,259</b>	586,364

Based on the receipt of services and goods, which normally coincided with the invoice dates, the ageing analysis of the Group's trade payables as at 30 June 2022 and 31 December 2021 was as follows:

	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 1 year	<b>835,937</b>	538,777
1 to 2 years	<b>41,771</b>	35,453
2 to 3 years	<b>18,833</b>	11,621
3 to 4 years	<b>4,585</b>	513
4 to 5 years	<b>133</b>	—
	<b>901,259</b>	586,364

## 6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
PRC Enterprise Income Tax:		
Current tax	146,651	116,140
Over-provision in respect of prior year	<u>(259)</u>	<u>(279)</u>
	146,392	115,861
Deferred tax:		
Credited to profit or loss for the period	<u>(18,501)</u>	<u>(12,165)</u>
	<u><b>127,891</b></u>	<u><b>103,696</b></u>

## 7 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<u>Earnings</u>		
Profit attributable to the equity owners of the Company	<u>377,375</u>	<u>282,967</u>
	Six months ended 30 June	
	2022	2021
	<i>'000</i>	<i>'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<u>Number of shares</u>		
Weighted average number of ordinary shares	<u>1,752,079</u>	<u>1,670,400</u>

No diluted earnings per share is presented as there were no potential ordinary shares in issue for the six months ended 30 June 2022 and 2021.

## 8 DIVIDENDS

During the current interim period, a final dividend of HK\$0.1299 per share in respect of the year ended 31 December 2021 (2021: HK\$0.0838 per share in respect of the year ended 31 December 2020) 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 RMB185,047,000 (2021: RMB117,228,000).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK\$0.074 per share in respect of the six months ended 30 June 2022 amounting to HK\$129,688,000 in aggregate (in respect of the six months ended 30 June 2021: Nil) will be paid to owners of the Company whose names appear on the register of members of the Company on 9 September 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

We are a reputable and fast-growing comprehensive property management service provider in China. In April 2022, we were honourably elected as one of the “2022 Top 100 Property Management Companies in China (2022中國物業服務百強企業)” by the China Index Academy and continued to rank 11th in the 2022 Top 100 Property Management Companies in China. As at 30 June 2022, we provided property management services and value-added services in 117 cities within China, with total contracted gross floor area (“GFA”) of approximately 291.4 million sq.m., among which, total GFA under management amounted to approximately 207.9 million sq.m., serving more than 640,000 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). We also provide city services and other high-quality tailored services.

We embrace the philosophy of “Building Better Lives”, revolve around the core value of “Let Customer be Trouble-Free, Worry-Free, and Discontent-Free (讓用戶省心、放心、開心)”, based on warm and heartfelt services, use technological innovation to drive diversified development, and adhere to the development strategy of “Platform + Ecosystem”. We are committed to providing comprehensive and thoughtful professional property management services to our customers, and are devoted to growing into a customer-preferred smart city service brand.

## **Our Business Model**

We operate four major business lines, namely (i) property management services, (ii) community value-added services, (iii) value-added services to non-property owners, and (iv) city services, which form a comprehensive service portfolio offering to our customers and cover the entire value chain of the property management industry.

- **Property management services:** We provide a variety of property management services to property developers, property owners and residents, which primarily include cleaning, security, gardening and repair and maintenance services. We manage a portfolio of residential and non-residential properties. Our non-residential properties include office buildings, industrial parks, shopping malls, schools, hospitals, scenic spots, government-owned buildings, expressway service stations, rail transit and ferry terminals.
- **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 maintaining and enhancing 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 provide a comprehensive range of value-added services to non-property owners, who primarily include property developers and, to a lesser extent, non-property developers who require certain additional tailored services in respect of their non-residential properties and property management services providers who outsource certain value-added services to us. Our value-added services to non-property owners mainly include (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, which cover on-site inspection services for each unit to provide sufficient recommendations from the end-user's perspective.
- **City services:** We provide a wide range of city services, which mainly include (i) city environmental sanitation; (ii) waste sorting and treatment; (iii) installation of block facilities; (iv) landscaping project; (v) old communities renovation; and (vi) smart block construction.



## Property Management Services

### *Continuous High Quality Growth in Area Size*

The Group has determined to regard the sustainment of the rapid expansion of GFA under management as one of its strategic objectives, and during the first half of 2022, it achieved rapid growth in contracted GFA and GFA under management through multi-wheel drivers. As at 30 June 2022, we had approximately 291.4 million sq.m. of contracted GFA and 1,471 contracted projects, representing an increase of approximately 33.0% and 16.3% respectively as compared with those as at 30 June 2021. As at 30 June 2022, we had approximately 207.9 million sq.m. of GFA under management and 1,113 projects under management, representing an increase of approximately 60.0% and 42.0% respectively as compared with those as at 30 June 2021.

The table below sets forth the changes in our contracted GFA and GFA under management for the six months ended 30 June 2022 and 2021 respectively:

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Contracted GFA</b>	<b>under management</b>	Contracted GFA	GFA under management
	<i>(sq.m. '000)</i>	<i>(sq.m. '000)</i>	<i>(sq.m. '000)</i>	<i>(sq.m. '000)</i>
As at the beginning of the period	<b>270,767</b>	<b>171,037</b>	181,192	101,625
Additions <sup>(1)</sup>	<b>23,198</b>	<b>39,420</b>	40,378	30,710
Terminations <sup>(2)</sup>	<b>(2,523)</b>	<b>(2,523)</b>	(2,490)	(2,376)
<b>As at the end of the period</b>	<b><u>291,442</u></b>	<b><u>207,934</u></b>	<u>219,080</u>	<u>129,959</u>

Notes:

- (1) With respect to our residential and non-residential projects under management, additions primarily included preliminary management contracts for new properties developed by property developers, property management service contracts pursuant to which we replaced the previous property management service providers, and property management contracts acquired through acquisitions of subsidiaries.

- (2) These terminations included our voluntary non-renewals of certain property management services contracts as we reallocated our resources to more profitable engagements in order to optimize our property management portfolio.

### ***Our Geographic Footprint***

Since the Group's inception up to 30 June 2022, we have expanded our geographic footprint from Shanghai to 117 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 the revenue generated from property management services for the six months ended 30 June 2022 and 2021 respectively:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	GFA	Revenue		GFA	Revenue	
<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	
Eastern region <sup>(1)</sup>	<b>113,728</b>	<b>1,096,369</b>	<b>58.0</b>	83,226	794,827	69.3
Northern region <sup>(2)</sup>	<b>28,023</b>	<b>230,288</b>	<b>12.2</b>	13,028	101,121	8.8
Central Southern region <sup>(3)</sup>	<b>35,865</b>	<b>258,888</b>	<b>13.7</b>	15,714	108,345	9.4
Western region <sup>(4)</sup>	<b>24,569</b>	<b>225,983</b>	<b>11.9</b>	13,757	114,490	10.1
Northeastern region <sup>(5)</sup>	<b>5,749</b>	<b>80,225</b>	<b>4.2</b>	4,234	27,927	2.4
<b>Total</b>	<b><u>207,934</u></b>	<b><u>1,891,753</u></b>	<b><u>100.0</u></b>	<b><u>129,959</u></b>	<b><u>1,146,710</u></b>	<b><u>100.0</u></b>

Notes:

- (1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Dezhou, Zhenjiang, Xuzhou, Nanjing, Hangzhou, Jiaying, Huzhou, Ningbo, Fuzhou, Xiamen, Chuzhou, Wuhu, Hefei, Heze, Qingdao, Wuxi, Taizhou, Zhangzhou, Huainan, Wenzhou, Nantong, Quzhou, Jinan, Jining, Changzhou, Jinhua, Shishi, Weifang, Binzhou, Yantai, Quanzhou, Fuyang, Shaoxing, Yangzhou, Bengbu, Chizhou, Linyi, Taizhou, Weihai, Suqian, Xuancheng, Zibo, Huaian, Lianyungang, Yancheng, Huangshan, Jiujiang, Anqing and Dongying.

- (2) Cities in the northern region in which we have property management projects include Beijing, Tianjin, Langfang, Shijiazhuang, Taiyuan, Hohhot, Tangshan, Cangzhou, Handan, Baotou and Xianning.
- (3) Cities in the central southern region in which we have property management projects include Wuhan, Changsha, Guangzhou, Guilin, Foshan, Yichang, Shaoyang, Hengyang, Shaoguan, Zhengzhou, Jiangmen, Nanning, Dongguan, Sanya, Huanggang, Zhongshan, Yueyang, Huizhou, Nanchang, Luoyang, Nanyang, Zhuzhou, Xuchang, Luohe, Liuzhou, Shenzhen, Changde, Loudi, Zhoukou, Xiangtan, Jingzhou and Xinxiang.
- (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, Baoji, Weinan, Urumqi, Xining, Lanzhou, Datong, Zaozhuang, Haidong and Meishan.
- (5) Cities in the northeastern region in which we have property management projects include Shenyang, Dalian, Changchun and Panjin.

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

#### **Growing together with CIFI Group**

As a long-term service partner of CIFI Holdings (Group) Co. Ltd. (“**CIFI Holdings**”) (Stock Code: 00884) and its subsidiaries (together “**CIFI Group**”), our services are widely recognized by them and we have also built up a consolidated collaborative partnership with CIFI Group and benefited from its business stability and the diversified development of its “property+” segment.

According to the announcements of CIFI Holdings dated 10 July 2022 and 19 August 2022, CIFI Group recorded an aggregate contracted sales cash inflow exceeding RMB74 billion from January to June 2022, and it is expected to record, for the six month ended 30 June 2022, net profit ranging from approximately RMB1,500 million to RMB2,200 million (unaudited).

### **Seize Development Opportunities in Independent Third-Party Markets**

As one of the most important drivers of the Company's four-wheel driven strategy, we have been actively exploring third-party markets in a diversified manner to increase our market share by expanding our resources to different independent markets. Our main targets for market expansion include independent regional property developers, property owners' committees and local governments. 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 2022, we acquired premium first-hand projects such as Tianshui Hengtong Yuefu (天水恒通悦府) and Guilin Shanshui Huating (桂林山水華庭). 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 2022, we acquired premium second-hand projects such as Meituan Decentralised Workplace Project (美團分散式職場項目), and Shanghai Impression European City (上海印象歐洲城) through public tender. We also participated in government procurement, including tenders for public construction projects such as sports stadiums, rail transit, transportation hub points and office buildings. In the first half of 2022, we acquired premium public construction projects such as Liming Vocational University (黎明職業大學), Jiashan First People's Hospital (嘉善縣第一人民醫院) and Chongqing Rongchang District Administration Centre(重慶市榮昌區行政中心).

Meanwhile, we are actively seeking opportunities to enter into strategic partnerships with various property developers and set up joint ventures to provide property management services. As at 30 June 2022, we have successfully entered into strategic partnerships with 27 property development companies or city construction investment companies, giving us priority access to the management rights of properties developed by these strategic partners.

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

### **Strategic Mergers and Acquisitions**

In the first half of 2022, another multi-point outbreak of the COVID-19 pandemic in China caused significant hindrance to our progress in advancing the merger and acquisition projects, but strategic mergers and acquisitions remains an extremely important part of our development process. In January 2022, the Group completed the acquisition of 100% equity interests in Zhengzhou Jinyi Property Service Co., Ltd.\* (鄭州錦藝物業服務有限公司) (“**Zhengzhou Jinyi**”), which is a reputable property management service provider in Henan Province. Based on the good integration effect and experience of past merger and acquisition projects and the strategic need for long-term development, we will still actively promote the gradual implementation of merger and acquisition projects.

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)” in mergers and acquisitions. Through mergers and acquisitions, the Group has been able to increase our concentration in key cities and strengthen our regional scale. At the same time, through strategic mergers and acquisitions of different property types, we have been able to quickly break down barriers and strengthen the layout and service capacity of various property types.

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

	As at 30 June			
	2022		2021	
	GFA <i>sq.m. '000</i>	%	GFA <i>sq.m. '000</i>	%
CIFI Group <sup>(1)</sup>	35,759	17.2	24,101	18.5
Third-party property developers <sup>(2)</sup>	172,175	82.8	105,858	81.5
<b>Total</b>	<b>207,934</b>	<b>100.0</b>	<b>129,959</b>	<b>100.0</b>

(1) Included properties solely developed by CIFI Group and properties jointly developed by CIFI Group and other property developers (CIFI Group held a controlling interest in such properties).

(2) Referred 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 (CIFI Group did not hold a controlling interest in such properties).

### ***Consolidating our Position as a Comprehensive Property Management Services Provider***

We manage a wide range of properties, including residential and non-residential properties. We have accumulated tremendous experience in managing non-residential properties, including office buildings, shopping malls, industrial parks, hospitals and schools. Meanwhile, with the further opening up of the non-residential market, we were 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 expressway services stations, subway rail transit, tourist scenic spots and large corporate office parks, etc. We treat 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 2022, non-residential properties accounted for approximately 37.6% in our GFA under management, while that was 34.4% as at 31 December 2021.

The table below sets forth a breakdown, by different types of properties, of our total GFA under management as at the dates indicated and revenue from property management services generated therefrom for the six months ended 30 June 2022 and 2021 respectively:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	GFA	Revenue		GFA	Revenue	
	sq.m. '000	RMB'000	%	sq.m. '000	RMB'000	%
Residential properties	129,778	986,138	52.1	87,491	687,997	60.0
Non-residential properties	78,156	905,615	47.9	42,468	458,713	40.0
<b>Total</b>	<b>207,934</b>	<b>1,891,753</b>	<b>100.0</b>	<b>129,959</b>	<b>1,146,710</b>	<b>100.0</b>

### ***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 2022 and 2021 respectively:

	As at 30 June or for the six months ended 30 June					
	2022			2021		
	GFA	Revenue		GFA	Revenue	
	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>	<i>sq.m. '000</i>	<i>RMB'000</i>	<i>%</i>
Lump sum basis	207,276	1,891,290	100.0	128,124	1,145,050	99.9
Commission basis	658	463	—	1,835	1,660	0.1
<b>Total</b>	<b>207,934</b>	<b>1,891,753</b>	<b>100.0</b>	<b>129,959</b>	<b>1,146,710</b>	<b>100.0</b>

### **Community Value-Added Services**

In the first half of 2022, various community value-added services struggled to advance amidst the challenges of the unexpected multi-point outbreak of the COVID-19 pandemic in China. Despite such challenges, the Company still recorded an increase in revenue from community value-added services by approximately 4.9% to approximately RMB545.2 million as compared with that of approximately RMB519.7 million for the corresponding period in 2021, mainly due to the expansion in scale of our GFA under management and the growth in the number of households served.

Promoting rapid development of community value-added services to establish a value-added service development system is one of the Group's key strategic development directions. We adhered to the concept of "something must be done and some must not be done (有所為、有所不為)" and developed value-added service products which are 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 the quality of talents, we continued to deepen our research on community conditions and targeted service groups, and proceeded from multiple dimensions including demand identification, product and service design, channel and supplier selection, as well as marketing plan formulation. We set up the “Good Things Institute” to increase our exploration of the needs of different property types and the potential needs and service approaches that may exist for property owners and tenants after the COVID-19 pandemic, such as providing pandemic prevention and disinfection service packages for shopping malls and office buildings, and self-operated home services. In the first half of 2022, the revenue generated from community value-added services accounted for 17.3% of our total revenue, and the Group will continue to adhere to the strategy of promoting community value-added services.

We adhered to our strategy of “Platform + Ecosystem” by applying Business Units (“BU”) approach to our growing specialized business. Through adopting the expanding community as a platform base and providing specialized assistance, we enabled our specialized BU to grow up independently on such platform. In the first half of 2022, on the basis of the successful development of such BU as community maintenance and repairing, home decoration, and property agency services, we further promoted the development of our home service business, put more efforts into our strategic focus and re-engineered our products and business models. In the future, we will continue to promote the application of the BU approach to value-added business 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 2022 and 2021 respectively:

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<i><b>RMB'000</b></i>	<i><b>%</b></i>	<i><b>RMB'000</b></i>	<i><b>%</b></i>
Home-living services <sup>(1)</sup>	<b>325,423</b>	<b>59.7</b>	279,826	53.8
Parking unit management and leasing services <sup>(2)</sup>	<b>61,843</b>	<b>11.3</b>	59,469	11.5
Property agency services <sup>(3)</sup>	<b>102,667</b>	<b>18.9</b>	149,861	28.8
Common area value-added services <sup>(4)</sup>	<b>55,273</b>	<b>10.1</b>	30,503	5.9
<b>Total</b>	<b><u>545,206</u></b>	<b><u>100.0</u></b>	<b><u>519,659</u></b>	<b><u>100.0</u></b>

Notes:

- (1) This primarily included 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 included fees received from leasing and management of parking units.
- (3) This primarily included agency sales and agency leasing of apartments and parking unit.
- (4) This primarily included service income received from leasing and management of common areas.

## Value-Added Services to Non-Property Owners

We provide value-added services to non-property owners, which comprise sales assistance services that primarily include 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 2022, revenue from value-added services to non-property owners increased by 38.1% to approximately RMB540.5 million as compared with that of RMB391.3 million for the corresponding period in 2021, mainly due to the increase in the number of projects developed by CIFI Group and our partner property developers. Under the guidance of the “Vertical Industry Chain Expansion Strategy”, we have enhanced professionalism level and service capacity. Along with providing services to CIFI Group, we have also been invited to provide value-added services to third-party property developers. During the Period, the revenue from value-added services to non-property owners accounted for 17.1% 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 2022 and 2021 respectively:

	For the six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales assistance services	<b>175,371</b>	<b>32.4</b>	164,829	42.1
Additional tailored services	<b>240,735</b>	<b>44.5</b>	139,647	35.7
Preliminary planning and design				
consultancy services	<b>41,621</b>	<b>7.7</b>	42,087	10.8
Housing repair services	<b>61,344</b>	<b>11.4</b>	29,822	7.6
Pre-delivery inspection services	<b>21,403</b>	<b>4.0</b>	14,964	3.8
<b>Total</b>	<b>540,474</b>	<b>100.0</b>	391,349	100.0

## City Services

With the continuous development of social governance and the socialisation of logistic services for the authorities, we have gradually expanded our services from the traditional residential property sector to the non-residential sector and then to the operation of city services based on the market demand and the development direction of the Company's "big property services (大物業)" strategy. Since 2020, we have acquired project management rights and experience in city services through strategic cooperation with regional urban investment platforms such as Shanghai Lingang New City Investment & Construction Co., Ltd.\* (上海臨港新城投資建設有限公司) and Wuxi Huishan State-owned Investment Holding Group Co., Ltd.\* (無錫市惠山國有投資控股集團有限公司), and further built up our professional capabilities in city services through the acquisition and integration of Hunan Meizhong Biophysical Environment Technology Co., Ltd.\* (湖南美中環境生態科技有限公司) ("**Meizhong Environment**") in 2021.

We launched the Company's mission "Building Better Lives" at the initial stage of our listing, and in 2020, we first announced the Company's vision to "Grow into A Customer-preferred Smart City Service Brand". After continuous exploration and research, we have positioned the Company's city services in three directions: city municipal services butler focusing on environmental sanitation and greening, old community renovation services; urban asset management assistant serving urban idle space and area resource management; urban future development partner serving smart city construction.

## **FUTURE OUTLOOK**

The outbreak of the COVID-19 has brought great challenges to society and disrupted economic activities. As a responsible property management company, we bravely undertook responsibilities and spared no efforts on actively participating in community work of the front line to fight the disease, while always putting the safety of our employees as 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, reputation and brand image we have established will be a continuous growth driver for us and will pave the way for the long-term development of the Group. Facing the new challenges and opportunities in the future, the management of the Group will lead our staff to overcome obstacles and march forward with determination in line with set goals.

### **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 engagements through tendering and bidding and achieve quality improvement. We intend to further increase our business footprint and project density in strategic locations with high population density and consumption capacity. 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 and its "concentric circles strategy (同心圓戰略)". Based on the Group's strong brand, we have also established strategic alliances with property developers and urban construction investment companies to provide property management services for their projects and enter new markets with potential for development. In addition, we will seize opportunities in the industry by making strategic acquisitions to complement sectors and deepen scales, so as to quickly strengthen our service capabilities in various sectors by closing the gaps. 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, and we also plan to provide consultancy services to local property management companies to expand our business and enhance our brand awareness.

Community value-added services have always been our strategic focus “to make the platform bigger and stronger, and to make the ecosystem better and more thorough (做大做強平台、做優做透生態)”. We will continue to implement the specialized BU system and operate the specialized business after validation of business logic in an independent manner with more focus, professionalism and talent. We hope to increase our market penetration rate and reach out to the common needs of property owners in a better and broader way.

### **Continuing to Bring in Talents and Upgrade Organization**

We continue to bring in premium young blood to the Group through our “Endless Dynamic (永動力)” campus recruitment programme. As we expand our management scale and upgrade our service offerings, we further expanded our school admissions in 2022 to nurture dedicated talents for the Group's “1st Five-year Strategy (一五戰略)” and longer-term future. For our senior management, we have continued to implement our strategy of “vacating cage to change bird (騰籠換鳥)”, aiming to build a genuine senior management team with vision and consensus. We also give our middle-level management sufficient room for growth and professional training in various business areas. We have been building an all-round organization at different levels to activate team dynamics.

## **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. In 2019, we established Linjiu Intelligent Technology Co., Ltd.\* (霖久智慧科技有限公司) with the aim to enhance our service quality management with digital construction and to enable technology to drive the property revolution.

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.

## FINANCIAL REVIEW

### Revenue

During the Period, due to our continuous multi-wheel driven business development, the Group's revenue amounted to approximately RMB3,162.9 million, representing an increase of 53.6% from approximately RMB2,058.6 million for the corresponding period in 2021.

Revenue of the Group by business line was as follows:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Property management services	1,891,753	59.8	1,146,710	55.7
Community value-added services	545,206	17.3	519,659	25.2
Value-added services to				
non-property owners	540,474	17.1	391,349	19.1
City services	184,471	5.8	—	—
Others	970	—	931	—
<b>Total revenue</b>	<b>3,162,874</b>	<b>100.0</b>	<b>2,058,649</b>	<b>100.0</b>

The property management services business is still our largest source of income. During the Period, the revenue from property management services was approximately RMB1,891.8 million, accounting for 59.8% 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 207.9 million sq.m. as at 30 June 2022, while that was approximately 130.0 million sq.m. as at 30 June 2021. 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 Period:

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
CIFI Group <sup>(1)</sup>	<b>514,738</b>	<b>27.2</b>	359,806	31.4
Third-party property developers <sup>(2)</sup>	<b>1,377,015</b>	<b>72.8</b>	786,904	68.6
<b>Total revenue</b>	<b><u>1,891,753</u></b>	<b><u>100.0</u></b>	<b><u>1,146,710</u></b>	<b><u>100.0</u></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 Period, the Group was committed to expand the sources of revenue from value-added services and the revenue from value-added services continued to record an upward trend.

The revenue from community value-added services increased from approximately RMB519.7 million for the six months ended 30 June 2021 to approximately RMB545.2 million for the six months ended 30 June 2022, representing an increase of approximately 4.9%. Such increase was mainly due to the increase in home-living services and common area value-added services, which was brought about by the growth of our GFA under management and the customer base we served. Although our decoration services business and property agency services business were affected by COVID-19 and the weakened property market in China during the Period, we will further develop specialized value-added services to meet diversified customer needs.

The revenue from value-added services to non-property owners increased by approximately 38.1% from approximately RMB391.3 million for the six months ended 30 June 2021 to approximately RMB540.5 million for the six months ended 30 June 2022, which was mainly driven by the increase in the revenue generated from additional tailored services and housing repair services. During the Period, we further strengthened our cooperation relationship with partner property developers and provided them with professional and quality services, and we also developed fitting-out business since the second half of 2021.

In October 2021, the Group officially stepped into the city services business in the PRC by acquiring Meizhong Environment, which is a reputable environmental sanitation service provider. During the Period, the revenue generated from city services was approximately RMB184.5 million.

#### **Cost of services**

Cost of services increased by approximately 62.9% from approximately RMB1,442.3 million for the six months ended 30 June 2021 to approximately RMB2,350.0 million for the six months ended 30 June 2022, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. 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 31.9% from approximately RMB616.3 million for the six months ended 30 June 2021 to approximately RMB812.9 million for the six months ended 30 June 2022.

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

	For the six months ended	
	30 June	
	2022	2021
Property management services	23.5%	23.5%
Community value-added services	42.6%	46.5%
Value-added services to non-property owners	22.5%	26.6%
City services	7.2%	N/A
<b>Overall</b>	<b>25.7%</b>	<b>29.9%</b>

During the Period, the gross profit margin of the Group was 25.7%, representing a decrease of 4.2 percentage point as compared with that of 29.9% for the corresponding period in 2021, which was primarily due to the decrease in gross profit margin of our community value-added services and value-added services to non-property owners, as well as the introduction of city services which has a relatively lower gross profit margin.

The gross profit margin of property management services was 23.5%, which remained stable as compared with that for the corresponding period in 2021.

The gross profit margin of community value-added services was 42.6%, representing a decrease as compared to that of 46.5% for the corresponding period in 2021, which was mainly due to the decrease in the proportion of revenue from property agency services which has a relatively higher gross profit margin.

The gross profit margin of value-added services to non-property owners was 22.5%, representing a decrease as compared to that of 26.6% for the corresponding period in 2021, which was mainly due to the weak condition of China's property development market.

### **Other income and other gains and losses**

During the Period, the Group's other income and other gains and losses amounted to approximately RMB74.9 million, representing an increase of approximately 43.2% from approximately RMB52.3 million for the corresponding period in 2021, primarily due to an increase in gain from fair value changes of financial assets at fair value through profit and loss ("FVTPL"), bank interest income, as well as government grants.

### **Administrative and selling expenses**

During the Period, the Group's total administrative and selling expenses amounted to approximately RMB266.5 million, representing an increase of approximately 30.6% from approximately RMB204.1 million for the corresponding period in 2021, which was mainly due to the increase of personnel investment caused by the increase in the headcount of administrative and sales staff as a result of the growth of our business volume. The Group attached great importance to improving management efficiency. During the 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 Period, the Group recorded other expenses of approximately RMB1.9 million, representing a decrease of approximately 36.7% from that of approximately RMB3.0 million for the corresponding period in 2021.

### **Profit before income tax expense**

During the Period, the profit before income tax expense was approximately RMB565.3 million, representing an increase of approximately 32.8%, as compared with that of approximately RMB425.7 million for the six months ended 30 June 2021.

### **Income tax expense**

During the Period, the Group's income tax expense was approximately RMB127.9 million, representing 22.6% of the profit before income tax expense, compared with that of approximately RMB103.7 million, representing 24.4% of the profit before income tax expense for the six months ended 30 June 2021. The lower income tax rate during the Period was due to the increase in the number of Company's subsidiaries with preferential tax rate of 15%.

### **Profit attributable to owners of the Company**

The profit attributable to owners of the Company for the six months ended 30 June 2022 was approximately RMB377.4 million, representing an increase of approximately 33.4%, as compared with that of approximately RMB283.0 million for the corresponding period in 2021.

### **Property, plant and equipment**

Property, plant and equipment of the Group mainly consisted of buildings, leasehold improvements, computer equipment, transportation equipment, as well as other fixed assets. As at 30 June 2022, the Group's property, plant and equipment amounted to approximately RMB112.7 million, representing a slight increase from that of approximately RMB112.3 million as at 31 December 2021.

## **Investment properties**

Our investment properties mainly comprised parking spaces and storage rooms at the properties we owned. As at 30 June 2022, the Group's investment properties amounted to approximately RMB55.0 million, representing a slight decrease from approximately RMB59.0 million as at 31 December 2021.

## **Intangible assets**

The Group's intangible assets mainly comprised property management contracts and customer relationship attributable to acquired companies, and information technology systems. As at 30 June 2022, the Group's intangible assets amounted to approximately RMB370.7 million, representing a slight decrease from approximately RMB371.7 million as at 31 December 2021.

## **Goodwill**

As at 30 June 2022, the Group's goodwill amounted to approximately RMB1,454.7 million, representing an increase from approximately RMB1,343.7 million as at 31 December 2021. This increase in goodwill was mainly a result of the acquisition of Zhengzhou Jinyi.

## **Trade and bill receivables**

As at 30 June 2022, trade and bills receivables of the Group amounted to approximately RMB1,269.6 million, representing an increase from approximately RMB788.3 million as at 31 December 2021, which was consistent with the increase in our revenue.

### **Prepayments and other receivables**

Our prepayments and other receivables mainly consisted 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 2022, our prepayments and other receivables amounted to approximately RMB627.3 million, representing an increase from approximately RMB536.1 million as at 31 December 2021, which was mainly due to the growth of our business.

### **Bank balances, deposits and cash**

As at 30 June 2022, the Group's bank balances, deposits and cash were approximately RMB3,854.3 million, representing a decrease from approximately RMB3,985.0 million as at 31 December 2021.

### **Trade payables**

As at 30 June 2022, trade payables of the Group amounted to approximately RMB901.3 million, representing an increase from approximately RMB586.4 million as at 31 December 2021, which was mainly a result of the scale-up of our business and the increase of the sub-contracting cost as we continued to sub-contract certain services to third parties to optimize our operations.

### **Accruals and other payables**

As at 30 June 2022, our accruals and other payables were approximately RMB1,176.7 million, representing an increase from approximately RMB1,106.3 million as at 31 December 2021, which was mainly due to the increase of other payables caused by the expansion of our management scale and 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 2022, our contract liabilities amounted to approximately RMB613.4 million, representing an increase from approximately RMB597.3 million as at 31 December 2021, primarily due to the increase in our GFA under management and our customer base during the Period.

## **Cash flows**

During the six months ended 30 June 2022, net cash inflow from operating activities of the Group amounted to approximately RMB134.4 million, representing a decrease from that of approximately RMB425.3 million for the corresponding period in 2021, which was mainly attributable to the increase of trade and bills receivables.

During the six months ended 30 June 2022, net cash outflow from investing activities amounted to RMB17.9 million, representing a decrease from that of approximately RMB440.5 million for the corresponding period in 2021, which was mainly due to the decrease in consideration payment for the acquisition of subsidiaries.

Net cash outflow from financing activities amounted to approximately RMB248.0 million for the six months ended 30 June 2022, representing an increase from that of approximately RMB152.3 million for the corresponding period in 2021. The higher cash outflow from financing activities was mainly due to the increase in dividends payment.

## **Gearing ratio and the basis of calculation**

As at 30 June 2022, the gearing ratio of the Group was 0.6% (31 December 2021: 0.03%). 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 2022, the Group's cash and bank balances were mainly held in Renminbi and Hong Kong dollar, and the Group's borrowings were denominated in Renminbi with approximately RMB28.9 million at fixed interest.

As at 30 June 2022, equity attributable to owners of the company amounted to approximately RMB4,618.8 million, compared to approximately RMB4,443.8 million as at 31 December 2021.

Financial position of the Group remained stable. As at 30 June 2022, the Group's net current assets was approximately RMB2,948.4 million, compared to approximately RMB2,890.9 million as at 31 December 2021.

## **Liquidity and financial resources**

During the Period, the Group's principal use of cash was working capital, which was mainly funded from cash flow from operations, proceeds raised from the initial public offering of the Company (the "IPO") and other fundraising activities conducted. 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 our other fundraising activities conducted to finance some of our capital expenditures.

As at 30 June 2022, the Group's borrowings amounted to RMB28.9 million (31 December 2021: RMB1.4 million). 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 2022.

### **Pledging of assets**

As at 30 June 2022, the Group had pledged self-owned properties with carrying amounts of approximately RMB2.0 million (31 December 2021: RMB2.7 million) and vehicles with carrying amounts of approximately RMB18.4 million (31 December 2021: nil), respectively, to secure borrowings granted to the Group.

### **Contingent liabilities**

As at 30 June 2022, the Group had no material contingent liabilities which have not been properly accrued for. The Group is involved in certain legal claims that have arisen during our usual and ordinary cause of business. 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.

### **Interest rate risk**

As the Group has no significant interest-bearing assets and liabilities other than bank deposits and borrowings, 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. Our 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 are denominated in Renminbi. Certain bank balances are denominated in Hong Kong dollar and US dollar. 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 2022, the Group had 18,502 employees (31 December 2021: 16,709 employees).

## **Use of proceeds raised from IPO**

On 17 December 2018, the issued shares of the Company (the “**Shares**”) were successfully listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Our 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 of the Company dated 4 December 2018, we intended to use (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 be used for acquiring or investment 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 2022, our planned use and actual use of the Net Proceeds was as follows:

	Percentage of Net Proceeds	Allocation of Net Proceeds (HK\$ million)	Net Proceeds		Unutilised (as at 30 June 2022) (HK\$ million)	Expected timeline for the unutilised Net Proceeds
			Utilised during the six months ended 30 June 2022 (HK\$ million)	Utilised (up to 30 June 2022) (HK\$ million)		
To pursue strategic acquisition and investment opportunities	55%	375.6	—	375.6	—	N/A
To leverage the most updated internet and information technologies and build a smart community	26%	177.6	29.0	108.3	69.3	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	1.0	8.8	52.7	By 31 December 2022
For general corporate purposes and working capital	10%	68.3	—	68.3	—	N/A
	<b>100%</b>	<b>683.0</b>	<b>30.0</b>	<b>561.0</b>	<b>122.0</b>	

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.

### **2020 Placing and 2020 Subscription**

On 4 June 2020, the Company, Elite Force Development and three placing agents entered into a placing and subscription agreement (the “**2020 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development has agreed to appoint these placing agents, and these 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 placing price of HK\$11.78 per Share (the “**2020 Placing Price**”) (the “**2020 Placing**”); 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 subscription price of HK\$11.78 per Share (being the same as the 2020 Placing Price) (the “**2020 Subscription**”).

The 2020 Placing Price was HK\$11.78 per Share and represented (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 2020 Placing and Subscription Agreement (the “**2020 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 2020 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 2020 Last Trading Day.

Completion of the 2020 Placing and the 2020 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 2020 Placing Price of HK\$11.78 per Share to no less than six (6) independent places, and a total of 134,000,000 new Shares (equal to the number of the existing Shares successfully placed under the 2020 Placing) were subscribed by Elite Force Development at the subscription price of HK\$11.78 per Share.

The Company received net proceeds from the 2020 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 2020 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2020 Subscription was as follows:

	Net proceeds from the 2020 Subscription					Expected timeline for the unutilised net proceeds
	Percentage of net proceeds	Allocation of net proceeds (HK\$ million)	Utilised during the six months ended 30 June 2022 (HK\$ million)	Utilised (up to 30 June 2022) (HK\$ million)	Unutilised (as at 30 June 2022) (HK\$ million)	
Strategic acquisition and investment opportunities	80%	1,251.6	142.2	1,244.6	7.0	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>142.2</u>	<u>1,479.3</u>	<u>85.2</u>	

## **2021 Placing and 2021 Subscription**

On 23 October 2021, the Company, Elite Force Development and two placing agents entered into a placing and subscription agreement (the “**2021 Placing and Subscription Agreement**”), pursuant to which, (a) Elite Force Development has agreed to appoint these placing agents, and these placing agents have agreed to act as agents of Elite Force Development on a several (but not joint nor joint and several) basis to procure purchasers, on a best effort basis, to purchase a total of 83,520,000 existing Shares at the placing price of HK\$15.76 per share (the “**2021 Placing Price**”) (the “**2021 Placing**”); 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 83,520,000 new Shares at the subscription price of HK\$15.76 per share (being the same as the 2021 Placing Price) (the “**2021 Subscription**”).

The 2021 Placing Price was HK\$15.76 per Share and represented (i) a discount of approximately 8.80% to the closing price of HK\$17.28 per Share as quoted on the Stock Exchange on 22 October 2021, being the last trading day prior to the signing of the 2021 Placing and Subscription Agreement (the “**2021 Last Trading Date**”); (ii) a discount of approximately 4.67% to the average closing price of HK\$16.53 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the 2021 Last Trading Day; and (iii) a discount of approximately 2.60% to the average closing price of HK\$16.18 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the 2021 Last Trading Day.

Completion of the 2021 Placing and the 2021 Subscription took place on 27 October 2021 and 1 November 2021, respectively. A total of 83,520,000 existing Shares have been successfully placed at the 2021 Placing Price of HK\$15.76 per Share to no less than six (6) independent places, and a total of 83,520,000 new Shares (equal to the number of the existing Shares successfully placed under the 2021 Placing) were subscribed by Elite Force Development at the subscription price of HK\$15.76 per Share.

The Company received net proceeds from the 2021 Subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) of approximately HK\$1,304,000,000 and intended to use the net proceeds from the 2021 Subscription for possible business development or investments in the future when opportunities arise and as working capital and general corporate purposes. Details of the planned use and actual use of net proceeds from the 2021 Subscription was as follows:

	Net proceeds from the 2021 Subscription					Expected timeline for the unutilised net proceeds
	Percentage of net proceeds	Allocation of net proceeds (HK\$ million)	Utilised during the six months ended 30 June 2022 (HK\$ million)	Utilised (up to 30 June 2022) (HK\$ million)	Unutilised (as at 30 June 2022) (HK\$ million)	
Strategic acquisition and investment opportunities	65%	847.6	—	—	847.6	By 31 December 2025
Working capital and general corporate purposes	35%	456.4	456.4	456.4	—	By 31 December 2025
	<u>100%</u>	<u>1,304.0</u>	<u>456.4</u>	<u>456.4</u>	<u>847.6</u>	

## CHANGE IN CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution passed by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 7 June 2022, the Memorandum of Association of the Company (the “**Memorandum**”) and the Articles of Association of the Company (the “**Articles**”) were amended and restated with effect from 7 June 2022. For details of the amendments to the Memorandum and Articles and the adoption of the amended and restated Memorandum and Articles, please refer to the circular of the Company dated 26 April 2022 and the poll results announcement of the Company dated 7 June 2022.

An up-to-date copy of each of the Memorandum and Articles is available on the websites of the Company and the Stock Exchange.



## **INTERIM DIVIDEND**

The Board has resolved to pay an interim dividend of HK\$0.074 per ordinary share of the Company for the six months ended 30 June 2022. The interim dividend is expected to be paid on 22 September 2022 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company after the close of business on 9 September 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 8 September 2022 to 9 September 2022, both days inclusive and during which period no transfer of the Shares will be effected, for the purpose of ascertaining Shareholders’ entitlement to the interim dividend. In order to establish entitlements to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 pm on 7 September 2022.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions of Part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2022.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

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. 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, and communicating independently with, monitoring and verifying the work of internal audit and external auditors. The Audit Committee has reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board has not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. The Audit Committee has also reviewed the unaudited interim results for the six months ended 30 June 2022. In addition, the Company's auditor, Deloitte Touche Tohmatsu, has reviewed the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2022. There are proper arrangements for employees to raise concerns, in confidence, about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

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

Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 2 June 2021, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 167,040,000 Shares, representing 10% of the total number of Shares in issue as at 2 June 2021 (the “**Buy-back Mandate**”). During the Period, pursuant to the Buy-back Mandate, the Company bought back an aggregate of 1,982,000 of its Shares on the Stock Exchange at a total consideration of approximately HK\$21,109,400, exclusive of commissions and other expenses.

Details of the Share buy-backs were as follows:

Date of buy-backs	Number of Shares bought back	Consideration per Share		Total consideration paid for the buy-backs
		Highest price paid <i>HK\$</i>	Lowest price paid <i>HK\$</i>	<i>HK\$</i>
4 January 2022	370,000	11.40	11.34	4,217,160
5 January 2022	456,000	11.00	10.86	4,987,960
1 April 2022	194,000	10.20	10.16	1,977,800
7 April 2022	166,000	11.96	11.92	1,981,800
21 April 2022	190,000	10.50	10.48	1,994,600
22 April 2022	194,000	10.24	10.2	1,984,160
25 April 2022	208,000	9.56	9.55	1,987,800
29 April 2022	204,000	9.70	9.69	1,978,120
<b>Total</b>	<b><u>1,982,000</u></b>			<b><u>21,109,400</u></b>

A total of 1,384,000 Shares bought back by the Company on 16 September 2021, 17 December 2021, 20 December 2021, 4 January 2022 and 5 January 2022 were cancelled on 3 March 2022.

The Shares bought back by the Company on 1 April 2022, 7 April 2022, 21 April 2022, 22 April 2022, 25 April 2022 and 29 April 2022 were not yet cancelled as at 30 June 2022 or as at the date of this announcement.

## **EVENTS AFTER THE PERIOD**

The Group has no material events after the Period that is required to be disclosed subsequent to 30 June 2022 and up to the date of this announcement.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim report of the Company for the six months ended 30 June 2022, containing all the information required under the Listing Rules, will be dispatched to the Shareholders and published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cifis.com](http://www.cifis.com) in due course. This announcement can also be accessed on these websites.

## **APPRECIATION**

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and Shareholders for their continuous support to the Group. I would also like to extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the Period.

By order of the Board  
**CIFI Ever Sunshine Services Group Limited**  
**Lin Zhong**  
*Chairman*

Hong Kong, 25 August 2022

*As at the date of this announcement, the executive Directors are Mr. LIN Zhong, Mr. ZHOU Hongbin and Mr. ZHOU Di, the non-executive Director is Mr. LIN Feng; and the independent non-executive Directors are Mr. MA Yongyi, Mr. YU Tiecheng and Mr. CHEUNG Wai Chung.*

\* *For identification purposes only*