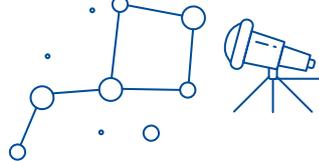






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## CORPORATE INFORMATION

### 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. YU Tiecheng  
Mr. CHEUNG Wai Chung

### COMPANY SECRETARY

Ms. CHAN Yin Wah

### AUTHORISED REPRESENTATIVES

Mr. LIN Zhong  
Ms. CHAN Yin Wah

### 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. YU Tiecheng (*Chairman*)  
Mr. LIN Zhong  
Mr. MA Yongyi

### NOMINATION COMMITTEE

Mr. LIN Zhong (*Chairman*)  
Mr. YU Tiecheng  
Mr. MA Yongyi

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

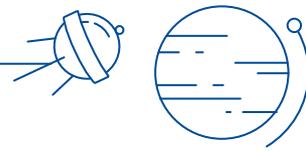
### PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN CHINA

6F, Building 5, Henderson CIFI Center  
Lane 1088, 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





## CORPORATE INFORMATION

### 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

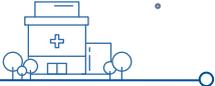
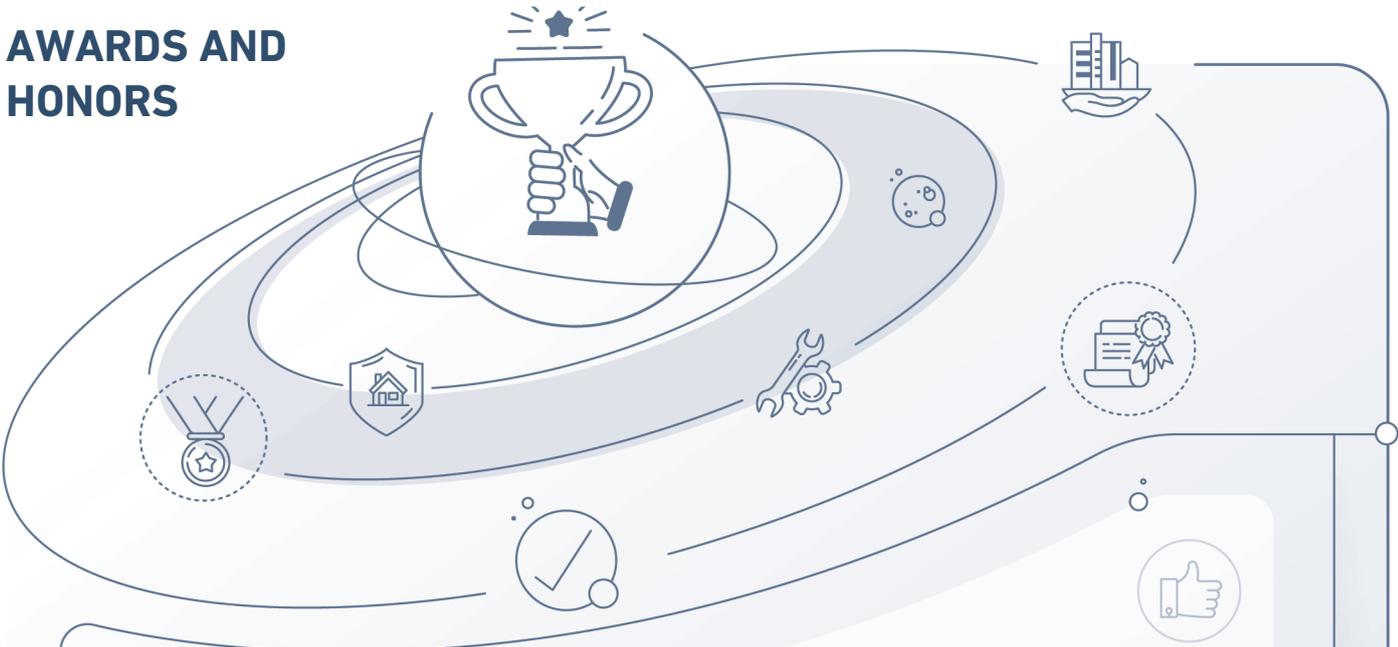
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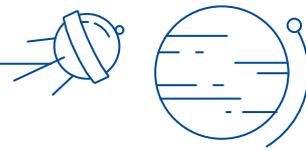
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### WEBSITE

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

# AWARDS AND HONORS



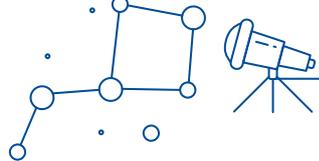


## DEFINITIONS

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

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 company 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 Part 2 of 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

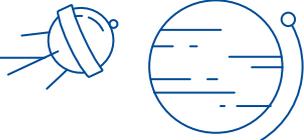




## DEFINITIONS

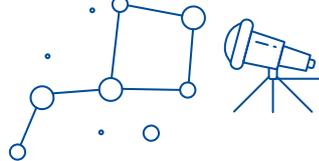
Company, Ever Sunshine, we or us	CIFI Ever Sunshine Services Group Limited (旭辉永升服务集团有限公司) (formerly known as Ever Sunshine Lifestyle Services Group Limited (永升生活服务集团有限公司)), a company incorporated in the Cayman Islands as an exempted company with limited liability on 16 April 2018 and the Shares of which 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
Deed of Non-Competition	the deed of non-competition dated 26 November 2018 given by our Ultimate Controlling Shareholders in favor of the Company (for itself and as trustee for each of the subsidiaries)
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 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





## DEFINITIONS

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
Memorandum	the memorandum of association of the Company (as amended from time to time)
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)
Prospectus	the prospectus of the Company dated 4 December 2018
Remuneration Committee	the remuneration committee of the Company
Renminbi or RMB	the lawful currency of the PRC
Reporting Period	the period from 1 January 2022 to 30 June 2022
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

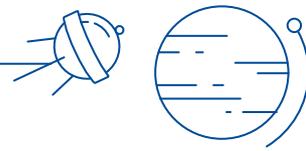


## DEFINITIONS

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
sq.m.	square metres
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategy Committee	the strategy committee of the Company
Substantial shareholder	has the meaning as ascribed thereto under the Listing Rules
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 Group's interim report for the six months ended 30 June 2022, summarizing the Group's achievements and shortcomings during the Reporting Period, while sharing the future plans and developments.

In the first half of 2022, the Group's revenue increased by 53.6% to RMB3,162.9 million. Revenue from our two categories of value-added services increased year-on-year by 19.2% to RMB1,085.7 million, of which revenue from value-added services to non-property owners increased by 38.1% to RMB540.5 million and revenue from community value-added services increased by 4.9% to RMB545.2 million. Meanwhile, revenue from our fourth business, city services, reached RMB184.5 million. This enables us to maintain the overall revenue structure of our four business lines at a good state.

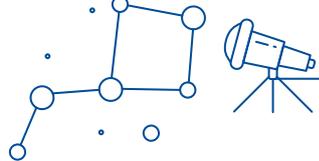
During the Reporting Period, our gross profit increased by 31.9% to RMB812.9 million, resulting in a profit attributable to owners of the Company of RMB377.4 million, representing a year-on-year increase of 33.4%. Net cash inflow from operating activities reached RMB134.4 million. We have continuously achieved high quality profits while maintaining rapid growth for the results.

The growth of area size is one of our current core development goals, and the Group continues its established "four-wheel driven" strategy to steadily expand the scale of GFA under management. In the first half of 2022, due to the ongoing pressure from real estate regulation and control policies and pandemic control policies, the overall scale of new investment in China's real estate market continued to decline, and our new contracted GFA declined to 23.2 million sq.m.. Meanwhile, despite the impact of continued closure and control in multiple locations due to the COVID-19 pandemic, the new contracted GFA from third parties was 20.8 million sq.m., and the corresponding annual saturated contract revenue still reached RMB570.0 million, remaining stable compared to the corresponding period in 2021. Every contract will become a stable reserve for future growth of revenue and profit after being implemented.

As at 30 June 2022, the Group's contracted GFA is approximately 291.4 million sq.m. and GFA under management is approximately 207.9 million sq.m., representing an increase of approximately 33.0% and 60.0% respectively as compared with those as at 30 June 2021

The first half of 2022 was quite a difficult half year for the industry as a whole, with the industry experiencing extremely huge pressures due to the ongoing weakened real estate sector and the repeated impact of COVID-19 pandemic. Our overall business development progress, especially the development of our value-added business, lagged behind, but we still achieved overall relatively stable growth. We believe that through this extreme external challenge, the management team has become more mature in its response experience and long-term planning for future growth. At this point of time, we still continue to maintain an objective perspective and an optimistic attitude towards the future development of the industry. We remain extremely confident in property management service business.





## CHAIRMAN'S STATEMENT

### OBJECTIVE UNDERSTANDING OF THE BUSINESS LOGIC OF PROPERTY MANAGEMENT AND CLARIFICATION OF THE ASSOCIATION BETWEEN PROPERTY MANAGEMENT AND REAL ESTATE DEVELOPMENT INDUSTRY

In the first half of 2022, the property management service industry has encountered great difficulties and criticism, with one of the most important backgrounds being the cyclical crisis in real estate industry. Therefore, it is important to clarify the difference in the nature of real estate development and property management. Unlike real estate development industry where new sales are accumulated from zero at the beginning of each year, the property management business model is a typical "stock + incremental" perpetual, cumulative addition model, with a built-in foundation and base for growth of GFA under management. From the perspective of the market space, real estate is currently only facing an impact on the growth rate, but still against the backdrop of increasing trend in terms of total amount. In the future, there will be a strong demand for property management services, both for new real estate development projects and for the depreciation and iteration of the stocking houses, while there will still be significant incremental growth in public buildings, industrial parks, government and enterprises, city services beyond residential properties. Therefore, objectively speaking, in the face of real estate regulation and the pandemic, the impact will be short-term and limited for real estate development companies that have been listed earlier and have the ability to develop in a mature market.

In the first half of 2022, the revenue derived from our parent company, CIFI Group, amounted to RMB459.6 million, accounting for only 14.5% of our total revenue, and the projects developed by CIFI Group was only accounted for 17.2% of our GFA under management as of 30 June 2022. This is the result of the high discipline principle of "dependence but not reliance" that we and CIFI Group adhered to in the past, so that even if this part of the real estate-related revenue gradually declines, the impact can be contained within safe limits by the Company's own market-oriented expansion and operational capabilities.

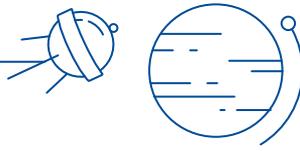
### SEIZING FRIENDLY POLICY OPPORTUNITIES TO CONSOLIDATE TALENT AND ORGANIZATIONAL COMPETITIVENESS

Property management-related friendly policies continue to be promulgated, and in recent years, governments at all levels have enacted a number of encouraging and supportive policies related to property management service industry, in order to promote the property management industry towards a healthy and regulated track. Property management enterprise, as one of the three driving forces of the social self-governance structure (neighbourhood committees, property owners' committees and property management enterprises), has begun to play an increasingly important role in maintaining social stability and grassroots services. Especially after the impact of ongoing pandemic, it has become clear the indispensability of property management and the development direction of good quality and good price.

At the same time, along with the adjustment in the real estate industry and the impact of COVID-19 pandemic, the adsorption capacity of talents in the property management industry is gradually improving. On the one hand, we take this opportunity to absorb some quality talents one after another to continuously optimize our talent capability structure and better create the needs for future corporate growth. On the other hand, against the backdrop of slowing socio-economic growth, we insisted on campus recruitment to upgrade and optimize our talent structure. Over 300 fresh university graduates joined the Group as "Endless Dynamic (永動力)" in July 2022, becoming a strong reserve force to drive continuous evolution for Ever Sunshine.

In May 2022, when the COVID-19 pandemic was raging, we promoted the establishment of the Employee Mutual Aid Foundation and over 4,800 employees joined it. We insist on treating our employees with warmth and kindness, so that their welfare can be more protected, and we believe that after this cycle of major adjustments, the endurance, professionalism and fighting strength of our organization will be effectively strengthened and consolidated.





## TARGETED LAYOUT OF THE BUSINESS AND ADHERENCE TO EFFECTIVE SCALE EXPANSION

The vitality and extension capability of property management industry continues to develop. Property management services started from residential management in the 1980s and slowly developed to commercial buildings, and then to public buildings, government and enterprises, and city services, etc. In terms of the layout and increment of the industry, the relevant industry chain extends continuously, for example, many enterprises now start to provide group meal business, these originally belong to new service categories and contents, but have shown extremely strong vitality in the property management industry.

However, this does not mean that we want to be large and all-inclusive. The Group has always insisted that the service capability of any company has boundaries, and we do not need to try out or extend many new businesses quickly. The Company's existing services are sufficiently diverse. We insist on doing a business thoroughly within the boundary of our capability, and then gradually extend around the circle of capability to form a competitive pattern and relative advantage of "one super and many strong" (一超多強) in the layout of the business. At this stage, we are restraining the urge to expand rapidly, not to do too much, not to create a lack of service quality and service characteristics, and to focus more on professional and industry segmentation, which remains our future development strategy and direction.

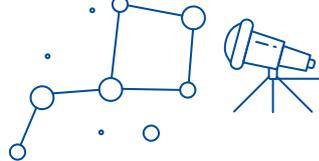
For example, along with the expansion of our city services business and the continuous improvement of our capabilities, our team continues to study in depth the subject of how to better carry out city river management. River management belongs to the content of city services. Through the continuous improvement of our expertise in river management, it is possible for us to achieve a way to become stronger and grow in scale in this segment in the future. In the second half of 2021, we completed the acquisition of Hunan Meizhong Biophysical Environment Technology Co., Ltd.\* (湖南美中環境生態科技有限公司) ("Meizhong Environment") and our city services revenue reached RMB184.5 million in the first half of 2022.

## THE STRATEGIC DIRECTION OF "PLATFORM + ECOSYSTEM" REMAINS UNCHANGED

Since the first half of 2022, the growth of community value-added services has been impacted in the short term by the prolonged closure due to the recurring pandemic and the lack of spending power due to the weak economy. However, we continue to believe that the "Platform + Ecosystem" strategy is fundamental to the future development of the community, and that putting it into practice is the most viable expression of the community. Specifically, "Ecosystem" means building capacity around the diversified needs of property owners, so we will continue to do more and more around home services and home-living services for property owners. "Platform + Ecosystem" has a very important strategic position in the Company, and we firmly believe that only if this path is successful will it be possible to transfer property management services from public area management to home management. In the context of the normalization of the pandemic, which coincides with the time phase of close interaction with property owners, we will focus on investing a lot of time and energy in research and development to perfect the service portfolio and door-to-door process. We will focus on investing in the research and development of community value-added services to gradually meet the high standards and quality requirements of our property owners.

In the process of gradually moving from a strong association with real estate development industry to a weak one, the property management industry has suffered a great impact, but we believe that this is short-lived, the natural attributes of the logic of the business of property management services have not changed, and it is our choice and insistence to consolidate our roots, be mindful and persist in evolution during the industry downturn.





# 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 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:

	For the six months ended 30 June			
	2022		2021	
	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 Reporting Period	270,767	171,037	181,192	101,625
Additions <sup>(1)</sup>	23,198	39,420	40,378	30,710
Terminations <sup>(2)</sup>	(2,523)	(2,523)	(2,490)	(2,376)
<b>As at the end of the Reporting Period</b>	<b>291,442</b>	<b>207,934</b>	<b>219,080</b>	<b>129,959</b>

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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Our Geographic Footprint

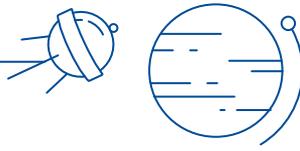
Since the Group's inception up to 30 June 2022, we have expanded our geographic footprint from Shanghai to 117 cities in China.

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 sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
Eastern region <sup>(1)</sup>	113,728	1,096,369	58.0	83,226	794,827	69.3
Northern region <sup>(2)</sup>	28,023	230,288	12.2	13,028	101,121	8.8
Central Southern region <sup>(3)</sup>	35,865	258,888	13.7	15,714	108,345	9.4
Western region <sup>(4)</sup>	24,569	225,983	11.9	13,757	114,490	10.1
Northeastern region <sup>(5)</sup>	5,749	80,225	4.2	4,234	27,927	2.4
<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>

#### Notes:

- (1) Cities in the eastern region in which we have property management projects include Shanghai, Suzhou, Dezhou, Zhenjiang, Xuzhou, Nanjing, Hangzhou, Jiading, 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 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).

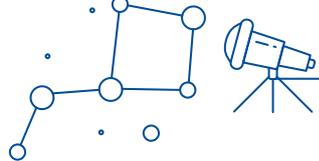
#### ***Seize Development Opportunities in Independent Third-Party Markets***

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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 sq.m. '000	%	GFA sq.m. '000	%
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>

Notes:

- (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 sq.m. '000	Revenue RMB'000	%	GFA sq.m.'000	Revenue 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 sq.m. '000	Revenue RMB'000	%	GFA sq.m. '000	Revenue RMB'000	%
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 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:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Home-living services <sup>(1)</sup>	325,423	59.7	279,826	53.8
Parking unit management and leasing service <sup>s</sup> <sup>(2)</sup>	61,843	11.3	59,469	11.5
Property agency services <sup>(3)</sup>	102,667	18.9	149,861	28.8
Common area value-added service <sup>s</sup> <sup>(4)</sup>	55,273	10.1	30,503	5.9
<b>Total</b>	<b>545,206</b>	<b>100.0</b>	<b>519,659</b>	<b>100.0</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 Reporting Period, the revenue from value-added services to non-property owners accounted for 17.1% of the Group's total revenue.



## MANAGEMENT DISCUSSION AND ANALYSIS

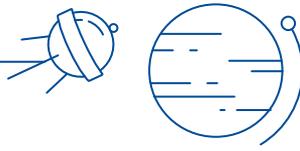
The table below sets forth a breakdown of our revenue generated from our value-added services provided to non-property owners for the six months ended 30 June 2022 and 2021 respectively:

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

### 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 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

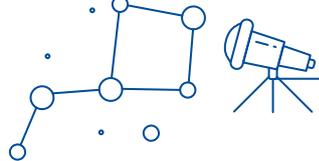
We plan to increase both the number and GFA of properties under management. We will further expand and optimize our professional marketing team to prepare for strategical evaluation and participation in biddings. We strive to acquire more property management engagements through tendering and bidding 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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 Reporting 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>

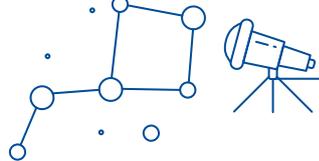
The property management services business is still our largest source of income. During the Reporting Period, the revenue from property management services was approximately RMB1,891.8 million, accounting for 59.8% of the Group's total revenue. This increase in revenue from property management services 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 Reporting Period:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
CIFI Group <sup>(1)</sup>	514,738	27.2	359,806	31.4
Third-party property developers <sup>(2)</sup>	1,377,015	72.8	786,904	68.6
<b>Total revenue</b>	<b>1,891,753</b>	<b>100.0</b>	<b>1,146,710</b>	<b>100.0</b>

Notes:

- (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.



## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting 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 Reporting 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 Reporting 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 Reporting Period, the revenue generated from city services was approximately RMB184.5 million.

### Cost of services

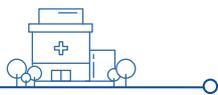
Cost of services increased by approximately 62.9% from approximately RMB1,442.3 million for the six months ended 30 June 2021 to approximately RMB2,350.0 million for the six months ended 30 June 2022, primarily due to the increase of various kinds of costs as a result of the scale-up of our business. We will continuously invest in intelligent operation and conduct effective cost control measures to improve our operation efficiency.

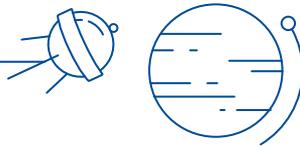
### Gross profit

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>





## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting 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 Reporting 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 Reporting 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 Reporting Period, the growth rate of the Group's administrative and selling expenses was much lower than that of the Group's revenue.

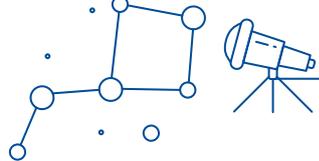
### Other expenses

During the Reporting Period, the Group recorded other expenses of approximately 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 Reporting 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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Income tax expense

During the Reporting 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 Reporting 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.

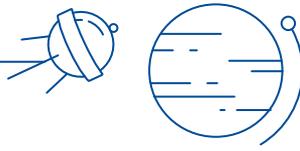
### Goodwill

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 Reporting Period.

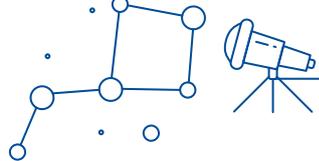
### Cash flows

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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 Reporting 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.

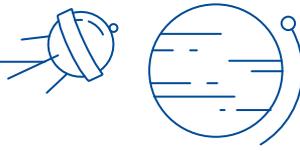
### Contingent liabilities

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 were successfully listed on 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, 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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

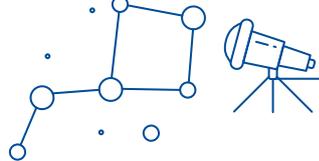
On 4 June 2020, the Company, Elite Force Development and three placing agents entered into a placing and subscription agreement (the "2020 Placing and Subscription Agreement"), pursuant to which, (a) Elite Force Development has agreed to appoint these placing agents, and these placing agents have agreed 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 placees, 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	Utilised	Utilised	Unutilised	
			during the six months ended 30 June 2022	(up to 30 June 2022)	(as at 30 June 2022)	
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(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>	



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

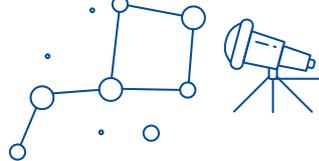
Completion of the 2021 Placing and the 2021 Subscription took place on 27 October 2021 and 1 November 2021, respectively. A total of 83,520,000 existing Shares have been successfully placed at the 2021 Placing Price of HK\$15.76 per Share to no less than six (6) independent placees, and a total of 83,520,000 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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	Utilised	Utilised	Unutilised	
			during the six months ended 30 June 2022	(up to 30 June 2022)	(as at 30 June 2022)	
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(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>	



## 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 C.1.3 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.

### INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK\$0.074 per Share for the six months ended 30 June 2022. The interim dividend is expected to be paid on 22 September 2022 to 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.

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 30 June 2022, 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:

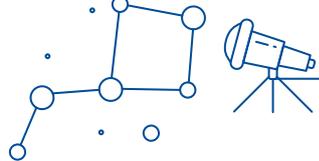


*Interest in Shares or Underlying Shares of our Company*

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)	52.76%
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)	52.76%
Mr. Zhou Hongbin	Beneficial owner	42,638,250 (L)	2.43%
Mr. Zhou Di	Beneficial owner	1,358,000 (L)	0.08%

## 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 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 Investments Limited ("**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 (Singapore) Limited ("**Standard Chartered Trust**") as the trustee of the Lin's Family Trust via SCTS Capital Pte. Ltd. ("**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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### *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, beneficial owner and interest of his spouse	4,104,027,727	44.88%
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	2,986,228,961	32.66%
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) 1,363,754,301 shares of CIFI Holdings are held by Ding Chang Limited (“**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 1,363,754,301 shares of CIFI Holdings held by Ding Chang pursuant to Part XV of the SFO.
- (2) 2,729,872,105 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 2,729,872,105 shares of CIFI Holdings held by Rosy Fortune pursuant to Part XV of the SFO.
- (3) 238,487,089 shares of CIFI Holdings are held by Rain-Mountain Limited (“**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 238,487,089 shares of CIFI Holdings held by Rain-Mountain pursuant to Part XV of the SFO.
- (4) 10,382,715 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### *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)(3)(4)</sup>	CIFI Holdings	Co-founder of a discretionary trust	US\$1 million	0.18%
		Co-founder of a discretionary trust	US\$1 million	0.24%
		Co-founder of a discretionary trust	US\$1 million	0.67%
Mr. LIN Feng <sup>(1)(2)(3)(4)(5)(6)(7)</sup>	CIFI Holdings	Founder of a discretionary trust, and interest in a controlled corporation	US\$16 million	5.33%
		Co-founder of a discretionary trust	US\$1 million	0.18%
		Co-founder of a discretionary trust	US\$1 million	0.24%
		Co-founder of a discretionary trust	US\$1 million	0.67%

#### Notes:

- (1) The 6% senior notes (securities stock code: 40120) due 2025 with the aggregate principal amount of US\$567 million were issued by CIFI Holdings in January 2020, which are listed on the Stock Exchange (the "6% Senior Notes"). 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 4.375% senior notes due 2027 with the aggregate principal amount of US\$419 million were issued by CIFI Holdings in January 2021, which are listed on the Stock Exchange (the "4.375% Senior Notes").
- (3) The 4.8% senior notes due 2028 with the aggregate principal amount of US\$150 million were issued by CIFI Holdings in May 2021, which are listed on the Stock Exchange (the "4.8% Senior Notes").
- (4) The principal amounts of US\$1 million of each of the 6% Senior Notes, 4.375% Senior Notes and 4.8% 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 such senior notes held by Rosy Fortune pursuant to Part XV of the SFO.
- (5) The senior perpetual capital securities (securities stock code: 05261) were 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 (the "5.375% Perpetual Securities"), which are listed on the Stock Exchange.
- (6) 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.
- (7) The principal amount of US\$1 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 2022, 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.

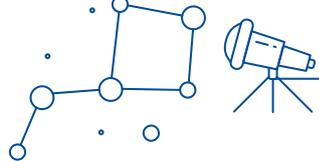
### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as our Directors are aware, as at 30 June 2022, the following persons (other than the Directors or chief executive) 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:

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)	52.76%
Elite Force Development <sup>(2)</sup>	Beneficial owner	363,180,000 (L)	20.72%
Spectron	Beneficial owner	406,820,000 (L)	23.21%
Xu Sheng <sup>(3)</sup>	Interest in a controlled corporation	406,820,000 (L)	23.21%
CIFI Holdings <sup>(4)</sup>	Interest in a controlled corporation	406,820,000 (L)	23.21%
Best Legend <sup>(5)</sup>	Beneficial owner	153,689,750 (L)	8.77%
Cederberg Capital (Cayman) <sup>(7)</sup>	Interest in a controlled corporation	103,545,000 (L)	5.91%
Cederberg Capital (Cayman) GP <sup>(7)</sup>	Interest in a controlled corporation	103,545,000 (L)	5.91%
Krige Dawid <sup>(7)</sup>	Interest in a controlled corporation	103,545,000 (L)	5.91%
The Capital Group Companies, Inc. <sup>(8)</sup>	Interest in a controlled corporation	115,638,025 (L)	6.60%

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.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (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) Cederberg Capital Limited is wholly-owned by Cederberg Capital (Cayman). Based on public information available, 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 115,638,025 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 2022, 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, Mr. Lin Zhong and Mr. Lin Feng, being an executive Director and the non-executive Director, respectively, were substantial shareholders of and held directorship in CIFI Holdings. In 2021, CIFI Group commenced operation of its own property management business in some projects, which was considered to be competing business for the Group. Therefore, Mr. Lin Zhong and Mr. Lin Feng were considered to have interests in competing business for the Group which were required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

Save as disclosed above, 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

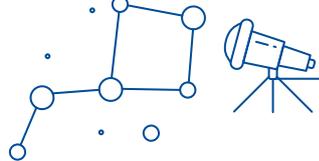
Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 2 June 2021, the Directors were granted a general mandate to exercise the power of the Company to buy back up to 167,040,000 Shares, representing 10% of the total number of Shares in issue as at 2 June 2021 (the "Buy-back Mandate"). During the Reporting 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-back	Number of Shares bought back	Consideration per Share		Total consideration paid for the buy-back HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
		4 January 2022	370,000	
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>1,982,000</b>			<b>21,109,400</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 report.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SIGNIFICANT INVESTMENTS HELD

As at 30 June 2022, the Group did not hold any significant investment.

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

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 2022, 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 2022. 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 2022.

### MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the six months ended 30 June 2022.



## 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.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution passed by the Shareholders at the annual general meeting of the Company held on 7 June 2022, the Memorandum and the Articles of Association were amended and restated with effect from 7 June 2022. For details of the amendments to the Memorandum and Articles of Association and the adoption of the amended and restated Memorandum and Articles of Association, 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 of Association is available on the websites of the Company and the Stock Exchange.

## SUFFICIENCY OF PUBLIC FLOAT

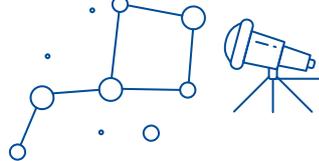
According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained the public float as required under the Listing Rules throughout the period from 1 January 2022 to 30 June 2022, and up to the date of this interim report.

By order of the Board

**LIN Zhong**

*Chairman*

Hong Kong, 25 August 2022



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

TO THE BOARD OF DIRECTORS OF CIFI EVER SUNSHINE SERVICES GROUP LIMITED  
(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of CIFI Ever Sunshine Services Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 74, which comprise the condensed consolidated statement of financial position as of 30 June 2022 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

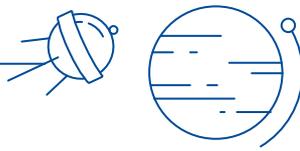
We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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.

## CONCLUSION

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
25 August 2022





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

FOR THE SIX MONTHS ENDED 30 JUNE 2022

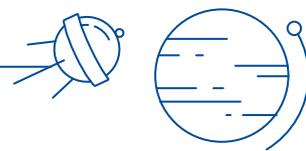
	NOTES	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	3,162,874	2,058,649
Cost of services		(2,349,989)	(1,442,307)
<b>Gross profit</b>		<b>812,885</b>	<b>616,342</b>
Other income and other gains and losses	4	74,860	52,304
Administrative expenses		(218,072)	(160,457)
Selling expenses		(48,453)	(43,647)
Expected credit loss on financial assets	13	(52,175)	(34,304)
Finance costs		(1,911)	(1,541)
Other expenses		(1,862)	(2,970)
<b>Profit before taxation</b>	5	<b>565,272</b>	<b>425,727</b>
Income tax expense	6	(127,891)	(103,696)
<b>Profit and total comprehensive income for the period</b>		<b>437,381</b>	<b>322,031</b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
Owners of the Company		377,375	282,967
Non-controlling interests		60,006	39,064
		<b>437,381</b>	<b>322,031</b>
<b>Earnings per share (RMB)</b>			
Basic earnings per share	8	0.22	0.17



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	NOTES	30 June 2022	31 December 2021
		RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	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	16	54,789	38,196
Prepayments of property, plant and equipment	12	620	367
Deferred contract costs		14,770	12,663
		<u>2,063,261</u>	<u>1,937,854</u>
<b>Current assets</b>			
Inventories		3,459	3,549
Deferred contract costs		10,540	4,474
Trade and bills receivables	11	1,269,570	788,316
Prepayments and other receivables	12	627,275	536,134
Financial assets at fair value through profit or loss	10	19,251	—
Restricted cash		9,613	11,119
Bank balances, deposits and cash		3,854,251	3,985,046
		<u>5,793,959</u>	<u>5,328,638</u>
<b>Current liabilities</b>			
Trade payables	14	901,259	586,364
Accruals and other payables	15	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>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

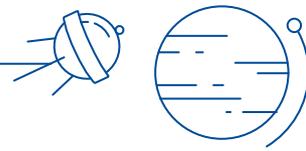
	NOTES	30 June 2022	31 December 2021
		RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Non-current liabilities</b>			
Borrowings		4,789	—
Lease liabilities		6,220	9,179
Other long-term payables	15	15,918	20,787
Deferred tax liabilities	16	106,945	107,008
		<u>133,872</u>	<u>136,974</u>
<b>Net assets</b>		<u>4,877,750</u>	<u>4,691,738</u>
<b>Capital and reserves</b>			
Share capital	17	15,508	15,519
Reserves		<u>4,603,312</u>	<u>4,428,294</u>
Equity attributable to owners of the Company		4,618,820	4,443,813
Non-controlling interests		<u>258,930</u>	<u>247,925</u>
<b>Total equity</b>		<u>4,877,750</u>	<u>4,691,738</u>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Reserves						Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
	Share capital	Treasury shares	Share premium	Capital reserve	Other reserve	Statutory reserve				
	RMB'000 Note 17	RMB'000	RMB'000 note (a)	RMB'000	RMB'000 note (b)	RMB'000 note (c)				
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)
Dividends 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>—</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>
At 31 December 2021 and 1 January 2022 (Audited)	15,519	(5,714)	3,131,888	26,799	(137,802)	129,715	1,283,408	4,443,813	247,925	4,691,738
Profit and total comprehensive income for the period	—	—	—	—	—	—	377,375	377,375	60,006	437,381
Transfer to statutory reserve	—	—	—	—	—	42,316	(42,316)	—	—	—
Repurchase and cancellation of shares (Note d)	(11)	(4,075)	(13,235)	—	—	—	—	(17,321)	—	(17,321)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	1,080	1,080
Dividends recognised as distribution (Note 7)	—	—	(185,047)	—	—	—	—	(185,047)	—	(185,047)
Dividends recognised as distribution to non-controlling shareholders	—	—	—	—	—	—	—	—	(50,081)	(50,081)
At 30 June 2022 (Unaudited)	<u>15,508</u>	<u>(9,789)</u>	<u>2,933,606</u>	<u>26,799</u>	<u>(137,802)</u>	<u>172,031</u>	<u>1,618,467</u>	<u>4,618,820</u>	<u>258,930</u>	<u>4,877,750</u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Notes:

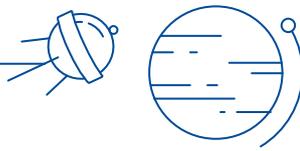
- (a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's share issued.
- (b) Other reserve represents (i) the difference between the nominal amount of the share capital of Shanghai Yongsheng Property Management Co. Ltd. and nominal amount of the share capital issued by the Company pursuant to a group reorganisation completed on 6 July 2018 and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from changes in the Group's ownership interests in subsidiaries that do not result in change in control over those subsidiaries.
- (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.
- (d) During the six months ended 30 June 2022, the Company has repurchased its own ordinary shares in aggregate of 1,982,000 shares and cancelled 1,384,000 shares.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>		
Profit before taxation	565,272	425,727
Adjustments for:		
Depreciation of property, plant and equipment	18,999	12,903
Amortisation of intangible assets	26,325	17,200
Expected credit loss of trade and bills receivables	42,657	35,873
Allowance (reversal) of expected credit loss of deposits and other receivables	9,518	(1,569)
Bank interest income	(15,593)	(12,640)
Interest on other payable	819	921
Interest on borrowings	671	—
Interest on lease liabilities	421	620
Loss from fair value changes of investment properties	195	66
Loss (gain) on disposal of property, plant and equipment	164	(27)
Gain from fair value changes of financial assets at fair value through profit and loss ("FVTPL")	(45,125)	(25,789)
Exchange loss	9,363	9,179
Operating profit before working capital changes	613,686	462,464
Decrease (increase) in inventories	94	(1,247)
Increase in deferred contract costs	(8,173)	—
Increase in trade and bills receivables	(514,254)	(249,755)
Increase in prepayments and other receivables	(97,992)	(26,352)
Increase in financial assets at FVTPL	(19,251)	—
Decrease (increase) in restricted cash	1,506	(545)
Increase in trade payables	286,977	140,332
Increase in accruals and other payables	41,668	140,052
(Decrease) increase in contract liabilities	(5,433)	91,810
Cash generated from operations	298,828	556,759
Income tax paid	(164,393)	(131,471)
<i>Net cash generated from operating activities</i>	<b>134,435</b>	<b>425,288</b>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Cash flows from investing activities</b>		
Prepayment of property, plant and equipment	(253)	(673)
Purchases of intangible assets	(3,916)	(9,446)
Purchases of property, plant and equipment	(13,150)	(31,955)
Purchases of investment properties	(18)	—
Acquisition of subsidiaries, net of cash acquired	(67,808)	(289,218)
Deposit paid for potential acquisition of subsidiaries	(200,000)	(100,000)
Refund of deposit paid for potential acquisition of subsidiaries	200,000	100,000
Proceed from disposal of property, plant and equipment	1,706	846
Proceed from disposal of investment properties	3,799	800
Bank interest income received	16,592	13,348
Purchase of financial assets at FVTPL	(2,750,480)	(818,500)
Proceed from disposal of financial assets at FVTPL	2,795,605	694,289
<i>Net cash used in investing activities</i>	<u>(17,923)</u>	<u>(440,509)</u>
<b>Cash flows from financing activities</b>		
Capital contribution from non-controlling shareholders	1,080	2,450
Repayment of borrowings	(7,132)	—
Payments on repurchase of shares	(17,321)	—
New borrowings raised	23,556	—
Interest on borrowings paid	(671)	—
Interest on lease liabilities paid	(421)	(620)
Payment of lease liabilities	(7,214)	(8,296)
Dividends paid	(239,924)	(145,798)
<i>Net cash used in financing activities</i>	<u>(248,047)</u>	<u>(152,264)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(131,535)</b>	<b>(167,485)</b>
Effect of exchange rate changes on cash and cash equivalents	740	(7,124)
<b>Cash and cash equivalents at beginning of the period</b>	<b>3,985,046</b>	<b>3,170,589</b>
<b>Cash and cash equivalents at end of the period</b>	<b>3,854,251</b>	<b>2,995,980</b>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

## 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.

## 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

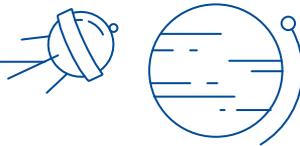
The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 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:

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



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Revenue from contracts with customers

##### 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	City services	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (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>
<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
	<u>—</u>	<u>—</u>	<u>540,474</u>	<u>—</u>	<u>540,474</u>
<u>City services</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>184,471</u>	<u>184,471</u>
	<u>1,891,753</u>	<u>545,206</u>	<u>540,474</u>	<u>184,471</u>	<u>3,161,904</u>
<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>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

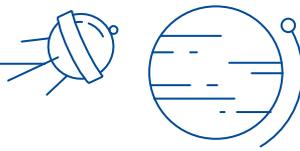
### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Revenue from contracts with customers (continued)

##### Disaggregated revenue information (continued)

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	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<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>
<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
	<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 2022

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
– Bank interest income	15,593	12,640
– Government grants (note)	26,731	21,152
	<u>42,324</u>	<u>33,792</u>
Other gains and losses		
– Net foreign exchange loss	(9,363)	(9,179)
– (Loss) gain on disposal of property, plant and equipment	(164)	27
– Loss from fair value changes of investment properties	(195)	(66)
– Gain from fair value changes of financial assets at FVTPL	39,836	25,789
– Others	2,422	1,941
	<u>32,536</u>	<u>18,512</u>
	<u>74,860</u>	<u>52,304</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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	18,999	12,903
Amortisation of intangible assets	26,325	17,200
Expense relating to short-term leases		
Rented premises	8,411	4,077
Expense relating to leases of low-value assets		
Plant and machinery	268	138
Staff costs (including directors' emoluments):		
Salaries, wages and other benefits	866,869	499,841
Bonus	70,375	54,075
Retirement scheme contribution	152,983	85,072
	<u>1,149,860</u>	<u>663,206</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax:		
Current tax	146,651	116,140
Over-provision in respect of prior year	(259)	(279)
	<u>146,392</u>	<u>115,861</u>
Deferred tax:		
Credited to profit or loss for the period (Note 16)	(18,501)	(12,165)
	<u>127,891</u>	<u>103,696</u>

### 7. DIVIDENDS

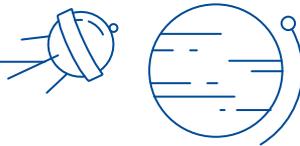
During the current interim period, a final dividend of HK\$0.1299 per share in respect of the year ended 31 December 2021 (2021: HK\$0.0838 per share in respect of the year ended 31 December 2020) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and 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.

### 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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to the equity owners of the Company	<u>377,375</u>	<u>282,967</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 8. EARNINGS PER SHARE (CONTINUED)

	Six months ended 30 June	
	2022	2021
	Number'000 (Unaudited)	Number'000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares	1,752,079	1,670,400

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.

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

During the current interim period, the Group paid RMB13,150,000 (six months ended 30 June 2021: RMB31,955,000) for acquisition of property, plant and equipment.

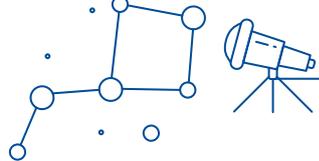
During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 3 to 5 years (six months ended 30 June 2021: from 3 to 5 years). On lease commencement, the Group recognised right-of-use assets of RMB1,995,000 (six months ended 30 June 2021: RMB832,000) and lease liabilities of RMB1,995,000 (six months ended 30 June 2021: RMB832,000).

At 30 June 2022, the Group has pledged owned properties with carrying amounts of RMB2,030,000 (31 December 2021: 2,749,000) and vehicles with carrying amounts of RMB18,421,000 (31 December 2021: Nil), respectively, to secure borrowings granted to the Group.

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

	30 June	31 December
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Audited)
Equity securities listed in Hong Kong	19,251	—





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 11. TRADE AND BILLS RECEIVABLES

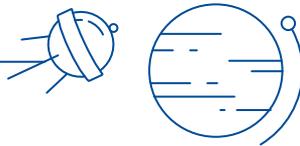
	30 June 2022	31 December 2021
	RMB'000 (Unaudited)	RMB'000 (Audited)
Trade receivables		
– Related parties	295,925	136,322
– Third parties	1,124,159	761,313
	<u>1,420,084</u>	<u>897,635</u>
Bills receivables	3,060	1,598
	<u>1,423,144</u>	<u>899,233</u>
Total	1,423,144	899,233
Less: allowance for credit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

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:

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





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 12. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022	31 December 2021
	RMB'000 (Unaudited)	RMB'000 (Audited)
Included in current assets		
Deposits and other receivables		
– Related parties	265,977	230,983
– Third parties	295,028	259,782
Total	561,005	490,765
Less: allowance for credit losses of deposits and other receivables	(30,737)	(21,219)
	530,268	469,546
Prepayments	97,627	65,956
Interest receivables	—	999
	627,895	536,501
Less: Prepayments of property, plant and equipment	(620)	(367)
Prepayments and other receivables presented as current assets	627,275	536,134



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

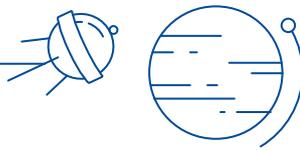
### 13. EXPECTED CREDIT LOSS ON FINANCIAL ASSETS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognised (reversed) in respect of		
– Trade and bills receivables	42,657	35,873
– Deposits and other receivables	9,518	(1,569)
	<u>52,175</u>	<u>34,304</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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

### 14. TRADE PAYABLES

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



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 14. TRADE PAYABLES (CONTINUED)

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 2022 and 31 December 2021 was as follows:

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

### 15. ACCRUALS AND OTHER PAYABLES

	30 June 2022	31 December 2021
	RMB'000 (Unaudited)	RMB'000 (Audited)
Accruals and other payables		
– Related parties (note a)	178,903	222,339
– Third parties	653,754	528,966
	<u>832,657</u>	<u>751,305</u>
Amount due to a director (note a)	84	84
Provision for legal dispute (note b)	3,108	2,878
Dividends payable to non-controlling shareholders of subsidiaries	7,147	2,580
Consideration payables for acquisition of subsidiaries (note c)	25,268	24,472
Salaries payables	188,992	231,428
Other tax payables	135,359	114,387
	<u>1,192,615</u>	<u>1,127,134</u>
Less: Amount shown under non-current liabilities	<u>(15,918)</u>	<u>(20,787)</u>
Accruals and other payables presented as current liabilities	<u>1,176,697</u>	<u>1,106,347</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 15. ACCRUALS AND OTHER PAYABLES (CONTINUED)

Notes:

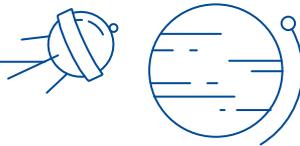
- The balance is unsecured, interest-free and repayable on demand.
- The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action.
- The amount represents the consideration payables for acquisition of subsidiaries. Included amount of RMB15,918,000 (2021:RMB19,383,000) are due 12 months after the Reporting Period and therefore presented as non-current liabilities.

### 16. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements for the six months ended 30 June 2022 and 2021 are as follows:

#### Deferred tax assets

	Impairment loss on trade and bills receivables	Impairment loss on other receivables	Provision for legal dispute	Accumulated tax losses	Lease	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020 and 1 January 2021 (Audited)	15,216	4,056	1,223	111	76	20,682
Acquisition of subsidiaries	2,811	—	—	—	—	2,811
Credited (charged) to profit or loss for the year	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>
At 31 December 2021 and 1 January 2022 (Audited)	31,797	5,679	720	—	—	38,196
Acquisition of a subsidiary (Note 18)	3,654	—	—	—	—	3,654
Credited to profit or loss for the period	10,782	2,100	57	—	—	12,939
At 30 June 2022 (Unaudited)	<u>46,233</u>	<u>7,779</u>	<u>777</u>	<u>—</u>	<u>—</u>	<u>54,789</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 16. DEFERRED TAX (CONTINUED)

#### Deferred tax liabilities

	Withholding tax of undistributed profits	Fair value adjustment of management contracts & customers relationship	Fair value adjustment of revalued property, plant and equipment	Fair value adjustment for investment properties	Lease	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020 and 1 January 2021 (Audited)	(11,926)	(22,763)	(1,126)	(10,787)	(62)	(46,664)
Acquisition of subsidiaries	—	(24,600)	(46)	—	—	(24,646)
Credited (charged) to profit or loss for the year	—	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>
At 31 December 2021 and 1 January 2022 (Audited)	(11,926)	(81,227)	(1,635)	(12,181)	(39)	(107,008)
Acquisition of a subsidiary (Note 18)	—	(5,355)	(144)	—	—	(5,499)
Credited (charged) to profit or loss for the period	—	5,002	105	595	(140)	5,562
At 30 June 2022 (Unaudited)	<u>(11,926)</u>	<u>(81,580)</u>	<u>(1,674)</u>	<u>(11,586)</u>	<u>(179)</u>	<u>(106,945)</u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 17. SHARE CAPITAL

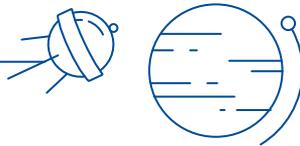
	30 June 2022		31 December 2021	
	Number	Amount	Number	Amount
	'000	RMB'000	'000	RMB'000
Authorised:				
As at 1 January and 30 June/31 December	4,000,000	35,462	4,000,000	35,462

	30 June 2022		31 December 2021	
	Number	Amount	Number	Amount
	'000	RMB'000	'000	RMB'000
Issued and fully paid:				
As at 1 January	1,753,920	15,519	1,670,400	14,830
Cancellation of repurchased shares	(1,384)	(11)	—	—
Placement of shares	—	—	83,520	689
At 30 June/31 December	1,752,536	15,508	1,753,920	15,519

During the six months ended 30 June 2022, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid	
		Highest	Lowest	HKD'000	RMB'000
		HK\$	HK\$		
January	826,000	11.40	10.86	9,205	7,532
April	1,156,000	11.96	9.55	11,904	9,789
	1,982,000			21,109	17,321

During the six months ended 30 June 2022, the Company has repurchased its own ordinary shares in aggregate of 1,982,000 shares and cancelled 1,384,000 shares.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18. ACQUISITION OF SUBSIDIARIES

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

##### Acquisitions of business

In January 2022, the Group completed the acquisition of 100% equity interests in Zhengzhou Jinyi Property Service Co., Ltd. ("Zhengzhou Jinyi"). Zhengzhou Jinyi and its subsidiaries are principally engaged in the property management and community value-added services.

This acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence and has been accounted for as acquisition of businesses using the acquisition method.

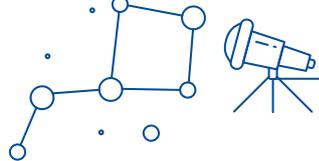
##### Consideration transferred

	Zhengzhou Jinyi
	RMB'000
Cash consideration paid	118,783
Offsetting amount due from selling shareholder by Zhengzhou Jinyi	26,217
<b>Total</b>	<b>145,000</b>

Pursuant to the sale and purchase agreement, the Group will be compensated if (i) the respective revenue targets have not been met or (ii) the respective property management contracts have not been entered and effective prior to the specified dates set out in the agreement. The management believes that the fair value of the above guarantee is insignificant on the acquisition date and as at 30 June 2022.

Acquisition-related costs amounting to RMB460,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period within the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18. ACQUISITION OF SUBSIDIARIES (CONTINUED)

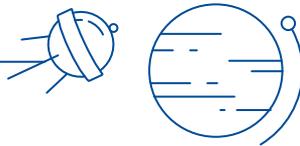
**For the six months ended 30 June 2022 (continued)**

**Acquisitions of business (continued)**

Assets acquired and liabilities recognised at the date of acquisition

	Zhengzhou Jinyi
	RMB'000
Property, plant and equipment	1,115
Intangible assets - property management contracts and customers relationship	21,420
Deferred tax assets	3,654
Inventories	4
Trade receivables	9,657
Prepayments and other receivables	3,666
Amount due from selling shareholder	26,217
Bank balances, deposits and cash	50,975
Trade payables	(27,918)
Accruals and other payables	(23,677)
Contract liabilities	(21,463)
Provision for taxation	(4,100)
Deferred tax liabilities	(5,499)
Net identifiable assets	<u>34,051</u>





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18. ACQUISITION OF SUBSIDIARIES (CONTINUED)

#### For the six months ended 30 June 2022 (continued)

##### Acquisitions of business (continued)

##### Assets acquired and liabilities recognised at the date of acquisition (continued)

The trade receivables and other receivables acquired with a fair value of RMB13,323,000 as at the date of acquisition had gross contractual amounts of RMB 27,941,000. The best estimate at acquisition date of contractual cash flows not expected to be collected amounted to RMB14,618,000.

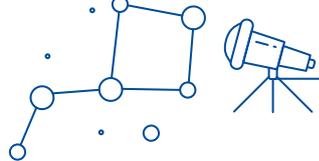
The fair value of intangible assets acquired in business combination is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquiree.

##### Goodwill arising on the acquisition

	Zhengzhou Jinyi
	RMB'000
Consideration transferred	145,000
Less: Fair value of net identifiable assets acquired	(34,051)
Goodwill arising on the acquisition	<u>110,949</u>

Goodwill arose on the acquisition of Zhengzhou Jinyi because the expected future development of acquiree's 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 the acquisition is expected to be deductible for tax purposes.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18. ACQUISITION OF SUBSIDIARIES (CONTINUED)

#### For the six months ended 30 June 2022 (continued)

##### Acquisitions of business (continued)

Net cash outflows arising on the acquisition

	Zhengzhou Jinyi
	RMB'000
Cash consideration paid	118,783
Less: Bank balances, deposits and cash	(50,975)
	<u>67,808</u>

##### Impact of acquisition on the results of the Group

Included in the profit for the interim period is RMB18,077,000 attributable to the additional business generated by Zhengzhou Jinyi. Revenue for the interim period includes RMB71,586,000 generated from Zhengzhou Jinyi.

Had the acquisition of Zhengzhou Jinyi been completed on 1 January 2022, revenue for the interim period of the Group from continuing operations would have been RMB3,162,874,000, and the profit for the interim period from continuing operations would have been RMB437,381,000. The 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 acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

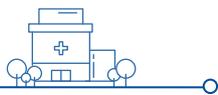
#### For the six months ended 30 June 2021

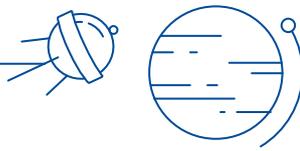
##### Acquisitions of business

On 24 February 2021, the Group entered into a sales and purchase agreement with independent third party to acquire 50% equity interests in 華熙鑫安(北京)物業管理有限公司("Huaxi Xin'an"), a company whose principal activity is provision of property management services. The acquisition was completed in April 2021. By execution of the sales and purchase agreement, all of the strategic financial and operating decisions required approval by simple majority of the shareholders, for which the 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 sales and purchase agreement with independent third party to acquire 90.1% equity interests in 上海星悦物業服務有限公司("Shanghai Xingyue"), a company whose principal activity is 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.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18. ACQUISITION OF SUBSIDIARIES (CONTINUED)

#### For the six months ended 30 June 2021 (continued)

##### Acquisitions of business (continued)

##### Consideration transferred

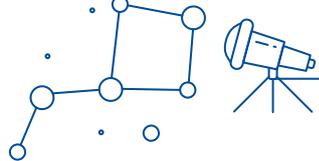
	Huaxi Xin'an	Shanghai Xingyue	Total
	RMB'000	RMB'000	RMB'000
Cash consideration paid	780	297,330	298,110

Acquisition-related costs amounting to RMB300,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

##### Assets acquired and liabilities recognised at the date of acquisition

	Huaxi Xin'an	Shanghai Xingyue	Total
	Fair value RMB'000	Fair value 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	(10,215)	74,929	64,714



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 30 JUNE 2022

**18. ACQUISITION OF SUBSIDIARIES (CONTINUED)****For the six months ended 30 June 2021 (continued)****Acquisitions of business (continued)****Assets acquired and liabilities recognised at the date of acquisition (continued)**

The trade receivables and other receivables acquired with a fair value of RMB29,040,000 as at the date of 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.

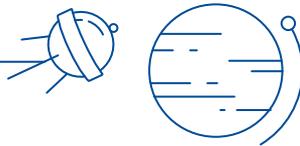
**Goodwill arising on acquisition**

	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.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 18. ACQUISITION OF SUBSIDIARIES (CONTINUED)

#### For the six months ended 30 June 2021 (continued)

##### Acquisitions of business (continued)

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>

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 for the six months ended 30 June 2021 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 acquisition 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 2022

### 19. MATERIAL RELATED PARTIES TRANSACTIONS

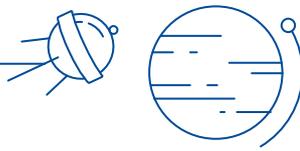
During the period, the Group entered into the following transactions with related parties:

#### (a) Related parties transactions

	Six months ended 30 June	
	2022	2021
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Property management services</b>		
Fellow subsidiaries (note i)	46,688	9,532
Associates and joint ventures of the ultimate holding company (note ii)	10,690	4,751
Subsidiaries of Red Star Macalline Group Corporation Ltd. ("Red Star Macalline") (note iii)	277,610	—
<b>Total</b>	<b>334,988</b>	<b>14,283</b>
<b>Community value-added services</b>		
Fellow subsidiaries (note i)	100,052	22,248
Associates and joint ventures of the ultimate holding company (note ii)	6,448	14,754
<b>Total</b>	<b>106,500</b>	<b>37,002</b>
<b>Value-added services to non-property owners</b>		
Fellow subsidiaries (note i)	312,865	202,062
Associates and joint ventures of the ultimate holding company (note ii)	122,402	106,873
<b>Total</b>	<b>435,267</b>	<b>308,935</b>
<b>Purchase of services</b>		
Fellow subsidiaries (note i)	932	—
Subsidiaries of Red Star Macalline (note iii)	35,363	—
<b>Total</b>	<b>36,295</b>	<b>—</b>

Notes:

- (i) Represented the subsidiaries of CIFI Holdings (Group) Co. Ltd.
- (ii) Represented associates and joint ventures of CIFI Holdings (Group) Co. Ltd.
- (iii) Represented the subsidiaries of Red Star Macalline, Red Star Macalline is a non-controlling shareholder having a significant influence over Shanghai Macalline Property Management Services Co., Ltd, which is a subsidiary of the Group.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

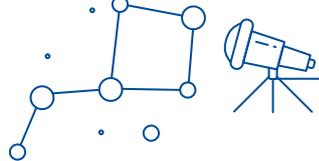
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

#### (b) Related parties balances

	30 June 2022	31 December 2021
	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Trade and bills receivables</b>		
Associates and joint ventures of the ultimate holding company	198,500	123,451
Subsidiaries of Red Star Macalline	97,425	12,871
Total	<u>295,925</u>	<u>136,322</u>
<b>Deposits and other receivables</b>		
Fellow subsidiaries	218,498	192,311
Associates and joint ventures of the ultimate holding company	47,479	38,672
Total	<u>265,977</u>	<u>230,983</u>
<b>Prepayments</b>		
Fellow subsidiaries	21	719
<b>Trade payables</b>		
Fellow subsidiaries	1,751	8,520
Associates and joint ventures of the ultimate holding company	—	682
Subsidiaries of Red Star Macalline	34,712	11,753
Total	<u>36,463</u>	<u>20,955</u>
<b>Other payables</b>		
Fellow subsidiaries	154,110	166,913
Associates and joint ventures of the ultimate holding company	24,793	55,426
Total	<u>178,903</u>	<u>222,339</u>
<b>Contract liabilities</b>		
Fellow subsidiaries	52,964	49,066
Associates and joint ventures of the ultimate holding company	8,211	5,369
Subsidiaries of Red Star Macalline	2,122	5,211
Total	<u>63,297</u>	<u>59,646</u>





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

### 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 technique(s) and key input(s)
	30 June 2022	31 December 2021		
Financial assets at FVTPL	Listed equity securities in Hong Kong: – RMB19,251,000	Nil	Level 1	Quoted bid prices in an active market.

There were no transfers between Level 1 and 2 during the period.

#### 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.

