



**Colour Life Services Group Co., Limited**

Stock code: 1778

# POWER GROWTH



**Interim Report 2021**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Pan Jun (*Chairman and Acting Chief Executive Officer*)

Mr. Chen Xinyu

Mr. Zhu Guogang

### Non-executive Directors

Mr. Wu Qingbin (*Vice Chairman*)

Mr. Zheng Hongyan

Ms. Sun Dongni

### Independent Non-executive Directors

Mr. Tam Chun Hung, Anthony

Mr. Xu Xinmin

Mr. Zhu Wuxiang

## AUDIT COMMITTEE

Mr. Tam Chun Hung, Anthony (*Chairman*)

Mr. Xu Xinmin

Mr. Zhu Wuxiang

## REMUNERATION COMMITTEE

Mr. Tam Chun Hung, Anthony (*Chairman*)

Mr. Chen Xinyu

Mr. Xu Xinmin

Mr. Zhu Wuxiang

## NOMINATION COMMITTEE

Mr. Pan Jun (*Chairman*)

Mr. Zhu Guogang

Mr. Tam Chun Hung, Anthony

Mr. Xu Xinmin

Mr. Zhu Wuxiang

## COMPANY SECRETARY

Ms. Yeung Lee

## AUTHORISED REPRESENTATIVES

Mr. Chen Xinyu

Ms. Yeung Lee

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND ADDRESS OF HEADQUARTERS IN THE PRC

10/F, Tower, B

The Platinum Tower

No. 1 Tairan 7th Road

Futian District

Shenzhen, the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1202-03

New World Tower 1

16-18 Queen's Road Central

Hong Kong

## LISTING INFORMATION

Share Listing

The Stock Exchange of Hong Kong

Limited

Stock Code: 1778

## COMPANY'S WEBSITE

www.colourlife.hk

## AUDITOR

Deloitte Touche Tohmatsu

*Registered Public Interest*

*Entity Auditors*

## 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 BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor

Services Limited

Shops 1712-1716

17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

## PRINCIPAL BANKERS

*(In alphabetical order)*

Bank of China Limited

Hang Seng Bank Limited

Industrial and Commercial Bank of China Limited



1. "Best Property Management Company" by Zhitong Finance (智通財經) and RoyalFlush Finance (同花順財經) in January 2021



2. "Caring Enterprise with Outstanding Contribution to Charity" (公益慈善突出贡献爱心企业) by Shenzhen Property Management Association in January 2021



3. "2021 Top 20 Listed Property Management Companies of Outstanding Capital Market Performance in China" (2021中國物業服務上市企業資本市場表現TOP20) by Guandian Index Academy in March 2021



4. "2021 Top 50 Property Management Companies in China" by Guandian Index Academy in March 2021

# Honors and Awards

毛利率	物业公司	排名	市场占有率	毛利率增幅 (百分点)
95.00%	碧桂园	1	京都服务	12.5
87.30%	正荣服务	2	融创服务	11.7
85.50%	碧桂园服务	3	绿城物业服务	9.4
83.40%	恒大物业	4	恒大物业	6
82.40%	远洋服务	5	佳源服务	5.6
55.00%	滨江服务	6	滨江服务	4
53.20%	康生活服务	7	蓝湾康乐服务	3.2
53.10%	深服服务	8	远洋服务	2.8
52.40%	和弘服务	9	佳兆业美好	2.5
51.00%	时代邻里	10	新生活	2.3

5. Ranking 1st in the “2020 List of Gross Profit Margin of Community Value-added Services by Hong Kong Listed Property Management Companies” (2020年港股物企社区增值服务毛利率榜) by Leju Finance (樂居財經) in April 2021



6. “2021 Top 100 Property Management Companies in China” by China Index Academy in April 2021



8. “2021 China Leading Property Management Companies in terms of Technology Application” by China Index Academy in April 2021



7. “2021 China Internet Community Operation Leading Company” by China Index Academy In April 2021



9. “2021 China Top 10 Property Management Companies in terms of Service Scale” by China Index Academy in April 2021



# Honors and Awards



11. "2021 Top 100 of Most Valuable Brand of China Property Management Service" by Shanghai E-House Real Estate Institute and China Real Estate Appraisal Center in May 2021



10. "2021 Top 100 Leading Property Management Companies in terms of Service Quality in China" by China Index Academy in April 2021



12. "2021 China Excellent Listed Property Management Company by ESG Development" by China Index Academy in May 2021



13. "2021 China Top 10 Listed Property Management Companies in terms of Comprehensive Strength" by China Index Academy in May 2021



14. "2021 China Top 10 Listed Property Management Companies in terms of Market Expansion Ability" by China Index Academy in May 2021

# Honors and Awards



15. “2021 China Top 10 Listed Property Management Companies in terms of Scale” by China Index Academy in May 2021



17. “2021 Top 100 Blue Chip Property Management Companies” by The Economic Observer in June 2021



16. “2021 China Excellent Listed Property Management Company by Investment Value” by China Index Academy in May 2021



18. “Most Valuable Brands” (卓越品牌价值企业) by The Economic Observer in June 2021

# Honors and Awards



19. "2021 China Leading High-end Property Management Companies" by China Index Academy in April 2021



20. "2021 China Leading Property Management Companies in terms of Characteristic Service – High-end Residential Properties" by China Index Academy in April 2021



21. "2021 Top 100 China Leading Property Management Companies in terms of Customer Satisfaction" by China Index Academy in April 2021



22. "High-end Property Management Service Providers" (高端物業「美好生活」運營商) by The Economic Observer in June 2021



## Honors and Awards



23. “2021 China Commercial Property Management Exceptional Companies” by China Index Academy in April 2021



24. “Most Valuable Property Management Service Provider Brands” (卓越服务力价值企业) by The Economic Observer in June 2021

Dear Shareholders,

The first half year of 2021 continued to mark a period of challenges and reform for the property management industry in China in which all parties engaged. The repeated outbreak of the epidemic represented a constant challenge for property management companies. While the epidemic was subdued, flood disaster during the summer rainy season has become an additional challenge for the industry. Leveraging on the capability and experience gained over the past 19 years from its operation, Colour Life Services Group Co., Limited (the “Company” or “Colour Life”) and its subsidiaries (collectively referred to as the “Group”) has overcome severe challenges in major emergencies and delivered an excellent performance in the fight against the epidemic and flood disaster. On behalf of the board of directors (the “Board”), I would like to take this opportunity to express my sincere gratitude to all property owners, partners and all staff for their great support to Colour Life during the fight against the epidemic and flood disaster.

Whilst putting enormous efforts in the fight against the epidemic and flood disaster, the Group continued to achieve steady growth of its businesses. During the six months ended 30 June 2021, the Group recorded a revenue from the main business lines of RMB1,792.2 million and a year-on-year increase of 5.8% in net profit attributable to owners of the Company to RMB250.2 million. As of the end of June 2021, the Total Contracted GFA of Colour Life reached 565 million sq.m., serving over 10 million residents from 2,817 communities in 279 cities across the country.

In January 2021, the Notice on Strengthening and Improving Management Work on Residential Properties (《關於加強和改進住宅物業管理工作的通知》) was issued by the Ministry of Housing and Urban-Rural Development and other 9 departments, which stipulates the requirements to enhance the performance and efficiency of residential property management from six aspects including integration with the basic community governance system, optimisation of the governance structure of owners’ committee, improvement of the quality of property management services, promotion of the development of consumer service industry, regulation on the utilisation and management of maintenance funds and enhancement of supervision and management of property management services.

The Notice outlines the future development direction of the residential property management industry. Under the guiding policies and active supports from the government, the property service industry will be more standardized, professional and subdivided in terms of not only basic services but also value-added services, covering every corner of the community, which accords with the future business development philosophy of Colour Life. While attaching great importance to basic services, focusing on owners’ satisfaction and promoting community harmony, we also continuously explored the online business and value-added services.

## **FOLLOWING POLICY GUIDANCE AND IMPROVING SERVICE QUALITY**

As the property manager and service provider of the communities, property management companies play an increasingly important role in community governance and guaranteeing the daily life of residents. The expansion of service scope also brings about constant change in expectations and tests for these companies. The property management companies are faced with greater challenges and shoulder more important responsibilities. In particular, the experience gained from this epidemic fight gave us a clear picture that, to consolidate basic property management services, improve community service quality, promote epidemic prevention and quality services, support residents to weather out the difficult time and cultivate core corporate value are of vital importance for a community service enterprise, and are fundamental for the development of value-added services.



## Chairman's Statement



Under the strategy of “consolidating basic businesses and adhering to original mission”, the Group will continue to explore basic property management services, and management details and service awareness have become core indicators for the Group, achieving the transformation from “property management” to “resident service” through an up-to-bottom approach.

In 2021, the Group continued to make great efforts to improve service quality, and came up with the key approaches of “facility improvement, prompt response, customised services, stable performance”. As to the approach of “facility improvement”, the Group pushed forward the “facility improvement” plan, and completed improvement work on a total of 415 projects during the first half of the year by making improvements to the issues raised by the clients such as the external walls, fire-fighting conditions, lifts and other aspects of the projects. As to the approach of “prompt response”, the Group made prompt response to clients’ concerns, addressed physical hardware quality issues and software service requests by the clients. As to the approach of “customised services”, the Group provided one-to-one customised services for the clients and was persistently aware of the client needs via corporate WeChat account to foster customer loyalty. As to the approach of “stable performance”, leveraging on the three dimensional management system, the Group carefully listened to the residents’ concerns and expectations. Residents may inform any service staff of any issues through any ways including butler, telephone, service center, corporate WeChat. The Group established an automatic work order circulation for information, managing to provide whole-process online and offline integrated services.

In July, Henan Province was battered by torrential rains while Zhengzhou City recorded extreme heavy rainfalls rarely seen in history, which have caused devastating damages and posed severe challenges. Faced with the flood disaster, the Group promptly initiated the emergency plan against flood disaster. Several hundreds of frontline staff from 14 projects managed by Colour Life in Henan Province participated in the frontline work in the fight against the flood, and made strenuous efforts to guarantee the safety of the communities. Working around the clock, the frontline staff installed flood control boards, reinforce flood prevention sandbags and dredged drainage tunnels, in an effort to protect property safety of the residents. During the fight against the epidemic in 2020 and the fight against the flood in 2021, the property management team of Colour Life spared no efforts to guarantee the safety of the communities and residents, and has won extensive praise and recognition from the residents, the government and the industry.

In the first half of the year, the Group was accredited as one of the “2021 Top 50 Property Management Companies in China” and the “2021 Top 20 Listed Property Management Companies of Outstanding Capital Market Performance in China” at the Award Ceremony of 2021 Guandian Property Management Conference and List of Excellence for China Property Management Service Provider (觀點物業大會暨中國物業服務卓越榜頒獎典禮). The Group was ranked 7th of 2021 Top 100 Property Management Companies in China, ranked 4th of 2021 China Top 100 Property Management Companies in terms of Service Scale, and was accredited as the “2021 China Internet Community Operation Leading Company”, the “2021 China Leading Property Management Companies in terms of Technology Application” and other awards at the 2021 Press Conference on Research Results of Top 100 Property Management Service Providers in China. Each of the three major brands of Colour Life Service Group won awards at the 2021 Top 100 Blue Chip Property Management Companies Summit. Colour Life Property Management was accredited as the one of the “2021 Top 100 Blue Chip Property Management Companies” and the “Most Valuable Brands”, Wanxiangmei was accredited as one of “Most Valuable Property Management Service Provider Brands”, while Kaiyuan International was accredited as the “High-end Property Management Service Providers”, etc.. These three brands have demonstrated our brand attitude with their actions, interpreted our brand proposition with their services and highlighted our brand quality with their premium products.

## **BUILDING CARING COMMUNITIES AND PROMOTING APPLICATION OF INTELLIGENT TECHNOLOGY**

Driven by the pursuit for refined services, we witnessed change in the service concept of the industry, which has shifted from neighbourhood management to community services and from basic property management services to humanitarian care and further to building harmonious community. We place great emphasis on owners' satisfaction. While endeavouring to provide a wide variety of services for the residents, we also made tremendous efforts to promote community harmony by organizing a wide range of community activities, with an aim to enrich the cultural activities of the community, promote neighbourhood relationship, improve the happiness of the residents and create interesting, loving and caring communities.

Upholding the core value of "building harmonious communities", and in order to enrich the community life of the residents, the Group organised 10 nationwide community activities during the first half of the year, attracting an average number of over 2 million residents to participate in online and offline interaction activities for each single events. For example, during the Spring Festival of 2021, the Group organised 1,416 activities across the country, with over 2,000 resident groups account for online interaction, attracting 2 million people to participate in the online annual parties. The Group held the East Blink Day which lasted for two months from May and attracted over 2 million residents from more than 1,000 communities across country, which recorded over 2.5 million online interaction and TikTok viewing, offering a good opportunity to promote neighbourhood relationship.

In terms of intelligent property management, the Group has come up with the innovative motto of "empowering property management business with application of technology" since its establishment, and developed and operated the global leading community service platform Caizhiyun, not only strengthening management platform, enriching product content and also creating comfortable living experience for the residents. In the first half of 2021, the Group established Colour Life Technology R&D Center, with an aim to further enhance its R&D capability and promote the establishment of intelligent communities. The Group made improvement to the video surveillance (sky eye), bluetooth entrance intercom, parking lots, patrol management, lift control and other sub-systems, and created various smart living scenarios, which enabled the residents to conveniently and at their own discretion utilise our security systems with good experience in their daily life.

In terms of value-added services, the Group continued to explore various value-added services under the community scenario, and provided customised products and services for the residents based on property management scenarios, market demands and resident needs. For instance, focusing on the community scenario and from the perspective of users, the Group provided users with professional, full-process comprehensive insurance solutions, and interacted with residents through a combination of online and offline models. By making full use of the Internet online sales insurance qualification of Zhong An Xin, the Group strived to create "competitive, fast, reliable and exclusive" insurance products. The combination of insurance products and diversified services enhanced the royalty between the residents and the property management company, making the residents more relying on the community. As service recipients, residents had increasing direct demand for products from the Group.



## Chairman's Statement



Colour Life achieved transformation from “property management” to “resident service” through a thorough and up-to-bottom approach, covering from upgrading and renovation of hardware equipment to planning and organisation of community activities. To this end, we made improvement and optimisation in terms of service concept, work method, operation approach and understanding of residents’ needs, so as to provide residents with more refined and comprehensive services and promote more long term and healthy development of the Company. Leveraging on our in-depth knowledge and understanding of the communities, we will continue to discover, explore and promote the value of community services, with an aim to build wonderful communities with humanitarian care, technology and harmony.

### **OPTIMISING ORGANISATION STRUCTURE AND BUILDING AN EFFICIENT SERVICE SYSTEM**

Given that development strategy dictates organisation structure while organisation structure supports implementation of corporate strategy, timely adjustments need to be made to organisation structure to accommodate company development needs. During the reporting period, the Group carried out a comprehensive review on its businesses to optimise and streamline its organisation structure. The Group reorganised its business into six strategic regional and two major regional segments by geographical location, so as to shorten its management chain and promote further integration between its original businesses and the acquired businesses, which is conducive to the unified management of the Group to enhance resource utilisation and achieve scale economy, and also helps to export the management and service experiences of some outstanding communities across the Group to promote synergetic effects and cost advantage.

In its daily management, Colour Life implemented a “sea-land-air” three dimensional management system to manage its projects, that is to implement supervision, maintain customer relationship, remote management and control and timely project launch through its three-level hierarchy comprising city branches, regional companies and headoffice, enabling it to conduct assessment on the key indicators such as the service process, customer satisfaction, customer relationship management and onsite management, and achieving refined management of community services.

By implementing the multi-brand development strategy, the Group formulated a differentiated and standardised service process for different brands, different business models and various property fee rates. The Group is committed to building a flat, efficient and smooth management system, with an aim to empower each business and provide employees with strong support. Furthermore, the Group reformed its remuneration and incentive mechanism to motivate the inherent enthusiasm of the employees. The Group focused on service details to improve service quality and recognition from the residents, so that the task of service quality enhancement and establishment of caring communities would be a full success.



## STAYING TRUE TO ITS ORIGINAL ASPIRATION AND PUSHING BUSINESS GROWTH TO A NEW LEVEL

2021 marks the first year of the 14th Five-Year Plan of China, and is also the starting year for the new journey of moving on to all-out efforts to build a modern socialist country. During the 14th Five-Year Plan period, the urbanisation rate of permanent residents in China will be increased to 65%. To accelerate the development of property management service industry and facilitate upgrading of property management services towards high-quality and diverse services is fundamental to meet the people's ever-growing needs for a better living environment. Under this new circumstance, the property management industry will also usher in a period of rapid development.

Faced with the challenges and opportunities ahead, Colour Life has established strong leadership advantage. As the first community service company listed in Hong Kong, Colour Life started on the journey of exploring opportunities for value appreciation of the property management industry at the capital market in 2014. Since its listing, Colour Life continued to lead the development trend of the community service industry. With the outstanding third-party expansion capability and through merger and acquisition activities, the Group achieved rapid expansion and has also established strong team and market advantages. The Group also enjoys a strong Internet gene, and joined hands with two strategic shareholders (i.e. JD.com and 360.com) to create smart communities. All of the aforesaid advantages have laid a solid foundation for the future development of Colour Life.

Looking forward, Colour Life will stay true to its original aspiration while embracing business transformation. Colour Life will be committed to providing high-quality property services and building caring communities. By implementing a series of measures such as landmark projects, diverse brand strategy and remuneration reform, we aim to increase revenue from existing assets and expedite development of new business, so as to pave the path for rapid development, establish a comfortable living environment for the residents and create greater return for the investors.

# Management Discussion and Analysis

## BUSINESS MODEL

The Group is a leading property management and community services provider in China, focuses on setting up offline and online service platform via the internet technology and effectively linking the residents of the communities with different commodities and service providers, so as to provide the best living experience for residents of the communities on the back of property management services.

As communities constitute the smallest social component of the city, the services provided by the property management companies are essential in creating a stable and convenient living environment for the residents of the community and promoting the development of the society. The Group strives to meet the basic living needs of the residents through providing Four Basic services (defined as cleaning, greening, security and maintenance services), which constitute the solid cornerstone of community services system.

While meeting the basic living needs of the residents of the community, the Group also promotes smart community construction by proactively utilizing the emerging technologies such as the Internet of Things, big data and artificial intelligence, and introducing the application of intelligent equipment, so as to enhance the Group's service efficiency in providing high quality property management services to the residents. The Group has established a powerful head office digital "cloud" system, which minimised the dependency on function and scope of "management" and strengthened the service capacity of the "terminal", so as to organise effective community services. For instance, the Group has built the Big Dipper system, by implementing the order-oriented modification on the seven major functions of E-Parking, E-Lift, E-Energy, E-Cleaning, E-Decoration, E-Payment and E-Complaint, the Group has gradually divided the entire property management service process into orders, further enhancing the service efficiency of the Group.

In addition to its efforts in refining the basic businesses, the Group has classified the projects managed by it into various service levels based on different charging standards, set standards for equipment modification and services and provided well-oriented service experiences, so as to satisfy customers' demand for performance-price ratio in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, the Group has realised excellent capacity of cost control under the premise of steadily increasing management areas and securing customer satisfaction.

While focusing on improving service efficiency, the Group is dedicated to building harmonious communities. The Group organised a variety of community activities and proactively established communication channels to strengthen the relationship between the residents as well as between the residents and the property management staff and enrich the residents' off-work life and spiritual culture, with an aim to build a better and more caring community. By providing such services, we are able to create a harmonious community for the residents, and push forward the establishment of our unique community culture brand, so as to enhance the residents' trust in the Group. The improvement of our relationship with the residents also laid a solid foundation for our effort to further expand community consumption scenarios.

The Group is actively building up an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience for residents of the communities but also strengthens the interactions and communications between the Group and property owners living in the communities. In addition, the Group designates a proportional number of customer managers to serve the communities based on the proportion to the number of residents in such communities. The customer managers will carry out following up works and seek feedbacks relating to customer satisfaction in a timely manner, in order to ensure the quality of the offline community services and efficiently becoming aware of the services that property owners need. The Group will grow the corresponding value-added services and organically integrate online and offline business in the community, which will further enhance the Group's competitive edges.

Since JD.com and 360.com invested in the Group as shareholders, JD.com and the Group will engage in extensive cooperation in community-based services, establishing front-end warehouses, logistics distribution and enhancement of platform experience. At the same time, based on the technological experience accumulated by 360.com in the field of core security, the Group will cooperate with 360.com in aspects like security, Internet of Things and artificial intelligence. Through the cooperation with JD.com and 360.com to explore “community +” strategy, the online and offline operation capabilities of Colour Life will be further enhanced to improve the living experience of property owners, so as to create a smart community combining humanitarian care, harmony and technology for property owners.

## BUSINESS DEVELOPMENT

Usually, property developers are required to engage property management companies before they obtain the delivery permits. At this stage, property developers usually identify qualified property management companies by way of tender, where the Group arranges its marketing department to submit tenders. Once the Group wins the bid, the area under the property management contracts will be incorporated into the Group’s Contracted GFA. Property developers will issue an occupation notification to property buyers after the properties are sold. Upon receipt of such notification, the property buyers will be obliged to settle property management fees. This part of Managed GFA will thus be called the “revenue-bearing GFA”. The difference between the Contracted GFA and the revenue-bearing GFA is the “reserved GFA” which will be transferred to the revenue-bearing GFA in future.

With a view of expanding the Group’s presence, showcasing its services and abilities to a wider audience, the Group has selectively entered into consultancy service contracts with regional property management companies. The area under the consultancy services contracts will be incorporated into the Group’s Consultancy GFA. Aforementioned Contracted GFA and Consultancy GFA of the Group are collectively referred to as Total Contracted GFA.

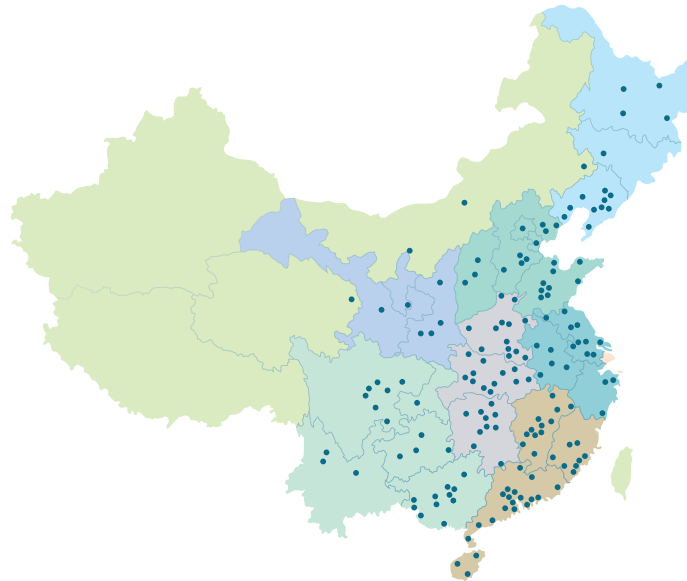
The Group focused on driving its organic growth through reputation and branding. With our outstanding property management experience and expansion capability, as at 30 June 2021, the Total Contracted GFA of the Group had reached 564.9 million sq.m. while the number of communities under the Group’s management and consultancy services contracts had reached 2,817. As at 30 June 2021, the area of the Group’s revenue-bearing GFA reached 359.4 million sq.m..

While proactively expanding service area, the Group made great efforts to establish and upgrade its community service platform, in an effort to meet the daily needs of the residents and provide them with quality and efficient property management services. In addition to building caring communities, the Group explored various consumption scenarios, product innovation and new business models, with an aim to provide residents with various value-added services, making property management services a much more important part of the owner’s domestic life.

The Group also continued to explore various value-added services under the community scenario, expanded the property management scenario portfolio, and provided customised products and services for the residents based on market demands and resident needs. For instance, based on the extensive resident base of the Group and the parking lot management scenario, the Group proactively explored the auto insurance sales business. By establishing the headquarter-to-headquarter communication mechanism with the insurance companies, the Group strived to improve service efficiency and reduce the selection costs and purchase costs of the residents. In addition, the Group continued to develop and strengthen online platform technology, paving the path for connection with the system of the insurance companies, which enabled the Group to have real-time understanding of the business development and claim settlement data and monitor the quality of community-based products in a dynamic manner, so as to provide residents with quality customer services and claim settlement services. In doing so, the Group was able to increase the interaction frequency between the property management company and the residents, enhance the royalty between the property management company and the residents, and improve the recognition of the residents towards its basic property management services and value-added services.

# Management Discussion and Analysis

As at 30 June 2021, the locations of communities where the Group provided management and consultancy services are set out as follows:



## Southern China

1	Shenzhen
2	Dongguan
3	Foshan
4	Fuzhou
5	Ganzhou
6	Guangzhou
7	Heyuan
8	Huizhou
9	Jingdezhen
10	Nanchang
11	Nankang
12	Putian
13	Qingyuan
14	Shangrao
15	Yangjiang
16	Yichun
17	Yingtian
18	Zhongshan
19	Zhuhai
20	Xiamen
21	Shaoguan
22	Heshan
23	Quanzhou
24	Sanming
25	Zhangzhou
26	Nanxiong
27	Longyan
28	Jiujiang
29	Nanping
30	Xinyu
31	Zhaoqing
32	Haikou
33	Danzhou
34	Fuzhou
35	Shantou
36	Zhanjiang
37	Jinggangshan
38	Fengcheng
39	Ji'an
40	Meizhou
41	Zhangping
42	Sanya
43	Ruijin
44	Wenchang
45	Pingxiang
46	Zhangshu
47	Jinjiang
48	Fuqing
49	Jiangmen
50	Baoting Li and Miao Autonomous County
51	Qionghai
52	Maoming
53	Chaozhou

## Eastern China

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

106	Qufu
107	Maanshan
108	Yixing
109	Taizhou
110	Yuyao
111	Zhuji
112	Heze
113	Huangshan
114	Ledong
115	Tongling
116	Anqing

## Southwestern China

117	Chengdu
118	Liuzhou
119	Dali
120	Guilin
121	Nanning
122	Zigong
123	Chongzuo
124	Baise
125	Guigang
126	Zunyi
127	Guiyang
128	Fangchenggang
129	Deyang
130	Guang'an
131	Laibin
132	Lijiang
133	Mianyang
134	Pingnan
135	Suining
136	Tongren
137	Yizhou
138	Chongqing
139	Ziyang
140	Anshun
141	Beihai
142	Guanghan
143	Kunming
144	Guangyuan
145	Neijiang
146	Duyun
147	Fuquan
148	Longli
149	Majiang
150	Bazhong

151	Wuzhou
152	Bijie
153	Emeishan
154	Leshan
155	Liupanshui
156	Qiandongnan Autonomous Prefecture
157	Qinzhou
158	Wenshan
159	Yulin
160	Yibin
161	Meitan
162	Xishuangbanna
163	Meishan
164	Qiannan Buyi and Miao Autonomous Prefecture
165	Qianxinan Buyi and Miao Autonomous Prefecture
166	Nanchong

## Northeastern China

167	Gaizhou
168	Harbin
169	Huludao
170	Shenyang
171	Tieling
172	Yingkou
173	Diaobingshan
174	Benxi
175	Changchun
176	Panjin
177	Dalian
178	Mudanjiang
179	Jixi
180	Qiqihar
181	Daqing
182	Jiamusi
183	Fusong
184	Fushun
185	Dandong
186	Chifeng
187	Siping

## Northwestern China

188	Xi'an
189	Yinchuan
190	Lanzhou
191	Hancheng
192	Xining
193	Yulin
194	Baoji
195	Ankang
196	Pingliang
197	Hanzhong
198	Weinan
199	Urumqi
200	Bayannur
201	Yili Prefecture
202	Jincheng
203	Yan'an
204	Xianyang
205	Pengyang
206	Yangling

## Northern China

207	Beijing
208	Qinhuangdao
209	Tianjin
210	Shijiazhuang
211	Baotou
212	Tongliao
213	Wuhai
214	Taiyuan
215	Tangshan
216	Hulunbuir
217	Ulaqab
218	Langfang
219	Datong
220	Baoding
221	Changzhi
222	Hohhot
223	Xingtai
224	Chengde
225	Cangzhou
226	Xinzhou
227	Luliang
228	Renqiu
229	Hengshui

## Central China

230	Changsha
231	Xinxiang
232	Yiyang
233	Zhengzhou
234	Wuhan
235	Chengzhou
236	Kaifeng
237	Anyang
238	Xiangyang
239	Jingmen
240	Puyang
241	Yichang
242	Yueyang
243	Zhangjiajie
244	Zhuzhou
245	Huixian
246	Luohe
247	Xiangtan
248	Huanggang
249	Changde
250	Jingzhou
251	Loudi
252	Luoyang
253	Wuqiang
254	Suizhou
255	Nanyang
256	Xinyang
257	Shangqiu
258	Enshi
259	Jiaozuo
260	Xiangfan
261	Hengyang
262	Jiyuan
263	Qianjiang
264	Zhoukou
265	Zhumadian
266	Xiaogan
267	Shaoyang
268	Pingdingshan
269	Shiyan
270	Huaihua
271	Yihua
272	Jishou
273	Yongzhou
274	Ruzhou
275	Ezhou
276	Xianning
277	Jingshan
278	Huangshi
279	Yingcheng

# Management Discussion and Analysis

As at 30 June 2021, the following table sets out the GFA and the number of communities where the Group provided management and consultancy services in different regions as at the dates indicated below:

	As at 30 June 2021				As at 31 December 2020			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy's service arrangements	
	Number of	Number of	Number of	Number of	Number of	Number of	Number of	
	GFA communities	GFA communities	GFA communities	GFA communities	GFA communities	GFA communities	GFA communities	
	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	
Shenzhen	9,364	120	727	16	9,441	124	727	16
Southern China (excluding Shenzhen)	93,688	577	2,126	8	91,781	571	2,126	8
Eastern China	143,703	935	2,583	8	143,701	939	2,453	7
Southwestern China	100,047	378	967	3	99,271	373	967	3
Northeastern China	20,333	86	1,498	5	20,821	94	1,498	5
Northwestern China	16,783	88	3,506	2	16,729	87	3,506	2
Northern China	36,873	152	150	2	36,791	152	150	2
Central China	132,307	436	300	1	133,123	457	300	1
<b>Total <sup>(1)</sup></b>	<b>553,098</b>	<b>2,772</b>	<b>11,857</b>	<b>45</b>	<b>551,658</b>	<b>2,797</b>	<b>11,727</b>	<b>44</b>

Note:

(1) As at 30 June 2021, the Group's Total Contracted GFA reached 564.9 million sq.m..



# Management Discussion and Analysis



As at 30 June 2021, the Group managed 2,772 communities with an aggregate contracted GFA of approximately 553.1 million sq.m. and entered into consultancy service contracts with 45 communities with an aggregate contracted GFA of approximately 11.9 million sq.m.. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the movements of the GFA and the number of communities where the Group provided management and consultancy services during the reporting period:

	As at 30 June 2021				As at 31 December 2020			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy's service arrangements	
	Contracted GFA ('000 sq.m.)	Number of communities	Contracted GFA ('000 sq.m.)	Number of communities	Contracted GFA ('000 sq.m.)	Number of communities	Contracted GFA ('000 sq.m.)	Number of communities
As at the beginning of the year	551,658	2,797	11,727	44	550,104	2,815	11,925	48
New engagements <sup>(1)</sup>	6,185	39	130	1	7,665	45	-	-
Acquisition <sup>(2)</sup>	-	-	-	-	-	-	-	-
Termination <sup>(3)</sup>	(4,745)	(64)	0	0	(6,111)	(63)	(198)	(4)
As at the end of the year	553,098	2,772	11,857	45	551,658	2,797	11,727	44

*Notes:*

- (1) In relation to communities the Group managed, new engagements primarily include service engagements for new property developments constructed by property developers and to a much lesser extent, service engagements for residential communities replacing their previous property management companies. In relation to communities the Group provided consultancy services for, new engagements include the Group's entering into of consultancy services agreements with regional property management companies.
- (2) The Group expanded its Managed GFA through acquisitions and gained synergy after the acquisition.
- (3) The contracted GFA and the number of communities which the Group ceased to renew certain property management contracts due to commercial factors.

## BUSINESS OVERVIEW

The Group has three main business lines:

- Property management services, which primarily include: (i) provision of services for communities under commission basis; (ii) provision of services for communities under lump sum basis; (iii) provision of pre-delivery services for property developers; and (iv) provision of consultancy services for regional property management companies; and
- Value-added services, which primarily include: (i) online promotion services; (ii) sales and rental assistance services; and (iii) other value-added services; and
- Engineering services, which primarily include: (i) equipment installation services; (ii) repair and maintenance services; (iii) energy-saving renovation services.

### Scope of Services for Property Management Services

As at 30 June 2021, the Group employed over 54,185 on-site personnel (including staffs employed by the Group and the staffs outsourced to third parties) to provide property management services. The table below sets forth the property management fee range for area within the communities the Group managed under commission basis and lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 30 June 2021		As at 31 December 2020	
	Under commission basis (RMB/sq.m./ month)	Under lump sum basis (RMB/sq.m./ month)	Under commission basis (RMB/sq.m./ month)	Under lump sum basis (RMB/sq.m./ month)
Shenzhen	<b>0.4-11.4</b>	<b>1.8-16.9</b>	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	<b>0.5-5.9</b>	<b>0.7-16.9</b>	0.5-5.9	0.7-16.9
Eastern China	<b>0.4-17.0</b>	<b>1.1-16.0</b>	0.4-17.0	1.1-16.0
Southwestern China	<b>0.5-6.1</b>	<b>0.3-25.0</b>	0.5-6.1	0.3-25.0
Northeastern China	<b>0.4-3.3</b>	<b>2.0-18.0</b>	0.4-3.3	2.0-18.0
Northwestern China	<b>0.5-4.0</b>	<b>1.4-22.7</b>	0.5-4.0	1.4-22.7
Northern China	<b>0.7-5.5</b>	<b>1.2-25.0</b>	0.7-5.5	1.2-25.0
Central China	<b>0.6-5.3</b>	<b>0.9-16.9</b>	0.6-5.3	0.9-16.9

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

# Management Discussion and Analysis



### ***Property Management Services under Commission Basis***

Under commission basis, the Group is essentially acting as an agent of the property owners. The Group reserves the right to retain the specified percentage (usually 10%) of the owner's property management fees as required by the relevant local authorities as the Group's revenue. The remaining property management fees will be used as operating funds to cover the expenses associated with the management of the property.

### ***Property Management Services under Lump Sum Basis***

Under lump sum basis, the Group is entitled to recognize all property management fees charged from the property owners as revenue and pay the expenses related to property management from the property management fees. Accordingly, the related costs are recognized as the Group's cost of sales.

### ***Pre-delivery Services***

The Group may be appointed as a property management company by the property developers at the initial stage of the property development. The Group provides pre-delivery services for the property developers in preparation for the pre-sale activities and recognizes revenue based on the fees charged. The relevant expenses are calculated based on the number of employees and positions deployed by the Group, and the related staff costs incurred are the sales costs incurred in providing the services.

### ***Consultancy Services***

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience and making its brand more widely known, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, the property management companies are contracted to provide property management services in the relevant communities. The Group provides consultation and advice for these regional property management companies such that they can leverage on the Group's experience and platform to improve various aspects of them such as property management, quality control and human resources management. In addition, the Group provides value-added services in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future. As at 30 June 2021, the Group provided consultancy services for 45 communities and the Consultancy GFA was 11.9 million sq.m..

### ***Scope of Services for Value-added Services***

Adhering to the value and concept of "Service to Your Family", the Group has been focusing on providing diversified value-added services for community property owners. With 19 years of experience in community management and services, the Group has established a comprehensive online and offline service system. The Group has employed on-site personnel such as customer managers and community stewards to provide more convenient community services for property owners. Through paying frequent visits to and communicating with owners by customer managers, the Group has built up trust with residents living in communities and has a more comprehensive understanding on the demands of them. Leveraging on the in-depth understanding about the residents of the communities for which the Group provides management and consultancy services, the Group works with third-party professional goods and service providers to create a safer, more convenient and more comfortable living environment for residents.

The Group's value-added services primarily include (i) online promotion services; (ii) sales and rental assistance; and (iii) other value-added services.

### ***Online promotion services***

The Group collaborates with providers of various products and services and promotes products or services to property owners through Caizhiyun, the online platform run by the Group. Product and service providers pay certain amount of commission according to their sales ordered through the Caizhiyun platform to the Group. Further, the Group provides system or software for projects, for which it provides management and consultancy services, and charges amount of usage fees from using information system software.

### ***Sales and rental assistance***

The Group (i) refers its case to a third-party property agent, who assists the property owner in completing the rental and the sale of the property. The Group charges property agents on every successful referral and generates revenue from authorizing property agents rights to use our online leasing data platform; (ii) helps property developers sell their parking lots under Colour Life Parking Lots model and receives commissions in accordance with the agency sales agreement; (iii) assists communities in renting promotional space of structures (such as elevator interior walls or public spaces) and additional storage space, and receives commissions in return.

### ***Other value-added services***

Other value-added services include (i) purchase assistance; (ii) energy management services; (iii) other value-added services.

### **Scope of Services for Engineering Services**

The Group provides engineering services for property developers (including primarily independent property developers and to a lesser extent, the Fantasia Group) and communities which the Group manages through sub-contracting and cooperation with qualified third-party contractors and through its subsidiaries that are mainly engaged in engineering services and energy management services, namely Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("**Shenzhen Kaiyuan Tongji**") and Shenzhen Ancaihua Energy Investment Co., Ltd. ("**Shenzhen Ancaihua**").

Engineering services provide a safe and comfortable environment for property owners of the communities. It also laid the hardware foundation for accelerating the smart transformation of communities which the Group serves and implementing the Big Dipper strategy.

In recent years, the Group continued to carry out the Internet-based smart transformation to the projects under its management. Focusing on the property owners' multi-dimension needs for easy community life, we strengthened the transformation of the community mainly in two directions. Firstly, hardware is upgraded to include remote monitoring of elevators, QR code/face recognition access control, vehicle licence recognition system in car park etc., so as to realise central management control, replace labour with equipment, save energy and posts, and enhance efficiency and service quality. Secondly, a community service platform is established through connecting communities to the Group's cloud system at its head office. For example, real-time picture of the operation condition in the community under the Group's management will be sent to its head office using remote monitoring technology, and it will promptly assign rectification tasks for areas with potential problem and follow up the results.

The Group's engineering services primarily include (i) equipment installation services; (ii) repair and maintenance services; and (iii) energy-saving renovation services.

# Management Discussion and Analysis



## ***Equipment installation services***

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

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

In recent years, as part of the development of Colour Life Parking Lots sales business, the Group also offers intelligent improvement services to property developers' parking lots which improves the quality of properties delivered to property owners.

## ***Repair and maintenance services***

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

## ***Energy-saving renovation services***

The Group renders energy-saving renovation services to communities, for which it provides management and consultancy services, including the installation of energy-saving devices. By installing and using cutting-edge energy saving equipment, the Group helps communities reduce their energy consumption.



## REVIEW AND ANALYSIS

### Revenue

The Group's revenue mainly arises from (i) property management services; (ii) value-added services; and (iii) engineering services. For the Period, total revenue slightly increased by 0.7% from approximately RMB1,778.9 million for the corresponding period of 2020 to approximately RMB1,792.2 million.

	For the six months ended 30 June					
	2021		2020		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
<b>Revenue</b>						
Property management services	1,612,870	90.0%	1,559,650	87.7%	53,220	3.4%
Value-added services	145,215	8.1%	151,921	8.5%	(6,706)	(4.4%)
Engineering services	34,117	1.9%	67,303	3.8%	(33,186)	(49.3%)
Total revenue	1,792,202	100.0%	1,778,874	100.0%	13,328	0.7%

### Property Management Services

For the Period, revenue from property management services increased by approximately 3.4% from approximately RMB1,559.7 million for the corresponding period of 2020 to approximately RMB1,612.9 million for the Period. Breakdown of revenue from property management services are as below:

	For the six months ended 30 June					
	2021		2020		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
<b>Revenue</b>						
Property management service fees on lump sum basis	1,501,578	83.8%	1,437,287	80.8%	64,291	4.5%
Property management service fees on commission basis	90,528	5.0%	89,796	5.1%	732	0.8%
Pre-delivery services	18,062	1.0%	26,922	1.5%	(8,860)	(32.9%)
Property management consultancy service fees	2,702	0.2%	5,645	0.3%	(2,943)	(52.1%)
Total of property management service fees	1,612,870	90.0%	1,559,650	87.7%	53,220	3.4%

# Management Discussion and Analysis



Such changes were mainly attributable to:

- (a) An increase in revenue from property management services under lump sum basis and commission basis by approximately RMB64.3 million and approximately RMB0.7 million, respectively, which were mainly due to the conversion of certain pre-delivery services projects into property management projects under lump sum basis or commission basis upon the delivery of properties to property buyers/residents by the property developers;
- (b) A decrease in pre-delivery services by approximately RMB8.9 million, which was mainly because the pre-delivery services provided by the Group decreased after delivery of the properties and property management services income were recorded instead;
- (c) A decrease in property management services under consultancy services arrangement by approximately RMB2.9 million, which was mainly due to the expiry of certain consultancy services agreements.

## Value-added Services

For the Period, revenue from value-added services decreased by 4.4% from approximately RMB151.9 million for the corresponding period of 2020 to approximately RMB145.2 million for the Period. Breakdown of revenue from value-added services are as below:

	For the six months ended 30 June				Variance	
	2021		2020		Amount RMB'000	%
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue		
<b>Revenue</b>						
Sales and rental assistance	86,318	4.8%	82,483	4.6%	3,835	4.6%
Online promotion services	39,400	2.2%	42,707	2.4%	(3,307)	(7.7%)
Other value-added services	19,497	1.1%	26,731	1.5%	(7,234)	(27.1%)
<b>Total of value-added service fees</b>	<b>145,215</b>	<b>8.1%</b>	<b>151,921</b>	<b>8.5%</b>	<b>(6,706)</b>	<b>(4.4%)</b>

The decrease in revenue from value-added services was mainly attributable to:

- (a) A increase in revenue from sales and rental assistance by approximately RMB3.8 million, which was due to the promotion of sales services and the recovery in sales volume of properties during the Period;
- (b) A decrease in revenue from online promotion services by approximately RMB3.3 million, which mainly due to the decrease in revenue from relevant commission from online investments;
- (c) A decrease in revenue from other value-added services by approximately RMB7.2 million, which was mainly due to the Group's business transformation.

### Engineering Services

For the Period, revenue from engineering services was approximately RMB34.1 million, representing a decrease of approximately RMB33.2 million or 49.3% as compared to that of the corresponding period of 2020. Breakdown of revenue from engineering services are as below:

	For the six months ended 30 June				Variance	
	2021		2020		Amount RMB'000	%
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue		
<b>Revenue</b>						
Equipment installation service fees	18,196	1.0%	52,027	2.9%	(33,831)	(65.0%)
Repair and maintenance service fees	8,848	0.5%	8,915	0.5%	(67)	(0.8%)
Energy-saving service fees	7,073	0.4%	6,361	0.4%	712	11.2%
<b>Total of engineering services fees</b>	<b>34,117</b>	<b>1.9%</b>	<b>67,303</b>	<b>3.8%</b>	<b>(33,186)</b>	<b>(49.3%)</b>

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

- (a) A decrease in revenue from equipment installation services by approximately RMB33.8 million, which was mainly due to the decrease in transaction volume under Colour Life Parking Lots model and the corresponding decrease in intelligent improvement services accordingly;
- (b) Revenue from repair and maintenance services for the Period amounting to approximately RMB8.8 million, which basically remained in line with the amounts of corresponding period of 2020;
- (c) Revenue from energy-saving services for the Period amounting to approximately RMB7.1 million, representing a slight increase of RMB0.7 million as compared to that of the corresponding period of 2020.

# Management Discussion and Analysis



## Cost of Services

Cost of services primarily comprises labour costs, subcontracting costs, costs of raw materials which mainly consist of energy-saving light bulbs, intercommunication devices, security camera wires, pipes and others, utility costs, depreciation and amortisation, rental cost and others. For the Period, cost of services increased by approximately RMB10.8 million or 0.9% from approximately RMB1,197.4 million for the corresponding period of 2020 to approximately RMB1,208.3 million. The increase in cost of services was in line with the increase in revenue.

## Gross Profit and Gross Profit Margin

For the Period, the overall gross profit increased by approximately RMB2.5 million or 0.4% to approximately RMB583.9 million from approximately RMB581.4 million for the corresponding period of 2020.

The overall gross profit margin for the Period was 32.6%, representing a slight decrease of 0.1 percentage point as compared to 32.7% for the corresponding period of 2020.

### (i) Property Management Services

For the Period, the gross profit of property management services increased by approximately RMB30.5 million from approximately RMB417.5 million for the corresponding period of 2020 to approximately RMB448.0 million for the Period and the gross profit margin increased by 1.0 percentage point from 26.8% for 2020 to 27.8% for the Period.

### (ii) Value-added Services

For the Period, the gross profit of value-added services decreased by approximately RMB16.4 million from approximately RMB143.5 million for the corresponding period of 2020 to approximately RMB127.1 million for the Period and gross profit margin decreased by 6.9 percentage points from 94.4% for the corresponding period of 2020 to 87.5% for the Period, which was mainly due to the Group's business transformation.

### (iii) Engineering Services

For the Period, the gross profit of engineering services decreased by approximately RMB11.7 million from approximately RMB20.5 million for the corresponding period of 2020 to approximately RMB8.8 million for the Period, which was mainly due to the Group's efforts to reduce engineering services which has a lower profit margin, and the gross profit margin decreased by 4.7 percentage points from 30.4% for the corresponding period of 2020 to 25.7% for the Period, which was mainly due to the increase in cost relating to intelligent improvement services.

## Other Gains and Losses

For the Period, the Group recorded other gains of approximately RMB14.2 million, representing an increase of approximately RMB19.7 million from a loss of approximately RMB5.5 million for the corresponding period of 2020. Such change was primarily due to the exchange gain of approximately RMB19.9 million arisen from certain borrowings and USD senior notes as the USD was depreciated during the Period, while the Group recorded exchange loss of approximately RMB9.2 million for the corresponding period of 2020.

### **Other Income**

For the Period, the Group's other income amounted to approximately RMB26.0 million, representing a decrease of approximately 32.2% from approximately RMB38.3 million for the corresponding period of 2020. The change was primarily attributable to (i) the decrease in interest income of approximately RMB12.5 million; and (ii) the decrease in government grants and value-added tax refunds of approximately RMB2.2 million during the Period.

### **Selling and Distribution Expenses**

For the Period, the Group's selling and distribution expenses increased by approximately RMB8.9 million from approximately RMB6.5 million for the corresponding period of 2020 to RMB15.5 million for the Period. The increase was mainly due to the increase in commission from payment for the sales activities.

### **Administrative Expenses**

The Group's administrative expenses slightly increased by approximately 0.3% from approximately RMB188.0 million for the corresponding period of 2020 to approximately RMB188.5 million for the Period.

### **Expenses Recharged to Residential Communities under Commission Basis**

For the Period, the Group's expenses recharged to residential communities managed under commission basis amounted to approximately RMB34.7 million, representing a decrease of approximately RMB5.5 million or 13.8% as compared to approximately RMB40.2 million for the corresponding period of 2020. The recharged amount is based on the administrative time cost spent on the communities managed under commission basis. The administrative hours incurred by regional executives and allocated to the communities decreased due to the streamlining of the workforce as a result of adjustment to the organisation structure of the Company.

### **Finance Costs**

For the Period, the Group's finance costs amounted to approximately RMB96.4 million, representing an increase of approximately RMB8.4 million or approximately 9.5% from approximately RMB88.0 million for the corresponding period of 2020. The increase was mainly due to the higher level of average debts for the Period as compared to those for the corresponding period of 2020.

### **Income Tax Expenses**

The Group's income tax expenses decreased by 2.4% from approximately RMB95.4 million for the corresponding period of 2020 to approximately RMB93.1 million for the Period, which was primarily attributable to the exchange gain of approximately RMB19.9 million arisen from offshore company which was not subjected to income tax.

### **Intangible Assets**

As at 30 June 2021, the carrying amount of intangible assets held by the Group was approximately RMB884.6 million (31 December 2020: approximately RMB953.5 million). The amortisation of intangible assets was approximately RMB68.9 million for the year.



# Management Discussion and Analysis

## Goodwill

As at 30 June 2021 and 31 December 2020, the carrying amount of goodwill was remained at RMB2,317.3 million, thus there were no impairment on goodwill during the Period.

## Bank Balances and Cash

As at 30 June 2021, the Group's total cash increased by 10.3% to approximately RMB2,712.5 million from approximately RMB2,458.6 million as at 31 December 2020. The increase in bank balances and cash was primarily attributable to: (i) net cash inflows of approximately RMB538.6 million generated from operating activities; (ii) net cash inflows of approximately RMB360.7 million generated from investing activities; and (iii) net cash outflows of approximately RMB640.3 million used in financing activities.

## Trade and Other Receivables and Prepayments

Trade receivables primarily comprised of the management and services income charged under lump sum basis in respect of property management services, engineering services and value-added services.

As at 30 June 2021, trade receivables of the Group net of the allowance for credit losses, amounted to approximately RMB639.5 million, representing an increase of approximately RMB92.5 million or 16.9% as compared to approximately RMB547.0 million as at 31 December 2020, which was mainly due to an increase in trade receivable balance as at 30 June 2021 as compared to those as at 31 December 2020 caused by the unsettled property management fees as a result of better collection record of trade receivables by the property company for the second half of the year than that for the first half of the year given the seasonality of the property management industry.

Other receivables and prepayments decreased by approximately RMB63.8 million from approximately RMB756.1 million as at 31 December 2020 to approximately RMB692.3 million as at 30 June 2021. The decrease was primarily attributable to a decrease in refundable deposits paid to business partners and suppliers of approximately RMB33.0 million.

## Payments/Receipts on Behalf of Residents

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

### Trade and Other Payables and Accruals

Trade and other payables primarily comprise of payables to the Group's sub-contractors for property management services and engineering services, advance from customers, deposits received, accrued staff costs, other tax payables and other payables and accruals, details of which are as follows:

- (1) Trade payables increased from approximately RMB405.6 million as at 31 December 2020 to approximately RMB546.1 million as at 30 June 2021, primarily due to the increase in payment to the Group's suppliers during the Period.
- (2) Other payables and accruals increased from approximately RMB804.5 million as at 31 December 2020 to approximately RMB908.0 million as at 30 June 2021, which were primarily due to (i) dividend payables of approximately RMB127.0 million recognised during the Period; (ii) a decrease in staff cost payables of approximately RMB92.5 million as a result of payment of staff cost that provided previously but not paid in the Period; (iii) an increase of approximately RMB54.6 million in the consideration payable caused by the Group's acquisition of the minority interest in Darwin.

### Senior Notes and Bonds

As at 30 June 2021, the carrying amount of the Group's senior notes amounted to approximately RMB876.5 million (31 December 2020: approximately RMB1,552.7 million).

The outstanding senior notes as at 30 June 2021 have been repaid in full upon maturity in July 2021.

### Asset-backed Securities Issued

The Group repaid principal and interests in accordance with the agreements. As at 30 June 2021, the carrying amount of the Group's asset-backed securities issued was approximately RMB7.3 million (31 December 2020: approximately RMB20.2 million).

In August 2016, Shenzhen Colour Life Services Group Co., Ltd. (深圳市彩生活服务集团有限公司) ("**Shenzhen Colour Life**") issued asset-backed securities due August 2021 with an aggregate principal amount of approximately RMB300 million. As at 30 June 2021, the carrying amount was approximately RMB7.3 million and was classified as current liabilities as at 30 June 2021.

### Share Capital

As at 30 June 2021, the total number of issued shares of the Company was approximately 1,454,868,000 (31 December 2020: approximately 1,454,868,000) and the share capital was approximately RMB118.0 million (31 December 2020: approximately RMB118.0 million).

# Management Discussion and Analysis



## Cash Position

As at 30 June 2021, the Group's total cash (including pledged bank deposits) increased by approximately 8.2% from approximately RMB2,612.7 million as at 31 December 2020 to approximately RMB2,826.4 million. Among the total cash, bank deposits of approximately RMB113.8 million (31 December 2020: approximately RMB154.1 million) were pledged or restricted.

The financial position remained stable. As at 30 June 2021, the current ratio (current assets/current liabilities) of the Group was approximately 1.4 times (31 December 2020: approximately 1.2 times).

## Borrowings and Charges on the Group's Assets

As at 30 June 2021, the Group had bank and other borrowings of approximately RMB1,453.1 million (31 December 2020: approximately RMB956.7 million), of which the borrowings of approximately RMB1,428.1 million were secured by the Group's certain bank deposits and equity interests in certain subsidiaries, and the remaining borrowings of approximately RMB25.0 million were unsecured.

## Net Gearing Ratio

The net gearing ratio was calculated by net debt (being the total of borrowings, senior notes and bonds, asset-backed securities issued, after deduction of bank balances and cash and pledged/restricted bank deposits) over the total equity. As at 30 June 2021, the total of bank balances and cash and pledged/restricted bank deposits amounting to approximately RMB2,826.4 million exceeded the total debt amounting to approximately RMB2,336.8 million, thus no net gearing ratio was presented as at 30 June 2021. As at 31 December 2020, no net gearing ratio was presented neither.

## Currency Risk

The Group mainly operates its business in China. Other than certain borrowings and senior notes denominated in foreign currency, the Group does not have any other material direct exposure to foreign exchange fluctuations risk.

During the year, the Group recorded a net exchange gain of approximately RMB19.9 million.

## Employees and Remuneration Policies

As at 30 June 2021, excluding the employees for communities under commission basis, the Group had approximately 13,755 employees (31 December 2020: approximately 14,459 employees). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and the prevailing industry practice.

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

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximise their benefits from good corporate governance. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board comprises three executive directors, three non-executive directors and three independent non-executive directors. The Board is responsible for the leadership and control of the Company and oversees Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive directors possess respective professional qualifications and related management experience in the areas of financial accounting, business strategies and property management and have contributed the Board with their professional opinions.

During the six months ended 30 June 2021, the Board has complied with all the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules on the Stock Exchange. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors and employees (the "Securities Dealing Code"). The Company has made specific enquiry to all Directors and all Directors confirmed that they have complied with the requirements set out in the Model Code for the six months ended 30 June 2021.

## Corporate Governance and Other Information

### AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three Independent Non-executive Directors, namely Mr. Tam Chun Hung, Anthony (Chairman of the Audit Committee), Mr. Xu Xinmin and Mr. Zhu Wuxiang. The Audit Committee has reviewed the unaudited interim results for the Period. In addition, the independent auditors of the Company, Deloitte Touche Tohmatsu, have reviewed the unaudited interim results for the Period 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.

### REMUNERATION COMMITTEE

The Company has established the remuneration committee (the “Remuneration Committee”) in compliance with the Listing Rules 3.25 and 3.26. In order to comply with the CG Code, the Board adopted the terms of reference of the Remuneration Committee on 27 June 2014. The terms of reference of the Remuneration Committee is available for reference on the websites of the Company and the Stock Exchange.

The Remuneration Committee of the Company currently comprises an Executive Director, Mr. Chen Xinyu, and three Independent Non-executive Directors, namely, Mr. Tam Chun Hung, Anthony (Chairman of the Remuneration Committee), Mr. Xu Xinmin and Mr. Zhu Wuxiang. The primary duties of the Remuneration Committee include (but not limited to): (i) making recommendations to the Board regarding the Company’s policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; and (iii) reviewing and approving the management’s remuneration proposals with reference to the Board’s corporate goals and objectives.

### NOMINATION COMMITTEE

The Company has established the Nomination Committee (the “Nomination Committee”) in compliance with the Listing Rules to fulfill the functions of determining the procedures and criteria to be adopted for purposes of selecting candidates for directorship. In order to comply with the CG Code, the Board adopted the terms of reference of the Nomination Committee on 27 June 2014 and thereafter adopted the revised terms of references of the Nomination Committee on 27 March 2019. All of them are available for reference on the websites of the Company and the Stock Exchange.

The Nomination Committee of the Company currently comprises two Executive Directors, Mr. Pan Jun (Chairman of the Nomination Committee) and Mr. Zhu Guogang, and three Independent Non-executive Directors, namely, Mr. Tam Chun Hung, Anthony, Mr. Xu Xinmin and Mr. Zhu Wuxiang. The primary function of the nomination committee is to review the structure, size and composition of the Board.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) by the written resolutions of the shareholders of the Company passed on 11 June 2014. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

During the six months ended 30 June 2021, details of movements in the share option under the Share Option Scheme are as follows:

Name of grantee	Date of grant	Exercise price HK\$	Balance as at 1 January 2021	Number of share options			Balance as at 30 June 2021	Notes
				Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period		
<b>Directors</b>								
Mr. Pan Jun	29 September 2014	6.66	547,790	-	-	-	547,790	(1)
			347,650	-	-	-	347,650	(2)
	30 April 2015	11.00	180,000	-	-	-	180,000	(3)
	18 March 2016	5.764	180,000	-	-	-	180,000	(4)
Mr. Tam Chun Hung, Anthony	27 November 2018	4.11	500,000	-	-	-	500,000	(6)
	29 September 2014	6.66	150,000	-	-	-	150,000	(1)
	30 April 2015	11.00	180,000	-	-	-	180,000	(3)
	18 March 2016	5.764	180,000	-	-	-	180,000	(4)
Mr. Xu Xinmin	27 November 2018	4.11	200,000	-	-	-	200,000	(6)
	29 September 2014	6.66	150,000	-	-	-	150,000	(1)
	30 April 2015	11.00	180,000	-	-	-	180,000	(3)
	18 March 2016	5.764	180,000	-	-	-	180,000	(4)
	27 November 2018	4.11	200,000	-	-	-	200,000	(6)
Sub-total			3,175,440	-	-	-	3,175,440	
<b>Employees of the Group</b>								
	29 September 2014	6.66	9,855,844	-	-	(1,974,078)	7,881,766	(1)
			9,772,880	-	-	(2,602,090)	7,170,790	(2)&(5)
	30 April 2015	11.00	12,880,936	-	-	(1,688,594)	11,192,342	(3)
	18 March 2016	5.764	13,537,804	-	-	(1,775,404)	11,762,400	(4)
	27 November 2018	4.11	18,564,720	-	-	(1,900,000)	16,664,720	(6)
Sub-total			64,612,184	-	-	(9,940,166)	54,672,018	
<b>Total</b>			<b>67,787,624</b>	<b>-</b>	<b>-</b>	<b>(9,940,166)</b>	<b>57,847,458</b>	



## Corporate Governance and Other Information



### Notes:

- (1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date of grant; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.
- (2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.
- (3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.
- (4) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.
- (5) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 27 November 2019; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 27 November 2020; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 27 November 2021. The exercise period of these share options will expire on 17 March 2028.

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

### Senior Notes

On 25 February 2020, the Company issued senior notes due 2021 with principal amount of USD100,000,000 at a coupon rate of 8% per annum (the "8% Senior Notes Due 2021") for the purpose of refinancing certain of its indebtedness. The 8% Senior Notes Due 2021 have been fully repaid upon its maturity in February 2021.

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

### SHARE AWARE SCHEME

The Company has adopted a share award scheme (the "Share Award Scheme") on 4 July 2016 to provide incentives or rewards for certain employees and consultants of the Group for their contribution to the Group.

The Share Award Scheme has a term of five years from the adoption date. Pursuant to the Share Award Scheme, the Company will entrust an independent trustee (the "Trustee") to purchase existing Shares in the open market and award such Shares to the selected participants as based on the Company's overall remuneration incentive plan. The Trustee will hold such Shares on behalf of the relevant selected participants on trust, until such Shares are vested with the relevant selected participants in accordance with the vesting conditions of the award and the rules of the Share Award Scheme.

During the six months ended 30 June 2021, the Trustee had not acquired any Shares in accordance with the Share Award Scheme. For the six months ended 30 June 2021, no share award were granted under the Share Award Scheme.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the directors of the Company (the "Directors") and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") were as follows:

### (i) Long positions in the shares and underlying shares of the Company

Name of director	Capacity/Nature of interest	Number of shares held	Number of underlying shares held	Total	Approximate percentage of issued share capital
Mr. Pan Jun	Beneficial owner	-	1,755,440 <sup>(1)</sup>	1,755,440	0.12%
Mr. Zhu Guogang	Beneficial owner	21,000	-	21,000	0.00%
Mr. Tam Chun Hung, Anthony	Beneficial owner	-	710,000 <sup>(1)</sup>	710,000	0.05%
Mr. Xu Xinmin	Beneficial owner	-	710,000 <sup>(1)</sup>	710,000	0.05%

Notes:

- (1) The relevant interests are unlisted physically settled options granted pursuant to the share option scheme of the Company.
- (2) As at 30 June 2021, the total number of issued shares of the Company is 1,454,867,299.

## Corporate Governance and Other Information



### (ii) Long positions in the shares and underlying shares of the associated corporations of the Company

Name of director	Name of associated corporation	Capacity/ Nature of interest	Number of shares/ underlying shares/equity interest held	Approximate percentage of interest
Mr. Pan Jun	Fantasia Holdings Group Co., Limited ("Fantasia Holdings")	Beneficial owner	9,980,000 <sup>(1)</sup>	0.17%
	Shenzhen Cai Yun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network")	Beneficial owner	RMB7,000,000	70% <sup>(2)</sup>
	Fantasy Pearl International Limited ("Fantasy Pearl")	Interest of controlled corporation	20 shares	20% <sup>(3)</sup>
Mr. Zhu Guogang	Fantasia Holdings	Beneficial owner	560,000 <sup>(1)</sup>	0.01%

Notes:

- (1) These underlying shares are unlisted physically settled options granted pursuant to the share option scheme of Fantasia Holdings.
- (2) Shenzhen Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of Shenzhen Caizhiyun Network have been consolidated and accounted for as a subsidiary of the Company by virtue of various structured contracts, details of which are disclosed in the section headed "History, Reorganisation and the Group Structure" in the Company's prospectus dated 17 June 2014.
- (3) Fantasy Pearl is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"), which is wholly owned by Mr. Pan Jun.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had any interests or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

**SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY**

As at 30 June 2021, so far as the Directors are aware and as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position in the shares and underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of substantial shareholders	Capacity	Number of Shares held	Approximate percentage of issued share capital
Ms. Zeng Jie, Baby	Interest of controlled corporation <sup>(3)</sup>	982,640,851 (L) <sup>(1)</sup>	67.54%
		218,001,477 (S) <sup>(2)</sup>	14.98%
Ice Apex	Interest of controlled corporation <sup>(3)</sup>	982,640,851 (L) <sup>(1)</sup>	67.54%
		218,001,477 (S) <sup>(2)</sup>	14.98%
Fantasy Pearl	Interest of controlled corporation <sup>(3)</sup>	980,408,486 (L) <sup>(1)</sup>	67.39%
		218,001,477 (S) <sup>(2)</sup>	14.98%
	Beneficial owner	2,232,365 (L) <sup>(1)</sup>	0.15%
Fantasia Holdings	Beneficial owner <sup>(3)</sup>	974,246,508 (L) <sup>(1)</sup>	66.96%
Splendid Fortune Enterprise Limited ("Splendid Fortune")	Beneficial owner <sup>(3)</sup>	224,163,455 (L)	15.41%
		218,001,477 (S) <sup>(2)</sup>	14.98%
Mr. Liu Qiangdong, Richard	Beneficiary of a trust	73,160,080 (L) <sup>(4)</sup>	5.03%
Max Smart Limited	Interest of controlled corporation	73,160,080 (L) <sup>(4)</sup>	5.03%
JD.com, Inc.	Interest of controlled corporation	73,160,080 (L) <sup>(4)</sup>	5.03%
JD.com Investment Limited	Interest of controlled corporation	73,160,080 (L) <sup>(4)</sup>	5.03%
Volga Innovation Limited	Beneficial owner	73,160,080 (L) <sup>(4)</sup>	5.03%

Notes:

(L) – Long position, (S) – Short position

- (1) These shares comprises (i) 974,246,508 shares held by Fantasia Holdings (among which 218,001,477 shares are cash-settled unlisted derivatives); (ii) 2,232,365 shares beneficially owned by Fantasy Pearl and (iii) 224,163,455 shares (long position) beneficial owned by Splendid Fortune.
- (2) These shares represents 218,001,477 shares (short position) held by Splendid Fortune, which are cash-settled unlisted derivatives.
- (3) Fantasia Holdings and Splendid Fortune are owned as to 57.43% and 67.36% respectively by Fantasy Pearl, which is owned as to 80% by Ice Apex. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. By virtue of the SFO, Ms. Zeng Jie, Baby, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings and Splendid Fortune.
- (4) Such interests are held by Volga Innovation Limited, which is 80% owned by JD.com Investment Limited. JD.com Investment Limited is a wholly-owned subsidiary of JD.com, Inc., which is in turn owned as to 72.90% by Max Smart Limited. Max Smart Limited is wholly-owned by the trust in which Mr. Liu Qiangdong, Richard is a beneficiary. By virtue of the SFO, Mr. Liu Qiangdong, Richard, Max Smart Limited, JD.com, Inc. and JD.com Investment Limited are deemed to be interested in the shares of the Company held by Volga Innovation Limited.

Save as disclosed above, as at 30 June 2021, no other persons (other than the Directors and chief executives of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

# Report on Review of Condensed Consolidated Financial Statements



德勤



Deloitte.

TO THE BOARD OF DIRECTORS OF COLOUR LIFE SERVICES GROUP CO., LIMITED

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Colour Life Services Group Co., Limited (the “Company”) and its subsidiaries set out on pages 39 to 80, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). 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 HKICPA. 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 2021

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from services	3	1,792,202	1,778,874
Cost of services		(1,208,263)	(1,197,449)
Gross profit		583,939	581,425
Other income		26,012	38,347
Other gains and losses		14,233	(5,461)
Impairment losses under expected credit loss model, net of reversal	17	(13,319)	(23,845)
Selling and distribution expenses		(15,465)	(6,546)
Administrative expenses		(188,498)	(187,996)
Expenses recharged to residential communities under commission basis		34,672	40,210
Finance costs		(96,371)	(87,972)
Change in fair value of investment properties		1,791	(687)
Share of results of associates		1,268	301
Share of results of joint ventures		(1,657)	(6,146)
Profit before tax		346,605	341,630
Income tax expense	4	(93,132)	(95,394)
Profit for the period	5	253,473	246,236
<b>Other comprehensive (expense) income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		(7,173)	2,820
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		1,793	(705)
Other comprehensive (expense) income for the period, net of income tax		(5,380)	2,115
Total comprehensive income for the period		248,093	248,351



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		<b>250,165</b>	236,440
Non-controlling interests		<b>3,308</b>	9,796
		<b>253,473</b>	246,236
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>244,785</b>	238,555
Non-controlling interests		<b>3,308</b>	9,796
		<b>248,093</b>	248,351
Earnings per share – basic (RMB cents)	7	<b>17.20</b>	16.62
Earnings per share – diluted (RMB cents)	7	<b>17.20</b>	16.62

# Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Non-current Assets</b>			
Property, plant and equipment	8	162,058	181,905
Right-of-use assets	9	95,306	95,204
Investment properties	10	147,167	147,351
Interests in associates		31,375	61,046
Interests in joint ventures		102,205	103,862
Equity instruments designated at FVTOCI		107,995	115,168
Goodwill	11	2,317,252	2,317,252
Intangible assets	12	884,574	953,461
Contract assets		6,733	14,572
Other receivables	13	3,557	4,986
Loan receivables	14	2,112	1,761
Deferred tax assets		77,884	85,932
Amount due from a related party	27(b)	65,591	68,889
Deposits paid for potential acquisition of subsidiaries		10,653	10,653
		<b>4,014,462</b>	4,162,042
<b>Current Assets</b>			
Contract assets		71,477	48,986
Trade receivables	13	639,518	546,989
Other receivables and prepayments	13	688,705	751,151
Loan receivables	14	30,547	224,188
Payments on behalf of residents	15	1,002,743	1,050,618
Amounts due from related parties	27(b)	752,157	899,766
Pledged/restricted bank deposits	16	113,820	154,118
Bank balances and cash		2,712,539	2,458,579
		<b>6,011,506</b>	6,134,395

# Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Current Liabilities</b>			
Trade payables	18	546,067	405,567
Other payables and accruals	18	875,806	804,521
Contract liabilities		553,653	516,500
Receipts on behalf of residents	15	321,258	362,189
Lease liabilities due within one year		9,572	7,898
Amounts due to related parties	27(b)	258,520	604,003
Tax liabilities		261,441	239,896
Borrowings due within one year	19	497,500	436,181
Senior notes and bonds	20	876,489	1,552,688
Asset-backed securities issued due within one year	21	7,271	20,206
		<b>4,207,577</b>	4,949,649
<b>Net Current Assets</b>			
		<b>1,803,929</b>	1,184,746
<b>Total Assets Less Current Liabilities</b>			
		<b>5,818,391</b>	5,346,788
<b>Non-current Liabilities</b>			
Deferred tax liabilities		222,093	252,937
Deferred consideration	18	32,242	–
Lease liabilities due after one year		18,788	18,929
Borrowings due after one year	19	955,560	520,500
<b>Total Non-current Liabilities</b>			
		<b>1,228,683</b>	792,366
<b>Net Assets</b>			
		<b>4,589,708</b>	4,554,422
<b>Capital and Reserves</b>			
Share capital	22	118,036	118,036
Reserves		4,274,259	4,231,605
Equity attributable to owners of the Company			
		<b>4,392,295</b>	4,349,641
Non-controlling interests			
		<b>197,413</b>	204,781
Total Equity			
		<b>4,589,708</b>	4,554,422

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note a)	Share options reserve RMB'000	Shares held for share award scheme RMB'000	Revaluation reserve RMB'000	Other reserve RMB'000 (note b)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020 (Audited)	115,134	1,805,780	211,455	233,676	(6,795)	17,637	(296,217)	1,789,509	3,870,179	181,817	4,051,996
Profit for the period	-	-	-	-	-	-	-	236,440	236,440	9,796	246,236
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	2,820	-	-	2,820	-	2,820
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(705)	-	-	(705)	-	(705)
Other comprehensive income for the period	-	-	-	-	-	2,115	-	-	2,115	-	2,115
Total comprehensive income for the period	-	-	-	-	-	2,115	-	236,440	238,555	9,796	248,351
Dividends declared and paid to the shareholders of the Company (note 6)	-	(128,033)	-	-	-	-	-	-	(128,033)	-	(128,033)
Recognition of equity-settled share-based payments (notes 23 and 24)	-	-	-	3,349	-	-	-	-	3,349	-	3,349
Transfer	-	-	5,630	-	-	-	-	(5,630)	-	-	-
At 30 June 2020 (Unaudited)	115,134	1,677,747	217,085	237,025	(6,795)	19,752	(296,217)	2,020,319	3,984,050	191,613	4,175,663
At 1 January 2021 (Audited)	<b>118,036</b>	<b>1,777,950</b>	<b>283,845</b>	<b>240,374</b>	<b>(6,795)</b>	<b>18,982</b>	<b>(301,591)</b>	<b>2,218,840</b>	<b>4,349,641</b>	<b>204,781</b>	<b>4,554,422</b>
Profit for the period	-	-	-	-	-	-	-	250,165	250,165	3,308	253,473
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(7,173)	-	-	(7,173)	-	(7,173)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	1,793	-	-	1,793	-	1,793
Other comprehensive expense for the period	-	-	-	-	-	(5,380)	-	-	(5,380)	-	(5,380)
Total comprehensive (expense) income for the period	-	-	-	-	-	(5,380)	-	250,165	244,785	3,308	248,093
Dividends recognised as distributions to shareholders of the Company (note 6)	-	(127,010)	-	-	-	-	-	-	(127,010)	-	(127,010)
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(4,177)	(4,177)
Acquisition of additional interests in subsidiaries from non-controlling shareholders (note 18)	-	-	-	-	-	-	(82,950)	6,499	(76,451)	(6,499)	(82,950)
Recognition of equity-settled share-based payments (notes 23 and 24)	-	-	-	1,330	-	-	-	-	1,330	-	1,330
Transfer	-	-	5,902	-	-	-	-	(5,902)	-	-	-
At 30 June 2021 (Unaudited)	<b>118,036</b>	<b>1,650,940</b>	<b>289,747</b>	<b>241,704</b>	<b>(6,795)</b>	<b>13,602</b>	<b>(384,541)</b>	<b>2,469,602</b>	<b>4,392,295</b>	<b>197,413</b>	<b>4,589,708</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

## Notes:

- (a) The statutory reserve is non-distributable and the transfer to the reserve is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries by way of appropriations from its net profit (based on the PRC statutory financial statements of the subsidiaries). Statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.
- (b) The amount recorded in the other reserve was resulted from the following as below:
- (i) Other reserve amounting to RMB142,148,000 (31 December 2020: RMB59,198,000) arose from the acquisitions of additional equity interests in subsidiaries and the disposal of partial equity interests in subsidiaries, which represent the difference between the consideration and the adjustment to the non-controlling interests.
  - (ii) The Company recognised expense in relation to share options granted by Fantasia Holdings Group Co., Ltd ("Fantasia Holdings") to eligible directors of the Company and employees of the Group and credited to other reserve amounting to RMB835,000.
  - (iii) Other reserve amounting to RMB243,228,000 arose from the combination of entities under common control in 2018.
  - (iv) Included in the other reserve as set out in note (b)(i) above, during the period ended 30 June 2021, the Group acquired additional interests in certain subsidiaries from non-controlling shareholders at a total consideration of RMB82,950,000. The difference of RMB82,950,000 between the consideration paid by the Group and attributable equity interests in the subsidiaries was debited to other reserve.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	<b>631,175</b>	316,613
Income taxes paid	<b>(92,590)</b>	(93,968)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>538,585</b>	222,645
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>5,942</b>	18,471
Deposit paid for acquisition of subsidiaries	-	(1,380)
Deposit refunded for acquisition of subsidiaries	-	595
Settlement of consideration payables on acquisition of subsidiaries	<b>(2,776)</b>	(14,002)
Settlement of consideration receivables of disposal of subsidiaries	<b>1,849</b>	22,315
Disposal of an associate	-	620
Purchase of property, plant and equipment	<b>(13,352)</b>	(7,812)
Proceeds on disposal of investment properties	<b>1,975</b>	3,454
Proceeds of disposal of property, plant and equipment	<b>647</b>	2,166
Redemption of equity instruments designated at FVTOCI	-	5,000
Capital injection to associates and joint ventures	-	(2,890)
Increase in pledged bank deposits	<b>72,411</b>	(116,046)
Decrease in pledged bank deposits	<b>(32,113)</b>	214,646
Advances of loan receivables	<b>(2,400)</b>	(90,399)
Repayment of loan receivables	<b>192,565</b>	42,380
Advances to related parties	<b>(32,200)</b>	(230,934)
Repayment from related parties	<b>168,161</b>	30,672
<b>NET CASH FROM (UESD IN) INVESTING ACTIVITIES</b>	<b>360,709</b>	(123,144)



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021



	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
Interest paid	<b>(110,207)</b>	(62,755)
Net proceeds from issuance of senior notes	–	688,872
Repayment of principal of asset-backed securities	<b>(12,980)</b>	(70,500)
New borrowings raised	<b>1,149,709</b>	274,200
Repayments of bank borrowings	<b>(637,043)</b>	(965,340)
Repayments of senior notes	<b>(652,820)</b>	–
Repayments of lease liabilities	<b>(5,010)</b>	(3,102)
Settlement of consideration payables on acquisition of subsidiaries under common control to fellow subsidiaries	–	(264,687)
Advance from related parties	<b>49,661</b>	525,569
Repayment to related parties	<b>(391,858)</b>	(492,889)
Acquisition of additional interest in subsidiaries	<b>(25,614)</b>	–
Dividends paid to non-controlling shareholders of the subsidiaries	<b>(4,177)</b>	–
<b>NET CASH UESD IN FINANCING ACTIVITIES</b>	<b>(640,339)</b>	(370,632)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>258,955</b>	(271,131)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,458,579</b>	1,721,228
Effect of foreign exchange rate changes	<b>(4,995)</b>	(3,262)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>2,712,539</b>	1,446,835

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “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 investment properties and certain financial instruments that are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

### Application of amendments to HKFRSs

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

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

Except as described below, 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”**

#### ***Accounting policies***

##### *Financial instruments*

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform.

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

#### ***Transition and summary of effects***

As at 30 June 2021, the Group has several financial liabilities, including borrowing amounting to RMB956,242,000, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 December 2021.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	For the period ended 30 June 2021			
	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Engineering services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods and services</b>				
<b>Property management services</b>				
Lump sum basis	1,501,578	–	–	1,501,578
Pre-delivery services	18,062	–	–	18,062
Commission basis	90,528	–	–	90,528
Consultancy services fee	2,702	–	–	2,702
	<b>1,612,870</b>	<b>–</b>	<b>–</b>	<b>1,612,870</b>
<b>Value-added services</b>				
Online promotion services	–	39,400	–	39,400
Sales and rental assistance	–	86,318	–	86,318
Other value-added services	–	19,497	–	19,497
	<b>–</b>	<b>145,215</b>	<b>–</b>	<b>145,215</b>
<b>Engineering services</b>				
Equipment installation services	–	–	18,196	18,196
Repair and maintenance services	–	–	8,848	8,848
Energy-saving service fees	–	–	7,073	7,073
	<b>–</b>	<b>–</b>	<b>34,117</b>	<b>34,117</b>
	<b>1,612,870</b>	<b>145,215</b>	<b>34,117</b>	<b>1,792,202</b>
<b>Timing of revenue recognition</b>				
A point in time	–	86,318	–	86,318
Over time	1,612,870	58,897	34,117	1,705,884
	<b>1,612,870</b>	<b>145,215</b>	<b>34,117</b>	<b>1,792,202</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Disaggregation of revenue from contracts with customers *(Continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the period ended 30 June 2021					
	Eastern China RMB'000	Southern China RMB'000	Western China RMB'000	Northern China RMB'000	Central China RMB'000	Total RMB'000
Segment revenue (Unaudited)	518,138	421,622	494,679	247,291	178,506	1,860,236
Elimination	(18,093)	(18,042)	(18,877)	(6,028)	(6,994)	(68,034)
<b>Revenue from contracts with customers and total revenue</b>	<b>500,045</b>	<b>403,580</b>	<b>475,802</b>	<b>241,263</b>	<b>171,512</b>	<b>1,792,202</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Disaggregation of revenue from contracts with customers *(Continued)*

	For the period ended 30 June 2020			
	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Engineering services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods and services</b>				
<b>Property management services</b>				
Lump sum basis	1,437,287	–	–	1,437,287
Pre-delivery services	26,922	–	–	26,922
Commission basis	89,796	–	–	89,796
Consultancy services fee	5,645	–	–	5,645
	1,559,650	–	–	1,559,650
<b>Value-added services</b>				
Online promotion services	–	42,707	–	42,707
Sales and rental assistance	–	82,483	–	82,483
Other value-added services	–	26,731	–	26,731
	–	151,921	–	151,921
<b>Engineering services</b>				
Equipment installation services	–	–	52,027	52,027
Repair and maintenance services	–	–	8,915	8,915
Energy-saving service fees	–	–	6,361	6,361
	–	–	67,303	67,303
	1,559,650	151,921	67,303	1,778,874
<b>Timing of revenue recognition</b>				
A point in time	–	82,483	–	82,483
Over time	1,559,650	69,438	67,303	1,696,391
	1,559,650	151,921	67,303	1,778,874



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Disaggregation of revenue from contracts with customers *(Continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the period ended 30 June 2020					Total RMB'000
	Eastern China RMB'000	Southern China RMB'000	Western China RMB'000	Northern China RMB'000	Central China RMB'000	
Segment revenue (Unaudited)	522,165	425,302	493,714	248,931	174,197	1,864,309
Elimination	(25,188)	(22,649)	(20,403)	(8,116)	(9,079)	(85,435)
<b>Revenue from contracts with customers and total revenue</b>	<b>496,977</b>	<b>402,653</b>	<b>473,311</b>	<b>240,815</b>	<b>165,118</b>	<b>1,778,874</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment revenues and results

The following is an analysis of the Group's revenues and results by operating and reportable segments:

	Eastern China RMB'000	Southern China RMB'000	Western China RMB'000	Northern China RMB'000	Central China RMB'000	Total RMB'000
<b>Six months ended 30 June 2021 (Unaudited)</b>						
Segment revenue	500,045	403,580	475,802	241,263	171,512	1,792,202
Segment profit	100,989	108,563	124,184	45,599	48,195	427,530
Changes in fair value of investment properties						1,791
Share of results of associates						1,268
Share of results of joint ventures						(1,657)
Impairment losses on amount due from a joint venture and loan receivables						(6,423)
Finance costs						(96,371)
Interest income						5,942
Share-based payment expenses						(1,330)
Exchange gain						19,937
Other unallocated expenses						(4,082)
Profit before tax						346,605

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment revenues and results *(Continued)*

	Eastern China RMB'000	Southern China RMB'000	Western China RMB'000	Northern China RMB'000	Central China RMB'000	Total RMB'000
<b>Six months ended 30 June 2020</b>						
<b>(Unaudited)</b>						
Segment revenue	496,977	402,653	473,311	240,815	165,118	1,778,874
Segment profit	118,387	106,153	124,659	43,737	45,578	438,514
Changes in fair value of investment properties						(687)
Changes in fair value of financial assets at FVTPL						240
Share of results of associates						301
Share of results of joint ventures						(6,146)
Impairment losses on amount due from a joint venture and loan receivables						(4,736)
Finance costs						(87,972)
Interest income						18,471
Exchange loss						(9,172)
Share-based payment expenses						(3,349)
Other unallocated expenses						(3,834)
Profit before tax						341,630

### Segment assets and liabilities

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Revenue and results from major services

The Group is mainly engaged in provision of property management services, value-added services and engineering services. The following table provides an analysis of the Group's revenue and results based on types of business:

	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Engineering services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>For the period ended 30 June 2021 (Unaudited)</b>				
Revenue from major services	1,612,870	145,215	34,117	1,792,202
Profit from major services	293,899	126,773	6,858	427,530
<b>For the period ended 30 June 2020 (Unaudited)</b>				
Revenue from major services	1,559,650	151,921	67,303	1,778,874
Profit from major services	290,557	134,888	13,069	438,514

## 4. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT")	<b>(114,135)</b>	(119,464)
Deferred tax		
Credit to profit and loss	<b>21,003</b>	24,070
	<b>(93,132)</b>	(95,394)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 5. PROFIT FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	<b>638,472</b>	647,149
Government grant	<b>(6,121)</b>	(9,368)
Partial exemption of PRC Value-added tax	<b>(11,273)</b>	(10,268)
Exchange (gain) loss	<b>(19,937)</b>	9,172
Loss on disposal of associates	<b>4,939</b>	–
Loss on disposal of property, plant and equipment, net	<b>128</b>	50
Amortisation of intangible assets (note 12)	<b>68,887</b>	68,887
Depreciation of property, plant and equipment (note 8)	<b>32,424</b>	28,693
Depreciation of right-of-use assets (note 9)	<b>5,588</b>	3,895

## 6. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2020 of RMB8.73 cents (2020: final dividend in respect of the year ended 31 December 2019 of RMB9.12 cents) per share was declared.

Subsequent to 30 June 2021, RMB36,371,000 (2020: RMB26,112,000) were paid to the owners of the Company in cash and dividend amount of RMB90,639,000 (2020: RMB101,921,000) were paid to the shareholders in form of new fully paid shares of the Company.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 7. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	<b>250,165</b>	236,440
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>1,454,868</b>	1,422,746

For the periods ended 30 June 2021 and 2020, the computation of diluted earnings per share does not assume the exercise of certain share options granted by the Company as the exercise prices of the respective options were higher than the average market price per share.

## 8. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the six months ended 30 June 2021 are summarised as follows:

	<b>RMB'000</b>
At 1 January 2021 (Audited)	<b>181,905</b>
Additions	<b>13,352</b>
Depreciation for the period	<b>(32,424)</b>
Disposals	<b>(775)</b>
At 30 June 2021 (Unaudited)	<b>162,058</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021



## 9. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2021 are summarised as follows:

	<b>RMB'000</b>
At 1 January 2021 (Adjusted)	<b>95,204</b>
Inception of lease	<b>5,690</b>
Depreciation for the period	<b>(5,588)</b>
<hr/>	
At 30 June 2021 (Unaudited)	<b>95,306</b>

## 10. INVESTMENT PROPERTIES

The movements in investment properties during the six months ended 30 June 2021 are summarised as follows:

	<b>RMB'000</b>
At 1 January 2021 (Audited)	<b>147,351</b>
Disposals	<b>(1,975)</b>
Net change in fair value recognised in profit or loss	<b>1,791</b>
<hr/>	
At 30 June 2021 (Unaudited)	<b>147,167</b>

The fair values of the Group's completed investment properties at 30 June 2021 have been arrived at on the basis of valuations carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. The valuations of completed investment properties were arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions, where appropriate. In estimating the fair value of the properties, the highest and best use of the properties is their current use.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 11. GOODWILL

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Goodwill	<b>2,317,252</b>	2,317,252

For the purpose of impairment testing, goodwill above has been allocated to certain groups of cash-generating units ("CGU"), comprising Shenzhen region, Southern China, Eastern China, Southwestern China, Northwestern China, Northeastern China, Northern China and Central China. As at 30 June 2021, the carrying amounts of goodwill (net of accumulated impairment losses) allocated to these groups of CGU are as follows:

	RMB'000
Shenzhen region	171,198
Southern China	353,384
Eastern China	650,984
Southwestern China	468,225
Northwestern China	113,964
Northeastern China	75,364
Northern China	225,998
Central China	258,135
	<hr/> 2,317,252 <hr/>

During the period ended 30 June 2021, the management of the Group determined that there is no impairment of any of these groups of CGU containing goodwill arising from the acquisition of businesses and/or business combination under common control.

The recoverable amounts of the above groups of CGU have been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a five-year period, growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates as at 30 June 2021.

Cash flow projections during the budget period for the groups of CGU are based on the management's key estimation of future cash flows including the growth rates in revenue, estimated gross profit, estimated profit before tax and discount rates.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 11. GOODWILL *(Continued)*

The discount rates reflect specific risks relating to the relevant group of CGU. The growth rates within the five-year period have been based on past experience and management's expectation of market development. The cash flows beyond the five-year period are extrapolated using zero growth rate.

	<b>30 June 2021</b>	31 December 2020
Discount rates	<b>16% – 17%</b>	17% – 18%
Growth rate within the five-year period	<b>0% – 4%</b>	0% – 4%

The management of the Group believes that any reasonably possible change in the key estimation of the value-in-use calculation would not cause the carrying amounts to exceed its recoverable amounts.

## 12. INTANGIBLE ASSETS

The movements in intangible assets during the six months ended 30 June 2021 are summarised as follows:

	RMB'000
At 1 January 2021 (Audited)	953,461
Amortisation of intangible assets	(68,887)
At 30 June 2021 (Unaudited)	884,574

The intangible assets represent the property management contracts and customers' relationship were acquired from third parties through business combination.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade receivables	<b>703,455</b>	605,610
Less: allowance for credit losses	<b>(63,937)</b>	(58,621)
	<b>639,518</b>	546,989
Other receivables and prepayments:		
Refundable deposits	<b>401,327</b>	434,281
Advances to staffs	<b>87,033</b>	85,331
Prepayments to suppliers	<b>104,107</b>	101,705
Consideration receivables for disposal of subsidiaries and associates	<b>26,000</b>	1,849
Receivables for residential and commercial units rental assistance services on behalf of customers	<b>15,613</b>	17,746
Receivables from former shareholders of subsidiaries	<b>4,498</b>	8,310
Others	<b>53,684</b>	106,915
	<b>692,262</b>	756,137
	<b>1,331,780</b>	1,303,126
<b>Classified as:</b>		
<b>Non-current</b>		
Other receivables	<b>3,557</b>	4,986
<b>Current</b>		
Trade receivables	<b>639,518</b>	546,989
Other receivables and prepayments	<b>688,705</b>	751,151
	<b>1,328,223</b>	1,298,140
	<b>1,331,780</b>	1,303,126

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

The following is an aging analysis of trade receivables presented based on the invoice date or date of demand note at the end of the reporting period, which the invoice date or the date of demand note represented the payment due date:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
0 – 30 days	<b>181,555</b>	164,835
31 – 90 days	<b>190,985</b>	143,029
91 – 180 days	<b>122,944</b>	104,276
181 – 365 days	<b>99,873</b>	93,005
Over 1 year	<b>44,161</b>	41,844
	<b>639,518</b>	546,989

Details of the impairment assessment are set out in note 17.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 14. LOAN RECEIVABLES

	Notes	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Fixed-rate loans provided to			
– online platform and community-related service companies	(a)	<b>60,000</b>	227,817
– property management companies	(b)	<b>8,634</b>	30,982
		<b>68,634</b>	258,799
Less: allowance for credit losses		<b>(35,975)</b>	(32,850)
		<b>32,659</b>	225,949
Classified as:			
Non-current assets		<b>2,112</b>	1,761
Current assets		<b>30,547</b>	224,188
		<b>32,659</b>	225,949

Notes:

- (a) As at 30 June 2021, the Group has entered into loan agreements with certain independent third parties, which engages in provision of online platform and community-related services, regarding the fund provision of RMB60,000,000 (31 December 2020: RMB227,817,000). The loans carry interests ranging from 10% to 15% (31 December 2020: 5% to 15%) per annum and will mature from July 2021 to August 2021. The loans are due within one year and classified as current assets.
- (b) As at 30 June 2021, the Group has entered into loan agreements with certain independent third parties, which engages in provision of property management services, regarding the fund provision of RMB8,634,000 (31 December 2020: RMB30,982,000). The loans carry interests ranging from 5% to 12% (31 December 2020: 5% to 12%) per annum and will mature from July 2021 to May 2024.

At 30 June 2021, the amounts of RMB6,522,000 (31 December 2020: RMB29,221,000) are due in one year and are classified as current assets and the amounts of RMB2,112,000 (31 December 2020: RMB1,761,000) are due after one year and are classified as non-current assets.

Details of the impairment assessment are set out in note 17.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 15. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Payments on behalf of residents		
– under commission basis	<b>1,040,015</b>	1,014,710
– under lump sum basis	<b>150,047</b>	222,036
– under consultancy services arrangements	<b>599</b>	9,454
	<b>1,190,661</b>	1,246,200
Less: allowance for credit losses	<b>(187,918)</b>	(195,582)
	<b>1,002,743</b>	1,050,618
Receipts on behalf of residents		
– under commission basis	<b>52,813</b>	52,061
– under lump sum basis	<b>267,290</b>	308,573
– under consultancy services arrangements	<b>1,155</b>	1,555
	<b>321,258</b>	362,189

Details of the impairment assessment are set out in note 17.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 16. PLEDGED/RESTRICTED BANK DEPOSITS

At 31 December 2020 and 30 June 2021, the restricted bank balances represented the balance of RMB32,000,000 which was frozen under a court notice. In 2020, Shenzhen Colour Life Property Management Services Co., Ltd. (“Shenzhen Colour Life”) entered into a series of agreements with the shareholders and creditors of a potential investee, in relation to a debt and equity transfer arrangement. Under the arrangement, Shenzhen Colour Life would take over the debt owed to certain creditors which is the prerequisite for the completion of acquisition of the equity of the investee. As at 31 December 2020 and 30 June 2021, the aforesaid acquisition of the equity has not yet completed. However, a creditor had initiated a legal proceeding in Xiangyang Intermediate People’s Court to claim against Shenzhen Colour Life in relation to the debt owed by the aforesaid investee of Shenzhen Colour Life. The total amount of claims amounting to RMB31,216,000, which included alleged non-repaid debt of RMB21,600,000 and alleged late payment penalty and interest of RMB9,616,000. The relevant court has made a notice to the bank to freeze a bank deposit of RMB32,000,000 of Shenzhen Colour Life to secure the payment of debt and interests. At the date these condensed consolidated financial statements are authorised for issuance, the legal proceeding has not been finalised.

## 17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment loss recognised on		
– trade receivables	(5,316)	(6,285)
– contract assets	(573)	(242)
– payments on behalf of residents	(1,007)	(12,582)
– amount due from a joint venture	(3,298)	(4,012)
– loan receivables	(3,125)	(724)
	<b>(13,319)</b>	(23,845)

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

As at 30 June 2021, except for certain balances of trade receivable, payments on behalf of residents, contract assets and amount due from a joint venture and loan receivables, the balances of other receivables, amounts due from fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates and joint ventures and loan receivables are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and thus the Group assessed that the ECL on these balances are insignificant.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021



## 18. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Trade payables	<b>546,067</b>	405,567
Other payables and accruals:		
Deposits received	<b>292,543</b>	293,424
Accrued staff costs	<b>161,984</b>	254,474
Provision for social insurance contributions	<b>113,999</b>	103,844
Other tax payables	<b>93,983</b>	76,513
Consideration payables for acquisition of additional equity interests in subsidiaries (note)	<b>57,336</b>	2,776
Dividend payables	<b>127,010</b>	–
Rental payable	<b>1,733</b>	1,707
Other payables and accruals	<b>59,460</b>	71,783
	<b>908,048</b>	804,521
	<b>1,454,115</b>	1,210,088
Classified as:		
Non-current		
Deferred consideration	<b>32,242</b>	–
Current		
Trade payables	<b>546,067</b>	405,567
Other payables and accruals	<b>875,806</b>	804,521
	<b>1,421,873</b>	1,210,088
	<b>1,454,115</b>	1,210,088

Note: During the period ended 30 June 2021, the Group acquired additional interests in certain subsidiaries from the non-controlling shareholders at a total consideration of RMB82,950,000. Based on the equity transfer agreements, the amount of RMB25,614,000 was settled upon completion of the equity transaction. Included in the outstanding amount of RMB57,336,000, amounts of RMB25,094,000 are due within one year and are classified as current liabilities and the remaining amounts of RMB32,242,000 are due after one year and are recognised as “deferred consideration” and classified as non-current liabilities, as at 30 June 2021.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 18. TRADE AND OTHER PAYABLES AND ACCRUALS *(Continued)*

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
0 – 60 days	<b>339,857</b>	254,251
61 – 180 days	<b>158,432</b>	109,287
181 – 365 days	<b>30,777</b>	27,091
Over 1 year	<b>17,001</b>	14,938
	<b>546,067</b>	405,567

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 19. BORROWINGS

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Bank loans	<b>1,201,560</b>	414,446
Other loans	<b>251,500</b>	542,235
	<b>1,453,060</b>	956,681
Secured	<b>1,428,060</b>	267,981
Unsecured	<b>25,000</b>	688,700
	<b>1,453,060</b>	956,681
Carrying amounts repayable:		
Within one year	<b>497,500</b>	436,181
More than one year, but not exceeding two years	<b>955,560</b>	520,500
	<b>1,453,060</b>	956,681
Less: amounts due within one year shown under current liabilities	<b>(497,500)</b>	(436,181)
Amounts shown under non-current liabilities	<b>955,560</b>	520,500

During the current interim period, the Group obtain new borrowings amounting to RMB1,149,709,000 (six months ended 30 June 2020: RMB274,200,000) and repaid borrowings amounting to RMB637,043,000 (six months ended 30 June 2020: RMB965,340,000).

The new borrowings raised are denominated in Renminbi and United States Dollars and carry interest ranging from 4.9% to 11.5% per annum and will mature from January 2022 to December 2022.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 20. SENIOR NOTES

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Senior notes:			
2020 USD100 million senior notes due 2021	(a)	–	668,659
2020 USD130 million senior notes due 2021	(b)	<b>876,489</b>	884,029
		<b>876,489</b>	1,552,688

### Notes:

- (a) During the year ended 31 December 2020, the Company issued non-public senior notes in an aggregate principal amount of USD100,000,000 ("2020 USD100 million senior notes due 2021"). The senior notes are guaranteed by Fantasia Holdings and certain subsidiaries of the Company and carry interest of 8% per annum and interest is payable semi-annually on 28 August 2020 and 25 February 2021, unless redeemed earlier. The senior notes have been redeemed in full upon maturity in February 2021. No gain or loss on redemption of senior notes is recognised in profit or loss.
- (b) During the year ended 31 December 2020, the Company issued non-public senior notes in an aggregate principal amount of USD130,000,000 ("2020 USD130 million senior notes due 2021"). The senior notes are guaranteed by Fantasia Holdings and certain subsidiaries of the Company and carry interest of 10% per annum and interest is payable semi-annually on 22 January 2021 and 22 July 2021, unless redeemed earlier. The senior notes have been redeemed in full upon maturity in July 2021. No gain or loss on redemption of senior notes is recognised in profit or loss.

The movements of the senior notes during the period are set out below:

	RMB'000
At 1 January 2021 (Audited)	1,552,688
Effective interest recognised	53,380
Payment of interests	(68,114)
Repayment of senior notes	(652,820)
Exchange gain	(8,645)
At 30 June 2021 (Unaudited)	<b>876,489</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021



## 21. ASSETS BACKED SECURITIES ISSUED

The movement of the assets backed securities during the period is set out below:

	RMB'000
At 1 January 2021 (Audited)	20,206
Effective interest recognised	629
Interest paid	(584)
Repayment of principal	(12,980)
	<hr/>
At 30 June 2021 (Unaudited)	<b>7,271</b>

The assets backed securities are due in one year and classified as current liabilities.

## 22. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
<b>Authorised</b>		
1 January 2021 and 30 June 2021	50,000,000	5,000,000
<b>Issued and fully paid</b>		
At 1 January 2021 and 30 June 2021	1,454,868	145,487
		Amount RMB'000
Shown in the condensed consolidated financial statements as:		
At 30 June 2021 (Unaudited)		118,036
At 31 December 2020 (Audited)		118,036

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 23. SHARE OPTION SCHEMES

### (a) The Company

The following table discloses movements of the Company's share options held by directors, employees and non-controlling shareholders of certain subsidiaries during the current interim period:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2021 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2021 '000
Directors	29 September 2014	N/A	520	–	–	520
		29/9/2014 – 28/9/2015	1,014	–	–	1,014
		29/9/2014 – 28/9/2016	1,014	–	–	1,014
		29/9/2014 – 28/9/2017	498	–	–	498
	30 April 2015	30/4/2015 – 29/4/2016	376	–	–	376
		30/4/2015 – 29/4/2017	375	–	–	375
		30/4/2015 – 29/4/2018	375	–	–	375
	18 March 2016	18/3/2016 – 17/3/2017	367	–	–	367
		18/3/2016 – 17/3/2018	366	–	–	366
		18/3/2016 – 17/3/2020	366	–	–	366
	27 November 2018	27/11/2018 – 26/11/2020	934	–	–	934
		27/11/2018 – 26/11/2021	933	–	–	933
		27/11/2018 – 26/11/2021	933	–	–	933
			8,071	–	–	8,071
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	2,776	(714)	–	2,062
		29/9/2014 – 28/9/2015	5,966	(1,536)	–	4,430
		29/9/2014 – 28/9/2016	5,966	(1,536)	–	4,430
		29/9/2014 – 28/9/2017	3,070	(790)	–	2,280
	30 April 2015	30/4/2015 – 29/4/2016	4,099	(563)	–	3,536
		30/4/2015 – 29/4/2017	4,098	(563)	–	3,535
		30/4/2015 – 29/4/2018	4,098	(563)	–	3,535
	18 March 2016	18/3/2016 – 17/3/2017	4,327	(592)	–	3,735
		18/3/2016 – 17/3/2018	4,327	(592)	–	3,735
		18/3/2016 – 17/3/2020	4,325	(592)	–	3,733
	27 November 2018	27/11/2018 – 26/11/2020	5,555	(633)	–	4,922
		27/11/2018 – 26/11/2021	5,555	(633)	–	4,922
		27/11/2018 – 26/11/2021	5,555	(633)	–	4,922
			59,717	(9,940)	–	49,777
Total			67,788	(9,940)	–	57,848

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 23. SHARE OPTION SCHEMES (Continued)

### (a) The Company (Continued)

The Group recognised the total expense of RMB1,330,000 for current interim period (six months ended 30 June 2020: RMB3,349,000) in relation to share options granted by the Company.

During the current interim period, 9,940,000 share options to employees were lapsed and no share options to employees were exercised.

### (b) Fantasia Holdings

The following table discloses movements of Fantasia Holdings' share options held by directors of the Company and employees of the Group during the current interim period:

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2021 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2021 '000
Directors of the Company	29 August 2011	29/8/2011 – 28/8/2012	572	–	–	572
		29/8/2011 – 28/8/2013	1,145	–	–	1,145
		29/8/2011 – 28/8/2014	4,007	–	–	4,007
	16 October 2012	16/10/2012 – 15/10/2013	841	–	–	841
		16/10/2012 – 15/10/2014	1,682	–	–	1,682
		16/10/2012 – 15/10/2015	5,888	–	–	5,888
			14,135	–	–	14,135
Employees of the Group	29 August 2011	29/8/2011 – 28/8/2012	89	–	–	89
		29/8/2011 – 28/8/2013	179	–	–	179
		29/8/2011 – 28/8/2014	624	–	–	624
	16 October 2012	16/10/2012 – 15/10/2013	107	–	–	107
		16/10/2012 – 15/10/2014	215	–	–	215
		16/10/2012 – 15/10/2015	750	–	–	750
			1,964	–	–	1,964
Total			16,099	–	–	16,099

No expense was recognised for the six months ended 30 June 2021 and 2020 in relation to share options granted by Fantasia Holdings to the eligible directors of the Company and employees of the Group.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 24. SHARE AWARD SCHEME

The Board of Directors of the Company has adopted a share award scheme (the “Share Award Scheme”) on 4 July 2016 for certain employees of the Group and consultants to the Group as incentives or rewards for their contribution to the Group by way of the Company’s shares acquired by and held through an independent trustee appointed by the Company (the “Trustee”) until fulfilment of special conditions before vesting.

Up to 30 June 2021 and 31 December 2020, total of 1,802,000 Company’s shares acquired at a consideration of RMB6,795,000 have not been awarded to eligible employees or consultants.

## 25. CAPITAL AND OTHER COMMITMENTS

	<b>30 June 2021 RMB’000 (Unaudited)</b>	31 December 2020 RMB’000 (Audited)
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	<b>33,517</b>	33,517
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>18,508</b>	26,865

## 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair values of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table gives information about 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 quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are 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).
- 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).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

	Fair value at		Fair value hierarchy	Valuation technique and key input
	30 June 2021	31 December 2020		
	RMB'000 (Unaudited)	RMB'000 (Audited)		
Equity instruments designated at FVTOCI	107,995	115,168	Level 3	Discounted cash flow – Future cash flows are estimated based on further financial performance and discount rates.

As at 30 June 2021 and 31 December 2020, the fair value of equity instruments designated at FVTOCI is estimated by an independent valuer through application of generally accepted pricing models based on discounted cash flow analysis, which involved key estimates of expected future financial performance and discount rates.

### Fair value of the Group's other financial assets and financial 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 recognised in the condensed consolidated financial statements approximate their fair values, except for the following financial liabilities, for which their carrying amounts and fair values are disclosed as below:

	Fair value hierarchy	30 June 2021		31 December 2020	
		Carrying amount	Fair value	Carrying amount	Fair value
		RMB'000 (Unaudited)	RMB'000	RMB'000 (Audited)	RMB'000
Unlisted senior notes	Level 3	876,489	871,791	1,552,688	1,519,538
Asset-backed securities issued	Level 3	7,271	6,551	20,206	19,608

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 27. RELATED PARTY DISCLOSURES

### (a) Related party transactions

Apart from the related party transactions disclosed elsewhere in the condensed consolidated financial statements, the Group had following significant transactions with related parties during the interim period:

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	2020 RMB'000 (Unaudited)
<b>Pre-delivery services income</b>		
Fellow subsidiaries	<b>3,030</b>	4,698
<b>Consultancy services income</b>		
An associate of a fellow subsidiary	<b>368</b>	1,193
<b>Online promotion services income</b>		
Entities controlled by Mr. Pan Jun, a director of the Company	-	10,861
A joint venture	-	5,496
An associate	-	242
<b>Engineering services income</b>		
Fellow subsidiaries	<b>14,198</b>	41,576
An associate of a fellow subsidiary	<b>619</b>	910
<b>Other value-added services</b>		
Fellow subsidiaries	-	209
<b>Interest expenses</b>		
A fellow subsidiary	-	62

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 27. RELATED PARTY DISCLOSURES (Continued)

### (b) Related party balances

At the end of the reporting period, the Group has the following significant balances due from related parties:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Amounts due from fellow subsidiaries	<b>525,749</b>	495,197
Amounts due from non-controlling shareholders of the subsidiaries	<b>28,695</b>	101,136
Amounts due from associates	<b>7,105</b>	19,531
Amounts due from joint ventures	<b>236,751</b>	299,851
A joint venture of Fantasia Holdings	<b>17,999</b>	19,478
Entities controlled by Mr. Pan Jun, a director of the Company	–	18,922
An associate of Fantasia Holdings	–	5,737
Others	<b>1,449</b>	8,803
	<b>817,748</b>	968,655
Less: Amounts expected to realise after 1 year and shown under non-current assets	<b>(65,591)</b>	(68,889)
Amounts expected to realise within 1 year and shown under current assets	<b>752,157</b>	899,766
	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Amounts due from fellow subsidiaries		
Non-trade nature	<b>490,592</b>	458,392
Trade nature	<b>35,157</b>	36,805
	<b>525,749</b>	495,197

For the trade balances due from fellow subsidiaries, a 30 to 90 days credit term is granted from the issuance of invoices.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 27. RELATED PARTY DISCLOSURES *(Continued)*

### (b) Related party balances *(Continued)*

The following is an aging analysis of trade amounts due from fellow subsidiaries presented based on the invoice date at the end of the reporting period, which approximated to the respective revenue recognition date:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
0 to 30 days	<b>2,749</b>	6,495
31 to 90 days	<b>7,091</b>	8,822
91 to 180 days	<b>6,684</b>	7,244
181 to 365 days	<b>9,844</b>	7,312
Over 1 year	<b>8,789</b>	6,932
	<b>35,157</b>	36,805
	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Amounts due from non-controlling shareholders of the subsidiaries		
Non-trade nature	<b>28,695</b>	101,136
Amounts due from associates		
Non-trade nature	<b>7,105</b>	19,531
Amounts due from joint ventures		
Non-trade nature		
– Non-current	<b>65,591</b>	68,889
– Current	<b>171,160</b>	230,962
	<b>236,751</b>	299,851

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 27. RELATED PARTY DISCLOSURES *(Continued)*

### (b) Related party balances *(Continued)*

The non-current amount due from a joint venture of RMB65,591,000 (31 December 2020: RMB68,889,000), after net off the allowance for credit losses of RMB15,914,000 (31 December 2020: RMB12,616,000) as at 30 June 2021, represented funds advanced by the Group for its purchases of property, plant and equipment. The balance is expected to be settled in three years and classified as non-current assets.

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Amounts due from related parties		
Non-trade nature	<b>3,310</b>	26,802
Trade nature	<b>16,138</b>	26,138
	<b>19,448</b>	52,940

For the trade balance due from related parties, one year credit term is granted from issuance of invoices. The following is an aging analysis of trade balance due from related parties presented based on the invoice date at the end of the reporting period, which approximated to the respective revenue recognition date:

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
0 to 30 days	–	3,632
31 to 90 days	–	6,312
91 to 180 days	–	12,531
181 to 365 days	<b>16,138</b>	3,663
	<b>16,138</b>	26,138

The above non-trade balances with fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates and joint ventures are interest-free, unsecured and repayable on demand.

Details of the impairment assessment are set out in note 17.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

## 27. RELATED PARTY DISCLOSURES *(Continued)*

### (b) Related party balances *(Continued)*

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Amounts due to fellow subsidiaries	<b>182,052</b>	427,421
Amounts due to non-controlling shareholders of the subsidiaries	<b>39,951</b>	71,456
Amounts due to associates	<b>17,036</b>	23,077
Amounts due to joint ventures	–	41,459
Amounts due to related parties	<b>19,481</b>	40,590
	<b>258,520</b>	604,003
	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Amounts due to fellow subsidiaries		
Non-trade nature	<b>182,052</b>	424,135
Trade nature	–	3,286
	<b>182,052</b>	427,421
Amounts due to non-controlling shareholders of the subsidiaries		
Non-trade nature	<b>39,951</b>	71,456
Amounts due to associates		
Non-trade nature	<b>17,036</b>	23,077
Amounts due to joint ventures		
Non-trade nature	–	41,459
Amounts due to related parties		
Non-trade nature	<b>19,481</b>	40,590

The amounts due to the above fellow subsidiaries, non-controlling shareholders of the subsidiaries, associates and joint ventures are interest-free, unsecured, and repayable on demand.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2021



## 27. RELATED PARTY DISCLOSURES (Continued)

### (c) Compensation of key management personnel

The remuneration of key management personnel during the interim period were as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short-term benefits	6,378	8,131
Post-employment benefits	144	143
Share-based payment expenses	226	593
	<b>6,748</b>	8,867

## 28. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2021, the Group entered into certain new lease agreements for the use of office premises for three years. On the lease commencement, the Group recognised RMB5,690,000 (six months ended 30 June 2020: RMB14,491,000) right-of-use assets and RMB5,690,000 (six months ended 30 June 2020: RMB14,491,000) lease liabilities.



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