



Colour Life Services Group Co., Limited
Stock code: 1778

BREAKTHROUGH • RENEW



Interim Report 2022

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Pan Jun (*Chairman*)

Mr. Liu Hongcai

Ms. Yang Lan (*Chief Financial Officer*)

Non-executive Directors

Mr. Wu Qingbin (*Vice Chairman*)

Mr. Zheng Hongyan

Ms. Sun Dongni

Independent Non-executive Directors

Mr. Xu Xinmin

Mr. Zhu Wuxiang

Mr. Lee Yan Fai

AUDIT COMMITTEE

Mr. Lee Yan Fai (*Chairman*)

Mr. Xu Xinmin

Mr. Zhu Wuxiang

REMUNERATION COMMITTEE

Mr. Zhu Wuxiang (*Chairman*)

Mr. Xu Xinmin

Mr. Lee Yan Fai

NOMINATION COMMITTEE

Mr. Pan Jun (*Chairman*)

Mr. Xu Xinmin

Mr. Zhu Wuxiang

COMPANY SECRETARY

Ms. Yeung Lee

AUTHORISED REPRESENTATIVES

Ms. Yang Lan

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

21/F., CMA Building

64 Connaught 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

Prism Hong Kong and Shanghai Limited

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

17M 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

Honors and Awards

1. In January 2022, Colour Life Services Group Co., Limited was awarded “Best Property Management Company” by Zhitong Finance (智通財經) and RoyalFlush Finance (同花順財經).



2. In April 2022, Colour Life Services Group Co., Limited was awarded “2022 Property Management Companies of Outstanding Performance” (2022年物業服務企業卓越表現) by Guandian Index Academy.



3. In April 2022, Caizhiyun (彩之雲) was awarded “2022 China Leading Property Management Companies in Community Retail Operation” by China Index Academy.



5. In April 2022, Colour Life Services Group Co., Limited was awarded “2022 Top 100 Property Management Companies in China” by China Index Academy.



4. Colour Life Services Group Co., Limited was awarded “2022 China Leading Property Management Companies in terms of Technology Application” by China Index Academy in April 2022.

Honors and Awards



6. In April 2022, Colour Life Services Group Co., Limited was awarded “2022 China Internet Community Operation Leading Company” by China Index Academy.

2021年 物業品牌影響力 (MBI) 100強榜單			
1	碧桂园服务	617.92	住宅物业、商业物业、城市服务
2	万科物业	605.00	住宅物业、商业物业、智慧城务服务
3	物东方	583.33	住宅物业
4	中润物业	562.34	住宅物业、商业物业、市政物业
5	永升物业	553.81	住宅物业、商业物业、学校物业、医院物业
6	融创服务	530.73	住宅物业、商业物业
7	世联服务	516.72	住宅物业、学校物业、医院物业、市政物业
8	第一太平戴维斯	482.31	住宅物业、商业物业、工业物业
9	绿城服务	480.48	住宅物业、商业物业、学校物业、市政物业
10	宝龙物业	477.08	住宅物业、商业物业、医院物业

7. In April 2022, Colour Life ranked third on “2021 Top 100 Property Management Companies in terms of Brand Influence” (2021年物業品牌影響力100強榜單) published by Meadin Academy.



8. In May 2022, Colour Life was awarded “2022 China Top 10 Listed Property Management Companies in terms of Community Value-added Service Capabilities” by China Index Academy.



9. In May 2022, Colour Life Services Group Co., Limited was awarded “2022 China Excellent Property Management Company by ESG Development” by China Index Academy.

10. In May 2022, Colour Life was awarded “Innovative Brand of the Year” (年度創新品牌) by Phoenix Guangdong (鳳凰網廣東).



Dear Shareholders,

In the first half of 2022, the severe Covid-19 epidemic in many parts of China, coupled with the complicated international political and economic landscape, posed challenges to the development of various industries. Relying on its expertise and valuable experience accumulated over the past 20 years, Colour Life assumed more responsibilities to provide social and public services on its own initiative by serving the community and engaging in social governance. Colour Life took a series of actions to fight against the epidemic, prevent the virus from spreading, and safeguard the health and safety of property owners. Via community service platforms, Colour Life delivered fresh food and anti-epidemic supplies such as vegetables and masks to property owners, protecting the community with actions.

Up to 30 June 2022, the Group recorded revenue of RMB635.3 million from its principal business and a net profit attributable to shareholders of RMB16.8 million. Up to the end of June 2022, the total contracted GFA of Colour Life reached 415 million sq.m., serving over 8 million residents from 2,186 communities in 121 cities across the country.

ALIGNING STRATEGIC POSITIONING CLOSELY WITH POLICIES AND RELEASING GREAT POTENTIAL FOR QUALITY DEVELOPMENT

In January 2022, the General Office of the State Council issued a notice on the 14th Five-Year Plan for the Development of an Urban and Rural Community Service System, which mentioned the need to: accelerate the digital transformation of community services and highlight the technical support for the urban and rural community service system; attract social resources to develop service types such as social childcare and elderly care; encourage the development of community property management, maintenance, housekeeping, catering, retail and other daily life service industries; promote the intelligent transformation and upgrading of community equipment and facilities as well as security measures.

The initiatives mentioned in the notice shed light on more application scenarios and improvement directions for the intelligent transformation and upgrading of the property management industry. The property management industry is a labour-intensive industry where labour cost is a big part of the total operating costs. The rising labour cost is a common problem faced by all sectors. Property management enterprises, in particular, are under even greater pressure. It is a general trend to empower development by integrating intelligent systems into business activities, with features including digital, technological and intelligent transformation as well as smart devices. It also aligns with the business development philosophy of Colour Life.

The core competitiveness of property management business lies in the improvement of service efficiency. Especially in the context of difficulties in raising management fees and rising labour costs, creating an efficient solution to improve customer satisfaction will become the foundation for enterprises to gain a foothold. Based on years of independent research and development and continuous exploration, Colour Life has built a strong digital platform for property management covering five basic services (security, cleaning, greening, maintenance and engineering), operating systems based on work orders (elevator, energy, decoration, etc.), and customer service platforms (complaint, repair, parking, payment, etc.). By further classifying the whole process of property management services, the platform is conducive to improving the work efficiency of the Group.

Chairman's Statement

In order to improve work efficiency and save labour costs, Colour Life aims at building an innovative system by developing and launching digital employees. So far, six digital employees have been on duty, achieving intelligent and automated workflow in seven business scenarios. Through comparison and analysis, the working hours of digital employees in these scenarios are 90% less than those of ordinary employees, and the data accuracy can reach 99.99%. A digital employee can complete three days' workload of three employees. In some work scenarios of a larger scale, a digital employee can even complete the workload of 6-10 ordinary employees.

In 2022, the Group issued 15 management regulations with a total of 475 rules on project compliance management, fire safety management, sanitary management, consultation safety management, and corporate safety production management system, filling the gaps of and adding details to the service standards and aligning the same with management requirements. To improve service quality and avoid operational and management risks at all levels, the Group has established a three-dimensional control system to conduct risk assessment on and set up an early warning system for projects.

In the first half of the year, the Group was accredited as 2022 Enterprise with Excellent Performance in Property Service Industry at the Award Ceremony of 2022 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 received awards including 2022 Top 100 Property Management Companies in China, 2022 Leading Enterprise in Property Community Retail and Operation in China, 2022 China Leading Property Management Companies in Technology Application and 2022 China Internet Community Operation Leading Company at the 2022 Press Conference on Research Results of Top 100 Property Management Service Providers in China. The Group received the awards of 2022 Top 10 Chinese Property Listed Companies in Community Value-added Services and 2022 China Excellent Listed Property Management Company in ESG Development at the 2022 Press Conference on Research Results of Listed Real Estate Companies in China. Colour Life has demonstrated its brand attitude with actions and highlighted its brand quality with premium products.

FULLY UNLEASHING ENDOGENOUS POTENTIAL AND COMPREHENSIVELY DEVELOPING MULTIPLE BUSINESS LINES

Riding on the rapid development of mobile internet technology in recent years, Colour Life actively innovates value-added services which cater for the needs of property owners in all aspects of life, bringing more resources and benefits back to property owners.

For instance, we have launched a variety of insurance products, such as household property insurance, gas insurance and electric bicycle insurance. Discovering the potential risks in the highly frequent scenarios in community property owners' daily life, we have created products accordingly to provide property owners with diversified and differentiated services and to improve the quality of community insurance services.

The Group explored an array of innovative business models based on community scenarios to find a development path suitable for Colour Life. In June, the Group teamed up with a leading enterprise of the supply chain, Eternal Asia's Xinglian (怡亞通星鏈), to create a community-based platform for online shopping called Colour Life Select (彩優選), which covers a full range of select commodities such as basic foodstuff, daily necessities, agricultural by-products and fresh food. The platform helps deliver quality products directly to property owners from farmlands and production workshops at preferential prices. In addition to providing a full range of products to meet people's daily needs, the platform has also set up a special agriculture-supporting zone to bridge the gap between rural and urban areas. It contributes to promoting rural revival while delivering fresh, quality, and affordable agricultural products and by-products to the dining table of every Colour Life property owner. Moreover, Colour Life Select recruits property owners to arrange group buying in the community, offering them zero-cost opportunities to start a small business. The platform is responsible for goods preparation, logistics, distribution and after-sales services. We believe that enterprises which aim at continuously developing and remaining vital must keep moving, stay sensitive and innovative, and explore more possibilities for the future.

CONTINUOUSLY ENHANCING HUMANISTIC SERVICES AND DRAWING MOMENTUM FROM THE RED ENGINE

After two decades of extensive development, we have come to a profound understanding that anchoring ourselves in grassroots community services is the very essence of the Company's survival. In our basic business, we have undergone a gradual shift from property management to a focus on serving people. We provide property owners with essential guarantees and infrastructure through comprehensive supporting facilities and hardware, while fostering a stronger service mindset. We remain committed to placing community warmth at the core of our business, integrating warmth and emotions into our services from property owners' perspective.

For example, during the 315 Consumer Rights Day this year, the Group broke the norm and launched the You Complain, We Pay campaign, during which we directly received complaints from community property owners across the country regarding service projects and actively worked towards resolving them. Within the 8-day campaign period, we handled 2,359 valid complaints, averaging 5 minutes per case. Through this campaign, the Group aimed at providing an opportunity for every property management personnel to reconnect with their original inspiration, using their wholehearted services to gain property owners' 100% satisfaction, striving to create a new and vibrant community together with property owners. As the college entrance examination approached, the Group joined forces with the Comix Group to carry out a campaign to support the students taking the examination by providing the examinees with stationery kits as well as filming promotional videos and posting silent advocacy posters to create a quiet environment for the examination.

In June, the Group launched an exclusive IP event for Colour Life property owners – Colour Festival. Focusing around the three series of events themed Authenticity, Benefits and Colour, we invited property owners to visit property management work settings and received their feedback and suggestions on site; held a benefit event for property owners by gifting them millet and kitchen appliances; and hosted the Colourful Fellow Residents Festival which featured a series of community-based interactive activities for people of all ages, including the elderly, youth, and children. Up to the first half of the year, the Group planned a total of 10 large-scale community events, with 1,883 sessions held, covering over 1 million property owners.

This year marked the 20th anniversary of the Group's establishment. On this occasion, Colour Life launched Kale, a brand IP image, as a surprise gift to all property owners. As the spokesperson of Colour Life, Kale personifies the role of a guardian and whistle-blower, carries the significant responsibility of bridging the communication between Colour Life and property owners, shoulders the mission to continuously learn and explore diversified property services, and embodies Colour Life's brand philosophy of delivering community service to every household.

Chairman's Statement

Colour Life always adheres to the leadership of the party in support of party building, serving as a property management company for the government and property service provider for property owners. We strive to transform a property service enterprise into an important platform for party organs to serve the masses. We actively promote the integration of “red property” into community governance, addressing property owners’ issues and bringing about positive changes to the community environment and community life. Colour Life has established 44 party branches nationwide and has conducted a total of 49 party learning and party-building activities up to the end of June, so as to continuously improve the quality and standards of grassroots party-building work in communities, stimulate grassroots vitality comprehensively and enhance the quality of residents’ lives.

CONCENTRATING ON REGIONAL MARKETS AND BUILDING A STRONG TALENT FORCE TO CHART A NEW PATH

The testing three-year epidemic and the capital frenzy have brought great challenges to property companies, yet also brought forth opportunities. Professional competence and flexible market adaptability have a significant impact on whether a property company can sustain stable development amidst the current turbulent environment. Development mindset determines the growth potential of a company. To ensure stable market development, Colour Life made drastic adjustments to its market strategy, concentrating resources and talents in strategic deployment. We focused on specific regions, with a particular emphasis on first-tier cities, where persons in charge personally took the lead in market operations. With each region as a base and ramifying out to cover the entire country, we aimed at achieving comprehensive and sustainable development.

PROSPECTS

In the midst of great tumults, only the resilient prevail. Colour Life adheres to a long-term development strategy, focuses on delivering quality services as its cornerstone, pursues scale development with a commitment to quality, explores innovative business lines that yield long-term value, and maintains a steady and robust operation with a clear strategic focus and strong execution capabilities, advancing steadfastly along a track driven by multiple factors and achieving remarkable business growth in market expansion.

Going forward, Colour Life will steadily advance its expansion efforts, leverage external premium resources, focus on creating synergy with upstream and downstream industries, and build a diversified ecosystem for community value-added services. It will leverage the empowerment of digital technology to create warm and happy communities; strengthen talent pipeline development and provide precise empowerment to enhance talent cultivation; reflect on and review our development experience to integrate product and service enhancement with improving people’s quality of life; closely follow national policy guidelines to embed quality development into business operations and growth.

In an era of opportunities, challenges and changes, Colour Life will actively explore and contemplate a new path of profit models to create long-term value for shareholders, provide customers with quality products and services, offer extensive development opportunities for employees, and undertake our responsibilities to society. We aspire to serving as a property management company for the government and property service provider for the public!

Management Discussion and Analysis

BUSINESS MODEL

The Group is a prominent property management and community services provider in China, with a focus on setting up offline and online service platform via the internet technology and effectively connecting 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 most fundamental social units within a 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 property owners through providing Four Basic Guarantees 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 utilising 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 for 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 a new customer service platform based on the existing Big Dipper system to upgrade as "digital property management platform" which covers the five basic services including security, cleaning, greening, maintenance and engineering, the order-oriented operation system of the lift, energy and decoration services, as well as the customer complaint platform comprising complaint, repair application, parking, payment, decoration and other services. The Group has 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 has taken the initiative to organize a wide range of community activities and proactively established communication channels to strengthen the relationships between the property owners as well as between the property owners and the property management staff and enrich the residents' off-work life and spiritual culture, with ultimate goal of building a better and more caring community. By providing such services, we are able to create a harmonious environment for the property owners, and push forward the establishment of our unique community culture brand, so as to enhance the property owners' 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 community 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 work and seek feedback relating to customer satisfaction in a timely manner, in order to ensure the quality of the offline community services and efficiently become aware of the services that community 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.

Management Discussion and Analysis

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 Managed Contracted GFA. Property developers will issue an occupation notification to home buyers after the properties are sold. Upon receipt of such notification, the home 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 Total 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 Managed 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 2022, the Total Contracted GFA of the Group had reached 415.32 million sq.m. while the number of communities under the Group's management and consultancy services contracts had reached 2,186. As at 30 June 2022, the area of the Group's revenue-bearing Total Contracted GFA reached 223.14 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 property owners 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 property owners with various value-added services, making property management services a much more important part of the property owners' 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 property owners based on market demands and property owner needs. For instance, based on the extensive property owner 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 property owners. 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 property owners with quality customer services and claim settlement services. Also, the Group joined hands with Eternal Asia Starlink, a leading supply chain enterprise, to build a community online shopping platform – Colour Life Select, which offers property owners all sorts of goods and services and a light entrepreneurial platform. In doing so, the Group was able to increase the interaction frequency between the property management company and the property owners, enhance the royalty between the property management company and the property owners, and improve the recognition of the property owners towards its basic property management services and value-added services.

Management Discussion and Analysis

As at 30 June 2022, the locations of communities where the Group provided management and consultancy services are set out as follows:



Northeastern China

- 1 Huludao
- 2 Tieling

Northern China

- 3 Baotou
- 4 Baoding
- 5 Beijing
- 6 Cangzhou
- 7 Chengde
- 8 Qinhuangdao
- 9 Shijiazhuang
- 10 Taiyuan
- 11 Tianjin
- 12 Xingtai

Eastern China

- 13 Changshu
- 14 Dongying
- 15 Fuzhou
- 16 Fuzhou
- 17 Fuyang
- 18 Ganzhou
- 19 Gaoyou
- 20 Hangzhou
- 21 Huai'an
- 22 Ji'an
- 23 Jinan
- 24 Jining

25 Jiaxing

- 26 Jiangyin
- 27 Jingdezhen
- 28 Jiujiang
- 29 Jurong
- 30 Kunshan
- 31 Linyi
- 32 Longyan
- 33 Nanchang
- 34 Nanjing
- 35 Nantong
- 36 Quanzhou
- 37 Sanming
- 38 Xiamen
- 39 Shanghai
- 40 Shangrao
- 41 Suzhou
- 42 Suqian
- 43 Tai'an
- 44 Taizhou
- 45 Wuxi
- 46 Xinyu
- 47 Xuzhou
- 48 Yantai
- 49 Yancheng
- 50 Yichun
- 51 Yingtan
- 52 Zaozhuang
- 53 Zhangzhou
- 54 Zhenjiang
- 55 Changzhou

Southern China

- 56 Beihai
- 57 Chongzuo
- 58 Dongguan
- 59 Foshan
- 60 Guangzhou
- 61 Guigang
- 62 Guilin
- 63 Haikou
- 64 Heyuan
- 65 Huizhou
- 66 Liuzhou
- 67 Nanning
- 68 Qingyuan
- 69 Shantou
- 70 Shaoguan
- 71 Yangjiang
- 72 Zhaoqing
- 73 Zhongshan
- 74 Zhuhai

Central China

- 75 An'yang
- 76 Chenzhou
- 77 Ezhou
- 78 Enshizhou
- 79 Huanggang
- 80 Huangshi
- 81 Jingzhou
- 82 Liuyang

83 Loudi

- 84 Nanyang
- 85 Shaoyang
- 86 Shiyan
- 87 Suizhou
- 88 Wuhu
- 89 Wuhan
- 90 Xiangtan
- 91 Xiangyang
- 92 Yichang
- 93 Yiyang
- 94 Yueyang
- 95 Zhangjiajie
- 96 Changsha
- 97 Zhengzhou
- 98 Zhuzhou

Shenzhen

- 99 Shenzhen

Northwestern China

- 100 Baoji
- 101 Lanzhou
- 102 Xi'an
- 103 Xianyang
- 104 Yinchuan
- 105 Yulin

Southwestern China

- 106 Anning
- 107 Chengdu
- 108 Dali
- 109 Deyun
- 110 Duyun
- 111 Guang'an
- 112 Guangyuan
- 113 Guiyang
- 114 Kunming
- 115 Mianyang
- 116 Neijiang
- 117 Qiannanzhou
- 118 Qingzhen
- 119 Chongqing
- 120 Ziyang
- 121 Zunyi

Management Discussion and Analysis

As at 30 June 2022, the following table sets out 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 2022				As at 31 December 2021			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	GFA	Number of communities	GFA	Number of communities	GFA	Number of communities	GFA	Number of communities
	('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)	
Shenzhen	4,847	95	350	3	4,874	97	582	14
Southern China (excluding Shenzhen)	71,438	465	383	1	72,252	471	665	2
Eastern China	95,927	716	2,312	5	94,741	717	2,535	7
Southwestern China	77,896	292	240	1	78,822	292	858	2
Northeastern China	12,191	62	-	-	12,476	64	278	1
Northwestern China	12,945	66	-	-	12,775	66	3,506	2
Northern China	24,007	89	150	2	23,758	89	150	2
Central China	112,633	389	-	-	114,921	393	300	1
Total ⁽¹⁾	411,884	2,174	3,435	12	414,619	2,189	8,874	31

Note:

(1) As at 30 June 2022, the Group's Total Contracted GFA reached 415.32 million sq.m.

Management Discussion and Analysis

As at 30 June 2022, the Group managed 2,174 communities with an aggregate contracted GFA of approximately 411.88 million sq.m. and entered into consultancy service contracts with 12 communities with an aggregate contracted GFA of approximately 3.44 million sq.m. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the movements of contracted GFA and the number of communities where the Group provided management and consultancy services during the reporting period:

	As at 30 June 2022				As at 31 December 2021			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy service arrangements	
	Total		Total		Total		Total	
	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	414,619	2,189	8,874	31	551,658	2,797	11,727	44
New engagements ⁽¹⁾	4,426	36	-	-	6,305	42	130	1
Acquisition ⁽²⁾	-	-	-	-	1,015	15	-	-
Termination ⁽³⁾	(7,161)	(51)	(5,439)	(19)	(144,359)	(665)	(2,983)	(14)
As at the end of the year	411,884	2,174	3,435	12	414,619	2,189	8,874	31

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 Total Contracted GFA and the number of communities which the Group ceased to renew certain property management contracts due to commercial factors.

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group has three main business lines:

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

Scope of Services for Property Management Services

As at 30 June 2022, the Group employed over 28,121 on-site personnel (including staffs employed by the Group and the staffs outsourced from 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 2022		As at 31 December 2021	
	Under commission basis (RMB/sq.m./month)	Under lump sum basis (RMB/sq.m./month)	Under commission basis (RMB/sq.m./month)	Under lump sum basis (RMB/sq.m./month)
Shenzhen	0.4-11.4	1.8-16.9	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	0.5-6	0.7-16.9	0.5-5.9	0.7-16.9
Eastern China	0.4-17.0	1.1-16.0	0.4-17.0	1.1-16.0
Southwestern China	0.5-6.1	0.3-25.0	0.5-6.1	0.3-25.0
Northeastern China	0.4-3.3	2.0-18.0	0.4-3.3	2.0-18.0
Northwestern China	0.5-4.0	1.4-22.7	0.5-4.0	1.4-22.7
Northern China	0.7-5.5	1.2-25.0	0.7-5.5	1.2-25.0
Central China	0.6-5.3	0.9-16.9	0.6-5.3	0.9-16.9

Property management services, which primarily include: (i) provision of services for communities under lump sum basis; (ii) provision of services for communities under commission 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 Lump Sum Basis

Under lump sum basis, the Group is entitled to recognise 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 recognised as the Group's cost of sales.

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.

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 recognises the proceeds 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.

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 property 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, 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.

Management Discussion and Analysis

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 that it provides management and consultancy services for, 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 the agent on every successful referral and generates revenue from authorizing property agent's 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 digital property management platform.

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 hardware 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 hardware and equipment.

Energy-saving renovation services

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

Management Discussion and Analysis

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 decreased by 64.6% from approximately RMB1,792.2 million for the corresponding period of 2021 to approximately RMB635.3 million due to the disposal of a major subsidiary in the second half of 2021.

	For the six months ended 30 June					
	2022		2021		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management services	585,961	92.2%	1,612,870	90.0%	(1,026,909)	(63.7%)
Value-added services	43,098	6.8%	145,215	8.1%	(102,117)	(70.3%)
Engineering services	6,264	1.0%	34,117	1.9%	(27,853)	(81.6%)
Total revenue	635,323	100.0%	1,792,202	100.0%	(1,156,879)	(64.6%)

Property Management Services

For the Period, revenue from property management services decreased by approximately 63.7% from approximately RMB1,612.9 million for the corresponding period of 2021 to approximately RMB586.0 million for the Period. Breakdown of revenue from property management services are as below:

	For the six months ended 30 June					
	2022		2021		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management service fees under lump sum basis	519,575	81.8%	1,501,578	83.8%	(982,003)	(65.4%)
Pre-delivery services	3,395	0.5%	18,062	1.0%	(14,667)	(81.2%)
Property management service fees under commission basis	59,781	9.4%	90,528	5.0%	(30,747)	(34.0%)
Property management consultancy service fees	3,210	0.5%	2,702	0.2%	508	18.8%
Total of property management service fees	585,961	92.2%	1,612,870	90.0%	(1,026,909)	(63.7%)

Management Discussion and Analysis

The significant decrease in revenue from property management services as compared to that for the corresponding period of 2021 comprised:

- (a) A decrease in revenue from property management services under lump sum basis and commission basis by approximately RMB982.0 million and approximately RMB30.7 million, respectively;
- (b) A decrease in revenue from pre-delivery services by approximately RMB14.7 million.

The decrease in revenue from property management services was mainly attributable to the disposal of a major subsidiary by the Group in the second half of 2021.

Value-added Services

For the Period, revenue from value-added services decreased by 70.3% from approximately RMB145.2 million for the corresponding period of 2021 to approximately RMB43.1 million. Breakdown of revenue from value-added services are as below:

	For the six months ended 30 June					
	2022		2021		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Online promotion services	26,615	4.2%	39,400	2.2%	(12,785)	(32.4%)
Sales and rental assistance	11,078	1.7%	86,318	4.8%	(75,240)	(87.2%)
Other value-added services	5,405	0.9%	19,497	1.1%	(14,092)	(72.3%)
Total of value-added service fees	43,098	6.8%	145,215	8.1%	(102,117)	(70.3%)

The significant decrease in revenue from value-added services as compared to that for the corresponding period of 2021 comprised:

- (a) A decrease in revenue from online promotion services by RMB12.8 million;
- (b) A decrease in revenue from sales and rental assistance by RMB75.2 million; and
- (c) A decrease in revenue from other value-added services by RMB14.1 million.

The decrease in revenue from value-added services was mainly attributable to the disposal of a major subsidiary by the Group in the second half of 2021.

Management Discussion and Analysis

Engineering Services

For the Period, revenue from engineering services was approximately RMB6.3 million, representing a decrease of approximately RMB27.8 million or 81.6% as compared to that of the corresponding period of 2021. Breakdown of revenue from engineering services are as below:

	For the six months ended 30 June					
	2022		2021		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Equipment installation service fees	1,158	0.2%	18,196	1.0%	(17,038)	(93.6%)
Repair and maintenance service fees	45	0.01%	8,848	0.5%	(8,803)	(99.5%)
Energy-saving service fees	5,061	0.8%	7,073	0.4%	(2,012)	(28.4%)
Total of engineering services fees	6,264	1.0%	34,117	1.9%	(27,853)	(81.6%)

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

- (a) A decrease in revenue from equipment installation services by approximately RMB17.0 million, which was mainly due to the decrease in the intelligent improvement services affected by the real estate industry;
- (b) A decrease in revenue from repair and maintenance services for the Period by approximately RMB8.8 million, which was mainly due to the disposal of a major subsidiary in the second half of 2021;
- (c) A decrease in revenue from energy-saving services for the Period by approximately RMB2.0 million.

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 decreased by approximately RMB760.3 million or approximately 62.9% from approximately RMB1,208.3 million for the corresponding period of 2021 to approximately RMB448.0 million. The decrease in cost of services was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

For the Period, the overall gross profit was approximately RMB187.3 million, representing a decrease of approximately 67.9% as compared to approximately RMB583.9 million for the corresponding period of 2021.

The overall gross profit margin for the Period was 29.5% decreased from 32.6% for the corresponding period of 2021.

(i) *Property Management Services*

For the Period, the gross profit of property management services was approximately RMB147.6 million, representing a decrease of approximately 67.1% or RMB300.5 million as compared to approximately RMB448.1 million for the corresponding period of 2021. Gross profit margin decreased from 27.8% for the corresponding period of 2021 to 25.2% for the Period.

(ii) *Value-added Services*

For the Period, the gross profit of value-added services was approximately RMB36.7 million, representing a decrease of approximately 71.1% as compared to approximately RMB127.1 million for the corresponding period of 2021. Gross profit margin decreased from 87.5% for the corresponding period of 2021 to 85.1% for the Period.

(iii) *Engineering Services*

For the Period, the gross profit of engineering services was approximately RMB3.0 million, representing a decrease of 65.9% as compared to approximately RMB8.8 million for the corresponding period of 2021, which was mainly attributable to the disposal of a major subsidiary of the Group in the second half of 2021.

Other Gains and Losses

For the Period, the Group recorded other losses of approximately RMB5.7 million, compared to a gain of approximately RMB14.2 million for the corresponding period of 2021. Such turnaround was primarily due to the decrease in exchange gain of approximately RMB16.1 million for the Period.

Other Income

For the Period, the Group's other income amounted to approximately RMB13.7 million, representing a decrease of approximately 47.3% from approximately RMB26.0 million for the corresponding period of 2021. Decrease in other income was primarily attributable to the decrease in value-added tax refunds of approximately RMB11.3 million during the Period.

Management Discussion and Analysis

Selling and Distribution Expenses

For the Period, the Group's selling and distribution expenses amounted to approximately RMB3.9 million, representing a decrease of 74.8% as compared to approximately RMB15.5 million for the corresponding period of 2021. Such decrease was mainly due to a decrease in business conducted during the Period, resulting in a decrease in sales and distribution expenses related thereto.

Administrative Expenses

The Group's administrative expenses decreased by approximately 50.4% from approximately RMB188.5 million for the corresponding period of 2021 to approximately RMB93.5 million for the Period, which was mainly due to the disposal of a major subsidiary by the Group in the second half of 2021.

Expenses Recharged to Residential Communities under Commission Basis

For the Period, the Group's expenses recharged to residential communities under commission basis amounted to approximately RMB14.3 million, representing a decrease of approximately 58.8% as compared to approximately RMB34.7 million for the corresponding period of 2021. The recharged amount is based on the administrative time cost spent on the communities managed under commission basis.

Finance Costs

For the Period, the Group's finance costs amounted to approximately RMB4.0 million, representing a significant decrease of approximately 95.9% as compared to approximately RMB96.4 million for the corresponding period of 2021.

Income Tax Expenses

The Group's income tax expenses decreased from approximately RMB93.1 million for the corresponding period of 2021 to approximately RMB8.8 million for the Period.

Intangible Assets

As at 30 June 2022, the carrying amount of intangible assets held by the Group was approximately RMB2.1 million (31 December 2021: approximately RMB9.8 million). The decrease was due to the amortisation of intangible assets.

Goodwill

As at 30 June 2022 and 31 December 2021, the carrying amount of goodwill remained at RMB886.3 million.

Bank Balances and Cash

As at 30 June 2022, the Group's total cash balance amounted to approximately RMB519.5 million (31 December 2021: approximately RMB600.1 million).

Management Discussion and Analysis

Trade and Other Receivables and Prepayments

Trade receivables primarily comprise of the management and services income in respect of property management services, engineering services and value-added services.

As at 30 June 2022, trade receivables of the Group net of the allowance for credit losses amounted to approximately RMB604.4 million, representing an increase of 21.4% as compared to approximately RMB497.9 million as at 31 December 2021. Such increase was mainly due to the seasonality of the property management industry that the collection record of the unsettled property management fees are usually better in the second half of the year than the first half of the year.

Other receivables and prepayments increased by approximately RMB237.2 million from approximately RMB1,599.7 million as at 31 December 2021 to approximately RMB1,836.9 million as at 30 June 2022. The increase in other receivables and prepayments was mainly attributable to the amount receivables from the disposal of equity interest and payment of deposits for parking lots.

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) As at 30 June 2022, trade payables amounted to approximately RMB350.6 million (31 December 2021: RMB190.2 million).
- (2) As at 30 June 2022, other payables and accruals amounted to approximately RMB122.2 million (31 December 2021: approximately RMB118.5 million).

Share Capital

As at 30 June 2022, the total number of issued shares of the Company was approximately 1,487,526,000 (31 December 2021: approximately 1,487,526,000) and the share capital was approximately RMB120.8 million (31 December 2021: approximately RMB120.8 million).

Management Discussion and Analysis

Cash Position

As at 30 June 2022, the Group's total cash amounted to approximately RMB541.0 million (31 December 2021: approximately RMB664.4 million), among which approximately RMB21.6 million (31 December 2021: approximately RMB64.3 million) were restricted.

The financial position remained stable. As at 30 June 2022, the current ratio (current assets/current liabilities) of the Group was approximately 3.0 (31 December 2021: approximately 3.0).

Borrowings and Charges on the Group's Assets

As at 30 June 2022, the Group had bank and other borrowings of approximately RMB100.0 million (31 December 2021: approximately RMB184.8 million), among which the borrowings of approximately RMB80.0 million were secured by equity interests in certain subsidiaries and approximately RMB20.0 million were pledged by the Group's utility model patents and guaranteed by certain subsidiaries.

Net Gearing Ratio

The net gearing ratio was calculated by net debt (being the total of borrowings after deduction of bank balances and cash and restricted bank deposits) over the total equity. As at 30 June 2022, the total of bank balances and cash and restricted bank deposits amounting to RMB541.0 million exceeded the total interest-bearing debt amounting to RMB100.0 million, thus no net gearing ratio was presented as at 30 June 2022 and 31 December 2021.

Currency Risk

The Group mainly operates its business in China. The Group does not have any other material direct exposure to foreign exchange fluctuations risk.

During the Period, the Group recorded a net exchange loss of approximately RMB1.1 million.

Employees and Remuneration Policies

As at 30 June 2022, excluding the employees for communities under commission basis, the Group had approximately 10,853 employees (31 December 2021: approximately 10,568 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 and Other Information

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 currently 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.

Mr. Tam Chun Hung, Anthony resigned as the independent non-executive director of the Company on 12 November 2021. Following the resignation of Mr. Tam Chun Hung, Anthony, the Company has not complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive director representing at least one-third of the Board. Following the change in the composition of the Board as disclosed in the announcements of the Company dated 14 June 2023, 21 June 2023 and 23 June 2023, the Company has re-complied with the above requirements. Save as disclosed above, the Company has complied with all code provisions set out in the CG Code for the six months ended 30 June 2022.

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 2022.

Corporate Governance and Other Information

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three Independent Non-executive Directors, namely, Mr. Xu Xinmin, Mr. Zhu Wuxiang and Mr. Lee Yan Fai (Chairman of the Audit Committee). The Audit Committee has reviewed the unaudited interim results for the Period.

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 three Independent Non-executive Directors, namely, Mr. Xu Xinmin, Mr. Zhu Wuxiang (Chairman of the Remuneration Committee) and Mr. Lee Yan Fai. 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 one Executive Director, Mr. Pan Jun (Chairman of the Nomination Committee), and two Independent Non-executive Directors, namely, 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.

Corporate Governance and Other Information

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 2022, 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 2022	Number of share options			Balance as at 30 June 2022	Notes
				Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period		
Directors								
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. Liu Hongcai	27 November 2018	4.11	500,000	-	-	-	500,000	(6)
	29 September 2014	6.66	450	-	-	-	450	(1)
			300	-	-	-	300	(2)
	30 April 2015	11.00	168,400	-	-	-	168,400	(3)
Mr. Xu Xinmin	18 March 2016	5.764	122,000	-	-	-	122,000	(4)
	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			2,756,590	-	-	-	2,756,590	
Employees of the Group								
	29 September 2014	6.66	6,470,200	-	-	(176,650)	6,293,550	(1)
			7,871,174	-	-	(497,650)	7,373,524	(2)&(5)
	30 April 2015	11.00	10,537,485	-	-	(303,500)	10,233,985	(3)
	18 March 2016	5.764	11,463,600	-	-	(214,000)	11,249,600	(4)
	27 November 2018	4.11	16,864,720	-	-	(200,000)	16,664,720	(6)
Sub-total			53,207,179	-	-	1,391,800	51,815,379	
Total			55,963,769	-	-	1,391,800	54,571,969	

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) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive Director on 21 April 2015, has been extended at the discretion of the Board.
- (6) 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

For the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 2022, the Trustee had not acquired any Shares in accordance with the Share Award Scheme. For the six months ended 30 June 2022, no share award were granted under the Share Award Scheme.

Corporate Governance and Other Information

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

As at 30 June 2022, 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	Approximate percentage of issued share capital	
				Total	
Mr. Pan Jun	Beneficial owner	-	1,755,440 ⁽¹⁾	1,755,440	0.12%
Mr. Zhu Guogang	Beneficial owner	21,000	-	21,000	0.00%
Mr. Liu Hongcai	Beneficial owner	-	291,150 ⁽¹⁾	291,150	0.00%
Mr. Xu Xinmin	Beneficial owner	-	710,000 ⁽¹⁾	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 2022, the total number of issued shares of the Company is 1,487,525,754.

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 ⁽¹⁾	0.17%
	Shenzhen Cai Yun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network")	Beneficial owner	RMB7,000,000	70% ⁽²⁾
	Fantasy Pearl International Limited ("Fantasy Pearl")	Interest of controlled corporation	20 shares	20% ⁽³⁾
Mr. Zhu Guogang	Fantasia Holdings	Beneficial owner	560,000 ⁽¹⁾	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 2022, 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.

Corporate Governance and Other Information

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 ⁽²⁾	1,013,643,318 (L) ⁽¹⁾	68.14%
Ice Apex	Interest of controlled corporation ⁽²⁾	1,013,643,318 (L) ⁽¹⁾	68.14%
Fantasy Pearl	Interest of controlled corporation ⁽²⁾ Beneficial owner	1,011,340,522 (L) ⁽¹⁾ 2,302,796 (L) ⁽¹⁾	67.99% 0.15%
Fantasia Holdings	Beneficial owner ⁽²⁾	780,104,676 (L) ⁽¹⁾	52.44%
Splendid Fortune Enterprise Limited ("Splendid Fortune")	Beneficial owner ⁽²⁾	231,235,846 (L)	15.54%

Notes:

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

(1) These shares comprises (i) 780,104,676 shares held by Fantasia Holdings; (ii) 2,302,796 shares beneficially owned by Fantasy Pearl and (iii) 231,235,846 shares beneficially owned by Splendid Fortune.

(2) Fantasia Holdings and Splendid Fortune are owned as to 57.41% 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.

Save as disclosed above, as at 30 June 2022, 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue from services	3	635,323	1,792,202
Cost of services		(448,014)	(1,208,263)
Gross profit		187,309	583,939
Other income		13,705	26,012
Other gains and losses		(5,660)	14,233
Impairment losses under expected credit loss model, net of reversal	18	(77,726)	(13,319)
Selling and distribution expenses		(3,903)	(15,465)
Administrative expenses		(93,528)	(188,498)
Expenses recharged to residential communities under commission basis		14,320	34,672
Finance costs		(4,038)	(96,371)
Change in fair value of investment properties		(184)	1,791
Share of results of associates		65	1,268
Share of results of joint ventures		1,573	(1,657)
Profit before tax		31,933	346,605
Income tax expense	5	(8,790)	(93,132)
Profit for the period	6	23,143	253,473
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		(1,296)	(7,173)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		324	1,793
Other comprehensive expense for the period, net of income tax		(972)	(5,380)
Total comprehensive income for the period		22,171	248,093

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		16,807	250,165
Non-controlling interests		6,336	3,308
		23,143	253,473
Total comprehensive income for the period attributable to:			
Owners of the Company		15,835	244,785
Non-controlling interests		6,336	3,308
		22,171	248,093
Earnings per share – basic (RMB cents)	8	1.13	17.20
Earnings per share – diluted (RMB cents)	8	1.13	17.20

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	9	36,096	35,485
Right-of-use assets	10	273,749	283,441
Investment properties	11	23,038	26,504
Interests in associates		38,536	40,573
Interests in joint ventures		108,055	123,431
Equity instruments designated at FVTOCI		45,862	113,043
Goodwill	12	886,270	886,270
Intangible assets	13	2,068	9,806
Other receivables	14	86,756	86,854
Deferred tax assets		114,246	105,897
Deposits paid for potential acquisition of subsidiaries		122,262	122,262
		1,736,938	1,833,566
Current Assets			
Contract assets		32,735	90,483
Trade receivables	14	604,448	497,894
Other receivables and prepayments	14	1,750,186	1,512,816
Loan receivables	15	143,769	101,841
Payments on behalf of residents	16	866,469	954,514
Amounts due from related parties	26(b)	102,567	89,353
Restricted bank deposits	17	21,566	64,343
Bank balances and cash		519,453	600,079
		4,041,193	3,911,323

Condensed Consolidated Statement of Financial Position

At 30 June 2022

	NOTES	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Current Liabilities			
Trade payables	19	350,619	190,240
Other payables and accruals	19	122,151	118,548
Contract liabilities		184,154	159,200
Receipts on behalf of residents	16	258,103	313,972
Lease liabilities due within one year		6,156	7,078
Amounts due to related parties	26(b)	60,744	69,262
Tax liabilities		258,903	272,038
Borrowings due within one year	20	100,000	184,834
		1,340,830	1,315,172
Net Current Assets			
		2,700,363	2,596,151
Total Assets Less Current Liabilities			
		4,437,301	4,429,717
Non-current Liabilities			
Deferred tax liabilities		2,842	8,848
Lease liabilities due after one year		8,734	11,270
Total Non-current Liabilities			
		11,576	20,118
Net Assets			
		4,425,725	4,409,599
Capital and Reserves			
Share capital	21	120,750	120,750
Reserves		4,117,379	4,098,676
Equity attributable to owners of the Company			
		4,238,129	4,219,426
Non-controlling interests		187,596	190,173
Total Equity			
		4,425,725	4,409,599

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	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 2021 (Audited)	118,036	1,777,950	283,845	240,374	(6,795)	18,982	(301,591)	2,218,840	4,349,641	204,781	4,554,422
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	-	(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	-	-	-	-	-	-	(82,950)	6,499	(76,451)	(6,499)	(82,950)
Recognition of equity-settled share-based payments (note 22)	-	-	-	1,330	-	-	-	-	1,330	-	1,330
Transfer	-	-	5,902	-	-	-	-	(5,902)	-	-	-
At 30 June 2021 (Unaudited)	118,036	1,650,940	289,747	241,704	(6,795)	13,602	(384,541)	2,469,602	4,392,295	197,413	4,589,708
At 1 January 2022 (Audited)	120,750	1,738,865	253,499	243,034	(6,795)	17,388	(420,656)	2,273,341	4,219,426	190,173	4,409,599
Profit for the period	-	-	-	-	-	-	-	16,807	16,807	6,336	23,143
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(1,296)	-	-	(1,296)	-	(1,296)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	324	-	-	324	-	324
Other comprehensive expense for the period	-	-	-	-	-	(972)	-	-	(972)	-	(972)
Total comprehensive (expense) income for the period	-	-	-	-	-	(972)	-	16,807	15,835	6,336	22,171
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(834)	(834)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(8,079)	(8,079)
Disposal of equity instruments designated at FVTOCI	-	-	-	-	-	(8,604)	-	11,472	2,868	-	2,868
Transfer	-	-	4,834	-	-	-	-	(4,834)	-	-	-
At 30 June 2022 (Unaudited)	120,750	1,738,865	258,333	243,034	(6,795)	7,812	(420,656)	2,296,786	4,238,129	187,596	4,425,725

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

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 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 to eligible directors of the Company and employees of the Group and credited to other reserve.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	109,592	631,175
Income taxes paid	(33,088)	(92,590)
NET CASH FROM OPERATING ACTIVITIES	76,504	538,585
INVESTING ACTIVITIES		
Interest received	2,409	5,942
Disposal of associates and joint ventures	16,586	–
Payment for deposits and right-of-use assets	(54,520)	–
Settlement of consideration payables on acquisition of subsidiaries	–	(2,776)
Settlement of consideration receivables of disposal of subsidiaries	1,823	1,849
Purchase of property, plant and equipment	(12,384)	(13,352)
Proceeds of disposal of property, plant and equipment and investment properties	4,354	2,622
Capital injection to and acquisition of associates and joint ventures	(3,436)	–
Decrease in restricted bank deposits	42,777	72,411
Increase in restricted bank deposits	–	(32,113)
Advances of loan receivables	(58,001)	(2,400)
Repayment of loan receivables	–	192,565
Advances to related parties	(22,030)	(32,200)
Repayment from related parties	8,331	168,161
NET CASH (UESD IN) FROM INVESTING ACTIVITIES	(74,091)	360,709

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
Interest paid	(3,388)	(110,207)
Repayment of principal of asset-backed securities	-	(12,980)
New borrowings raised	-	1,149,709
Repayments of bank borrowings	(65,958)	(637,043)
Repayments of senior notes	-	(652,820)
Repayments of lease liabilities	(4,341)	(5,010)
Advance from related parties	9,299	49,661
Repayment to related parties	(17,817)	(391,858)
Acquisition of additional interest in subsidiaries	-	(25,614)
Dividends paid to non-controlling shareholders of the subsidiaries	(834)	(4,177)
NET CASH USED IN FINANCING ACTIVITIES	(83,039)	(640,339)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(80,626)	258,955
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	600,079	2,458,579
Effect of foreign exchange rate changes	-	(4,995)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, Represented by bank balances and cash	519,453	2,712,539

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (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.

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

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

In the current interim period, the Group has applied the following amendments to HKFRSs issued by HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

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

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 2022

3. REVENUE FROM SERVICES

Disaggregation of revenue from contracts with customers

	For the period ended 30 June 2022			
	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Engineering services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods and services				
<i>Property management services</i>				
Lump sum basis	519,575	–	–	519,575
Pre-delivery services	3,395	–	–	3,395
Commission basis	59,781	–	–	59,781
Consultancy services fee	3,210	–	–	3,210
	585,961	–	–	585,961
<i>Value-added services</i>				
Online promotion services	–	26,615	–	26,615
Sales and rental assistance	–	11,078	–	11,078
Other value-added services	–	5,405	–	5,405
	–	43,098	–	43,098
<i>Engineering services</i>				
Equipment installation services	–	–	1,158	1,158
Repair and maintenance services	–	–	45	45
Energy-saving service fees	–	–	5,061	5,061
	–	–	6,264	6,264
	585,961	43,098	6,264	635,323
Timing of revenue recognition				
A point in time	–	11,078	–	11,078
Over time	585,961	32,020	6,264	624,245
	585,961	43,098	6,264	635,323

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

3. REVENUE FROM SERVICES *(Continued)*

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

	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)
Types of goods and services				
<i>Property management services</i>				
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
	1,612,870	–	–	1,612,870
<i>Value-added services</i>				
Online promotion services	–	39,400	–	39,400
Sales and rental assistance	–	86,318	–	86,318
Other value-added services	–	19,497	–	19,497
	–	145,215	–	145,215
<i>Engineering services</i>				
Equipment installation services	–	–	18,196	18,196
Repair and maintenance services	–	–	8,848	8,848
Energy-saving service fees	–	–	7,073	7,073
	–	–	34,117	34,117
	1,612,870	145,215	34,117	1,792,202
Timing of revenue recognition				
A point in time	–	86,318	–	86,318
Over time	1,612,870	58,897	34,117	1,705,884
	1,612,870	145,215	34,117	1,792,202

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

During the period ended 30 June 2022, the Group is principally engaged in the provision of property management services and related services in the PRC. Management reviews the operating results of the business as a single operating segment as the nature of services, the type of customers for services, the method used to provide their services and the nature of regulatory environment is same in different regions.

Information about major customer

There were no sales to a single customer which amounted to 10% or more of the Group's revenue during the period ended 30 June 2022 and 2021.

Information about geographical areas

The principal operating entities of the Group are domiciled in the PRC and majority of revenue was derived in the PRC during the period ended 30 June 2022 and 2021.

As at 30 June 2022 and 2021, the majority of the non-current assets of the Group was located in the PRC.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax	(19,953)	(114,135)
Deferred tax		
Credit to profit and loss	11,163	21,003
	(8,790)	(93,132)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	230,503	638,472
Government grant	(5,765)	(6,121)
Partial exemption of PRC Value-added tax	(286)	(11,273)
Exchange loss (gain)	1,124	(19,937)
Loss on disposal of subsidiaries (note)	5,820	13,088
Loss on disposal of property, plant and equipment, net	–	128
Amortisation of intangible assets (note 13)	7,738	68,887
Depreciation of property, plant and equipment (note 9)	10,701	32,424
Depreciation of right-of-use assets (note 10)	9,925	5,588

Note:

During the period ended 30 June 2021, the Group disposed certain subsidiaries at a total consideration of RMB4,238,000, after consideration of the impact of net assets disposed of and non-controlling interests, the net loss on disposal of the aforesaid subsidiaries were approximately RMB13,088,000.

During the period ended 30 June 2022, the Group disposed a subsidiary at a consideration of RMB8,848,000, after consideration of the impact of net assets disposed of and non-controlling interests, the net loss on disposal of the subsidiary was approximately RMB5,820,000.

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

8. 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:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	16,807	250,165
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,487,526	1,454,868

For the periods ended 30 June 2022 and 2021, 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.

9. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the six months ended 30 June 2022 are summarised as follows:

	RMB'000
At 1 January 2022 (Audited)	35,485
Additions	12,384
Depreciation for the period	(10,701)
Disposals	(1,072)
At 30 June 2022 (Unaudited)	36,096

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

10. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2022 are summarised as follows:

	RMB'000
At 1 January 2022 (Audited)	283,441
Inception of lease	233
Depreciation for the period	(9,925)
At 30 June 2022 (Unaudited)	273,749

11. INVESTMENT PROPERTIES

The movements in investment properties during the six months ended 30 June 2022 are summarised as follows:

	RMB'000
At 1 January 2022 (Audited)	26,504
Disposals	(3,282)
Net change in fair value recognised in profit or loss	(184)
At 30 June 2022 (Unaudited)	23,038

The fair values of the Group's completed investment properties at 30 June 2022 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 2022

12. GOODWILL

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Goodwill	886,270	886,270

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 2022, the carrying amounts of goodwill (net of accumulated impairment losses) allocated to these groups of CGU are as follows:

	RMB'000
Shenzhen region	9,707
Southern China	199,331
Eastern China	297,613
Southwestern China	251,394
Northwestern China	13,827
Northeastern China	7,662
Northern China	69,257
Central China	37,479
	886,270

During the period ended 30 June 2022, 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 2022.

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 2022

12. 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.

	30 June 2022	31 December 2021
Discount rates	14%	13%
Growth rate within the five-year period	2% – 8%	2% – 8%

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.

13. INTANGIBLE ASSETS

The movements in intangible assets during the six months ended 30 June 2022 are summarised as follows:

	RMB'000
At 1 January 2022 (Audited)	9,806
Amortisation of intangible assets	(7,738)
At 30 June 2022 (Unaudited)	2,068

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 2022

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables	769,799	638,074
Less: allowance for credit losses	(165,351)	(140,180)
	604,448	497,894
Other receivables and prepayments:		
Refundable deposits	979,286	924,766
Advances to staffs	100,831	82,344
Prepayments to suppliers	288,887	180,568
Consideration receivables for disposal of subsidiaries and other equity investments	374,733	301,823
Receivables for residential and commercial units rental assistance services on behalf of customers	15,797	14,095
Others	97,858	116,524
	1,857,392	1,620,120
Less: allowance for credit losses	(20,450)	(20,450)
	1,836,942	1,599,670
	2,441,390	2,097,564
Classified as:		
Non-current		
Other receivables	86,756	86,854
Current		
Trade receivables	604,448	497,894
Other receivables and prepayments	1,750,186	1,512,816
	2,354,634	2,010,710
	2,441,390	2,097,564

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

14. 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:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
0 to 30 days	98,194	147,756
31 to 90 days	99,117	113,212
91 to 180 days	107,122	118,104
181 to 365 days	201,553	39,723
Over 1 year	98,462	79,099
	604,448	497,894

Details of the impairment assessment are set out in note 18.

15. LOAN RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Fixed-rate loans provided to		
– online platform and community-related service companies	210,746	160,745
– property management companies	4,032	4,032
	214,778	164,777
Less: allowance for credit losses	(71,009)	(62,936)
	143,769	101,841

Details of the impairment assessment are set out in note 18.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

16. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Payments on behalf of residents		
– under commission basis	1,118,447	1,159,959
– under lump sum basis	140,332	137,916
– under consultancy services arrangements	–	4,967
	1,258,779	1,302,842
Less: allowance for credit losses	(392,310)	(348,328)
	866,469	954,514
Receipts on behalf of residents		
– under commission basis	250,222	205,100
– under lump sum basis	7,881	105,692
– under consultancy services arrangements	–	3,180
	258,103	313,972

Details of the impairment assessment are set out in note 18.

17. RESTRICTED BANK DEPOSITS

At 30 June 2022 and 31 December 2021, the restricted bank balances represented the balance of RMB21,566,000 and RMB64,343,000, respectively, which was frozen under court notice in relation to the unfinished legal proceedings.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

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

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Impairment loss recognised on		
– trade and other receivables	(25,171)	(5,316)
– contract assets	(15)	(573)
– payments on behalf of residents	(43,982)	(1,007)
– amount due from a joint venture	(485)	(3,298)
– loan receivables	(8,073)	(3,125)
	(77,726)	(13,319)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

As at 30 June 2022, except for certain balances of trade receivables, 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 2022

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables	350,619	190,240
Other payables and accruals:		
Deposits received	33,586	19,578
Accrued staff costs	62,300	71,589
Provision for social insurance contributions	14,582	15,818
Other tax payables	8,931	6,421
Rental payable	355	755
Other payables and accruals	2,397	4,387
	122,151	118,548
	472,770	308,788

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
0-60 days	133,110	153,028
61-180 days	154,767	18,241
181-365 days	53,652	11,802
Over 1 year	9,090	7,169
	350,619	190,240

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

20. BORROWINGS

The movements in borrowings during the six months ended 30 June 2022 are summarised as follows:

	RMB'000
At 1 January 2022 (Audited)	184,834
Repayment of borrowings	(65,958)
Exchange loss	1,124
Disposal of a subsidiary	(20,000)
At 30 June 2022 (Unaudited)	100,000

21. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary Shares of HK0.1 each		
Authorised:		
At 1 January 2022 and 30 June 2022	50,000,000	5,000,000
Issued and fully paid:		
At 1 January 2022 and 30 June 2022	1,487,526	148,753
		Amount RMB'000
Shown in the condensed consolidated financial statements as:		
At 30 June 2022 (Unaudited)		120,750
At 31 December 2021 (Audited)		120,750

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

22. 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 2022 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2022 '000	
Directors	29 September 2014	N/A	375	(13)	–	362	
		29/9/2014 – 28/9/2015	869	(32)	–	837	
		29/9/2014 – 28/9/2016	870	(32)	–	838	
		29/9/2014 – 28/9/2017	344	(13)	–	331	
	30 April 2015	30/4/2015 – 29/4/2016	222	–	–	222	
		30/4/2015 – 29/4/2017	221	–	–	221	
		30/4/2015 – 29/4/2018	340	–	–	340	
	18 March 2016	18/3/2016 – 17/3/2017	332	(60)	–	272	
		18/3/2016 – 17/3/2018	331	(60)	–	271	
		18/3/2016 – 17/3/2020	333	(60)	–	273	
	27 November 2018	27/11/2018 – 26/11/2020	901	(30)	–	871	
		27/11/2018 – 26/11/2021	900	(30)	–	870	
		27/11/2018 – 26/11/2021	933	(30)	–	903	
				6,971	(360)	–	6,611
	Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	2,065	(140)	–	1,925
29/9/2014 – 28/9/2015			4,440	(299)	–	4,141	
29/9/2014 – 28/9/2016			4,440	(299)	–	4,141	
29/9/2014 – 28/9/2017			2,292	(154)	–	2,138	
30 April 2015		30/4/2015 – 29/4/2016	3,348	(21)	–	3,327	
		30/4/2015 – 29/4/2017	3,347	(21)	–	3,326	
		30/4/2015 – 29/4/2018	3,347	(21)	–	3,326	
18 March 2016		18/3/2016 – 17/3/2017	3,650	(11)	–	3,639	
		18/3/2016 – 17/3/2018	3,650	(11)	–	3,639	
		18/3/2016 – 17/3/2020	3,648	(10)	–	3,638	
27 November 2018		27/11/2018 – 26/11/2020	4,922	(15)	–	4,907	
		27/11/2018 – 26/11/2021	4,922	(15)	–	4,907	
		27/11/2018 – 26/11/2021	4,922	(15)	–	4,907	
				48,993	(1,032)	–	47,961
Total				55,964	(1,392)	–	54,572

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

22. SHARE OPTION SCHEMES *(Continued)*

(a) The Company *(Continued)*

No expense was recognised by the Group for current interim period (six months ended 30 June 2021: RMB1,330,000) in relation to share option granted by the Company.

During the current interim period, 1,392,000 share options to directors and employees were lapsed and no share options 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 2022 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2022 '000
Directors of the Company	16 October 2012	16/10/2012 – 15/10/2013	499	(499)	–	–
		16/10/2012 – 15/10/2014	998	(998)	–	–
		16/10/2012 – 15/10/2015	3,492	(3,492)	–	–
Total			4,989	(4,989)	–	–

No expense was recognised for the six months ended 30 June 2022 and 2021 in relation to share options granted by Fantasia Holdings to the eligible directors of the Company and employees of the Group.

During the current interim period, 4,989,000 share options granted by Fantasia Holdings to directors were lapsed and no share option granted by Fantasia Holdings were exercised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

23. 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 2022 and 31 December 2021, total of 1,802,000 Company’s shares acquired have not been awarded to eligible employees or consultants.

24. CAPITAL AND OTHER COMMITMENTS

	30 June 2022 RMB’000 (Unaudited)	31 December 2021 RMB’000 (Audited)
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	22,775	22,775
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	29,819	26,591

25. 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); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

	Fair value at		Fair value hierarchy	Valuation technique and key input
	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)		
Equity instruments designated at FVTOCI	45,862	113,043	Level 3	Discounted cash flow – Future cash flows are estimated based on further financial performance and discount rates.

As at 30 June 2022 and 31 December 2021, 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.

26. 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:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Pre-delivery services income		
Fellow subsidiaries	49	3,030
Consultancy services income		
An associate of a fellow subsidiary	–	368
Engineering services income		
Fellow subsidiaries	620	14,198
An associate of a fellow subsidiary	–	619

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

26. 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:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Amounts due from fellow subsidiaries	17,689	32,280
Amounts due from non-controlling shareholders of the subsidiaries	–	7,941
Amounts due from associates	16,558	11,271
Amounts due from joint ventures	37,750	2,741
Amounts due from other related parties	30,570	35,120
	102,567	89,353

The above amounts due from fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates, joint ventures and other related parties are non-trade in nature, interest-free, unsecured and repayable on demand.

Details of the impairment assessment are set out in note 18.

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Amounts due to fellow subsidiaries	–	25,304
Amounts due to non-controlling shareholders of the subsidiaries	–	2,294
Amounts due to associates	26,486	22,232
Amounts due to joint ventures	12,596	7,925
Amounts due to other related parties	21,662	11,507
	60,744	69,262

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2022

26. RELATED PARTY DISCLOSURES *(Continued)*

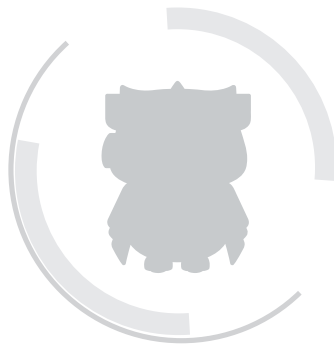
(c) Compensation of key management personnel

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	834	6,378
Post-employment benefits	71	144
Share-based payment expenses	-	226
	905	6,748

27. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2022, the Group entered into certain new lease agreements for the use of office premises and apartments for three years. On the lease commencement, the Group recognised RMB233,000 right-of-use assets and RMB233,000 lease liabilities.



COLOURLIFE



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