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New Hope Service Holdings Limited
新希望服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3658)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2022, the results of the Group were as follows:

1. The revenue amounted to RMB512.1 million, representing an increase of 27.1% as compared to revenue of RMB402.8 million for the corresponding period of last year.
2. The revenue of the Group from four business lines was as follows:
 - 1) The revenue from property management services amounted to RMB233.2 million, accounting for 45.5% of the total revenue, representing an increase of 59.8% as compared with the corresponding period last year;
 - 2) The revenue from lifestyle services amounted to RMB115.3 million, accounting for 22.5% of the total revenue, representing an increase of 28.9% as compared with the corresponding period last year;
 - 3) The revenue from commercial operational services amounted to RMB57.1 million, accounting for 11.2% of the total revenue, representing a decrease of 13.6% as compared with the corresponding period last year;
 - 4) The revenue from value-added services to non-property owners amounted to RMB106.5 million, accounting for 20.8% of the total revenue, representing an increase of 5.1% as compared with the corresponding period last year.

3. The gross profit was RMB209.1 million, representing an increase of 21.7% as compared with the corresponding period last year; the gross profit margin was 40.8%.
4. The profit attributable to the equity shareholders of the Company for the Reporting Period was RMB99.9 million. The profit attributable to the equity shareholders of the Company for the Reporting Period increased by 25.5% as compared to the adjusted profit attributable to the equity shareholders of the Company of RMB79.6 million for the corresponding period of 2021 (excluding the one-off listing expenses).
5. For the six months ended 30 June 2022, the Group had 156 projects under management with the GFA under management of approximately 22.1 million sq.m., representing an increase of approximately 76.4% as compared to the corresponding period of 2021. The Group had 207 contracted projects with contracted areas of approximately 31.0 million sq.m., representing an increase of approximately 51.9% as compared to the corresponding period of 2021.
6. The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of New Hope Service Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, “**we**”, “**our**” or the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 – unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
	Note	2022 RMB'000	2021 RMB'000
Revenue	4	512,106	402,847
Cost of sales		<u>(302,964)</u>	<u>(231,007)</u>
Gross profit		209,142	171,840
Other net income	5	4,513	4,208
Losses on fair value changes of investment properties	9	(16,063)	(1,743)
Selling expenses		(292)	(1,567)
Administrative expenses		(81,000)	(101,312)
Expected credit loss on financial assets		<u>(4,157)</u>	<u>(1,040)</u>
Profit from operations		112,143	70,386
Finance expenses		(1,788)	(2,196)
Finance income		<u>11,842</u>	<u>1,340</u>
Finance income/(loss), net	6(a)	<u>10,054</u>	<u>(856)</u>
Share of profits less losses of associates		<u>(184)</u>	<u>274</u>
Profit before taxation		122,013	69,804
Income tax	7	<u>(17,705)</u>	<u>(10,907)</u>
Profit for the period		104,308	58,897
Attributable to:			
Equity shareholders of the Company		99,886	58,897
Non-controlling interests		<u>4,422</u>	<u>–</u>
Profit for the period		104,308	58,897
Earnings per share			
Basic and diluted (RMB)	8	<u>0.12</u>	<u>0.09</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

for the six months ended 30 June 2022 – unaudited

(Expressed in Renminbi (“RMB”))

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profit for the period	<u>104,308</u>	<u>58,897</u>
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may not be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	<u>–</u>	<u>(23)</u>
Other comprehensive income for the period	<u>–</u>	<u>(23)</u>
Total comprehensive income for the period	<u>104,308</u>	<u>58,874</u>
Attributable to:		
Equity shareholders of the Company	<u>99,886</u>	<u>58,874</u>
Non-controlling interests	<u>4,422</u>	<u>–</u>
Total comprehensive income for the period	<u>104,308</u>	<u>58,874</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 – unaudited

(Expressed in RMB)

		30 June 2022	31 December 2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Investment properties	9	105,961	96,668
Property, plant and equipment		12,389	13,619
Intangible assets	10	98,604	24,838
Goodwill	11	133,415	–
Interests in associates		2,482	1,441
Equity securities designated at fair value through other comprehensive income (FVOCI)		30	30
Deferred tax assets		5,523	2,779
		<u>358,404</u>	<u>139,375</u>
Current assets			
Inventories		340	267
Prepayments, deposits and other receivables		73,064	56,510
Trade receivables	12	299,134	189,285
Cash and cash equivalents		965,311	1,105,530
		<u>1,337,849</u>	<u>1,351,592</u>
Current liabilities			
Trade payables	13	136,600	71,787
Other payables and accruals		236,838	186,603
Contract liabilities		162,326	195,772
Amount due to related companies		10,437	6,126
Current taxation		8,201	–
Lease liabilities		6,436	8,472
		<u>560,838</u>	<u>468,760</u>
Net current assets		<u>777,011</u>	<u>882,832</u>
Total assets less current liabilities		<u>1,135,415</u>	<u>1,022,207</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 30 June 2022 – unaudited**(Expressed in RMB)*

		30 June 2022	31 December 2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Lease liabilities		61,519	60,356
Deferred tax liabilities		17,957	7,492
		79,476	67,848
NET ASSETS			
		1,055,939	954,359
CAPITAL AND RESERVES			
Share capital	<i>14(b)</i>	6,741	6,741
Reserves		987,936	946,108
Total equity attributable to equity shareholders of the Company			
		994,677	952,849
Non-controlling interests		61,262	1,510
TOTAL EQUITY			
		1,055,939	954,359

NOTES TO THE FINANCIAL INFORMATION EXTRACTED FROM UNAUDITED INTERIM REPORT

(Expressed in RMB unless otherwise indicated)

1 CORPORATION INFORMATION

The Company was incorporated in the Cayman Islands on 5 November 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation. The Group is principally engaged in property management services, lifestyle services, commercial operational services and value-added services to non-property owners in the People's Republic of China (the "PRC"). The Company's shares were listed on the Main Board on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 May 2021.

The immediate parent of the Group is Golden Rose Developments Limited, a company incorporated under the laws of British Virgin Islands ("BVI"). The ultimate controlling party of the Group are Mr. Liu Yonghao and Ms. Liu Chang (collectively the "Ultimate Owners").

2 BASIS OF PREPARATION

The unaudited interim financial information set out in this announcement does not constitute the unaudited interim financial report of the Company for the six months ended 30 June 2022 but is extracted from that unaudited interim financial report which has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

Amendments to IAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property management services, lifestyle services, commercial operational services and value-added services to non-property owners.

(i) Disaggregation of revenue

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Type of Revenue		
Revenue from contracts with customers within the scope of IFRS 15		
– Over time	422,039	321,251
– A point in time	79,341	68,796
Revenue from other sources		
– Rental income from investment properties	10,726	12,800
Total	512,106	402,847
Type of services		
– Property management services	233,201	145,940
– Lifestyle services	115,280	89,411
– Commercial operational services	57,155	66,177
– Value-added services to non-property owners	106,470	101,319
Total	512,106	402,847

For the six months ended 30 June 2021 and 2022, revenue from New Hope Group Co., Ltd. and its subsidiaries contributed 21.1% and 16.6%, respectively of the Group's revenue. Other than New Hope Group Co., Ltd. and its subsidiaries, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the reporting period.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services, commercial operational services and value-added services to non-property owners, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For lifestyle services, there is no significant unsatisfied performance obligation at the end of respective reporting periods.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of central administrative costs. The chief operating decision maker ("CODM") considers the Group has four operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

The Group's operating and reportable segments are as follows:

- Property management services: this segment provides property management services to residential properties, commercial properties and other types of non-residential properties.
- Lifestyle services: this segment provides community operation services, community asset management services, online and offline retail services and catering services.
- Commercial operational services: this segment provides market research and positioning, tenant sourcing services and commercial operation services and commercial properties leasing.
- Value-added services to non-property owners: this segment provides value-added services to non-property owners, including preliminary planning, design consultancy and pre-delivery services and sales office management.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Administrative expenses or assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure in respective operating segment. The measure used for reporting segment profit is gross profit.

No analysis of segment assets and segment liabilities is presented as these information are not regularly provided to the CODM for review.

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

	Property management services RMB'000	Lifestyle services RMB'000	Commercial operational services RMB'000	Value-added services to non-property owners RMB'000	Total RMB'000
For the six months ended 30 June 2022					
Segment revenue	<u>233,201</u>	<u>115,280</u>	<u>57,155</u>	<u>106,470</u>	<u>512,106</u>
Segment gross profits	<u>76,169</u>	<u>50,803</u>	<u>39,304</u>	<u>42,866</u>	<u>209,142</u>
Central administrative costs					<u>(87,129)</u>
Profit before taxation					<u><u>122,013</u></u>

	Property management services RMB'000	Lifestyle services RMB'000	Commercial operational services RMB'000	Value-added services to non-property owners RMB'000	Total RMB'000
For the six months ended 30 June 2021					
Segment revenue	<u>145,940</u>	<u>89,411</u>	<u>66,177</u>	<u>101,319</u>	<u>402,847</u>
Segment gross profits	<u>45,542</u>	<u>41,604</u>	<u>43,403</u>	<u>41,291</u>	<u>171,840</u>
Central administrative costs					<u>(102,036)</u>
Profit before taxation					<u><u>69,804</u></u>

5 OTHER NET INCOME

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Government grants	1,173	2,042
Value-added tax additional deduction	1,178	1,327
Others	<u>2,162</u>	<u>839</u>
Total	<u><u>4,513</u></u>	<u><u>4,208</u></u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Finance (income)/loss, net

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	(11,842)	(1,340)
Interest on lease liabilities	1,698	2,054
Others	90	142
	<hr/>	<hr/>
Total	(10,054)	856
	<hr/> <hr/>	<hr/> <hr/>

(b) Staff costs

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	161,557	161,131
Contributions to defined contribution retirement plan	13,995	8,683
	<hr/>	<hr/>
Total	175,552	169,814
	<hr/> <hr/>	<hr/> <hr/>

(c) Other items

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation of intangible assets	3,871	909
Depreciation charge of property, plant and equipment	3,392	3,004
Expected credit loss on financial assets	4,157	1,040
Listing expenses	–	24,371
Expenses relating to short-term leases	1,936	1,600

7 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax – PRC Corporate Income Tax		
Provision for the period	21,811	9,303
Deferred tax		
Origination and reversal of temporary differences	(4,106)	1,604
	<u>17,705</u>	<u>10,907</u>

Pursuant to the tax rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period.

The provision for PRC current income tax is based on a statutory rate of 25% of the assessable profit as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to Caishui [2011] No. 58 Notice on Issues Concerning Relevant Tax Policies to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關稅收政策問題的通知) and Announcement [2012] No. 12 Public Announcement on Corporate Income Tax Issues Relating to In-depth Implementation of the Western Development Strategy (關於深入實施西部大開發戰略有關企業所得稅問題的公告) and Caishui [2020] No. 23 Announcement on Continuation of Corporate Income Tax Policies for the Western Development Strategy (關於延續西部大開發企業所得稅政策的公告), certain subsidiaries of the Group, being enterprises engaged in state encouraged industries established in the specified western regions, are taxed at a preferential income tax rate of 15% till 31 December 2030.

Certain subsidiaries have been approved as Small Low-profit Enterprises (“SLE”). The entitled subsidiaries are subject to a preferential income tax rate of 2.5% or 5% or 10% in certain years.

8 EARNINGS PER SHARE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profits		
Profit attributable to equity shareholders of the Company	99,886	58,897

	Six months ended 30 June	
	2022	2021
	'000	'000

Number of shares

Weighted average number of ordinary shares	814,126	640,706
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Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2022 and 2021.

9 INVESTMENT PROPERTIES

	Leased properties- owned	Right-of-use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fair value			
At 31 December 2021	29,418	67,250	96,668
Acquisition of a subsidiary (Note 15)	25,600	–	25,600
Disposals	–	(244)	(244)
Change in fair value	–	(16,063)	(16,063)
At 30 June 2022	55,018	50,943	105,961

(a) Right-of-use assets

During the reporting period, the Group leased certain commercial properties located in Kunming, Wenzhou, Changchun and Chengdu, from property owners and subleased to tenants through operating leases to earn rental income. The right-of-use assets of the leases are determined to meet the definition of investment property.

(b) Fair value of properties

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurements*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

		Fair value as at 30 June 2022 RMB'000	Fair value as at 31 December 2021 RMB'000
Investment properties located in the PRC	Level 3	<u>105,961</u>	<u>96,668</u>

During the period ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 30 June 2022. The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties	Valuation techniques	Unobservable input	Range
– Car parks/Business property	Market approach	Market transaction price	Market price per sq.m., 30 June 2022: RMB1,535-RMB7,889 31 December 2021: RMB1,535-RMB2,483
– Retail stores	Income approach	Capitalisation rate	Capitalisation rate, 30 June 2022: 6% 31 December 2021: 6%

The fair value of investment properties is based on determined income approach or market approach. Under the income approach, the fair value of investment properties is estimated based on capitalisation rate, unit rent and remaining lease term. The unit rent mainly made reference to the rents in existing lease. Under the market approach, the fair value is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors.

10 INTANGIBLE ASSETS

During the six months ended 30 June 2022, additional intangible assets of the Group mainly represented intangible assets of RMB63,835,000 acquired from acquisition of subsidiaries in the business combinations (Note 15) and software project procurement amounted to RMB7,802,000.

11 GOODWILL

During the six months ended 30 June 2022, the Group acquired a property management company Chengdu Mingyu Global Business Management Co., Ltd. (成都明宇環球商業管理有限公司) (“**Chengdu Mingyu**”). Total identifiable net assets of Chengdu Mingyu on acquisition date amounted to approximately RMB102,055,000. The excess of the consideration and the amount of the non-controlling interests in Chengdu Mingyu over the fair value of the identifiable net assets acquired amounted to approximately RMB133,415,000 is recognised as goodwill.

12 TRADE RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables from related companies	33,984	49,833
Trade receivables from external customers	273,670	144,071
Less: Allowance for trade receivables	8,520	4,619
	299,134	189,285

(a) Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for impairment of trade receivables is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 year	287,531	183,241
1 to 2 years	9,754	4,342
2 to 3 years	1,736	1,321
3 to 4 years	113	381
	299,134	189,285

13 TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables, based on the invoice date, is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 year	133,600	66,183
1 to 2 years	2,302	4,714
2 to 3 years	325	102
Over 3 years	373	788
	<hr/>	<hr/>
Total creditors and bills payable	136,600	71,787
	<hr/> <hr/>	<hr/> <hr/>

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend was proposed, declared or paid during the six months ended 30 June 2022. The directors of the Company are of the opinion that no dividend will be proposed for the six months ended 30 June 2022.

(b) Share capital

Authorised share capital

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 November 2020.

Issued share capital

Ordinary shares, Issued and fully paid

	No. of shares	RMB
At 1 January 2021	100	1
Issuance of shares	9,900	83
Capitalisation issue	599,990,000	4,967,557
Issuance of ordinary shares upon initial public offering	200,000,000	1,655,880
Partial exercise of over-allotment option	14,126,000	117,455
	<hr/>	<hr/>
At 30 June 2022 and 31 December 2021	814,126,000	6,740,976
	<hr/> <hr/>	<hr/> <hr/>

15 BUSINESS COMBINATIONS

In April 2022, the Group acquired 51% equity interest of Chengdu Mingyu from a third party and obtained control of Chengdu Mingyu. Chengdu Mingyu are mainly engaged in property management services. The business combinations were made as part of the Group's strategy to expand its market share of property management operation in the PRC.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	<i>Note</i>	Fair Value <i>RMB' 000</i>
Investment properties		25,600
Property and equipment		858
Intangible asset	<i>(i)</i>	63,835
Interests in an associate		805
Deferred tax assets		414
Inventories		276
Prepayments, deposits and other receivables		13,767
Trade receivables		44,417
Cash and cash equivalents		11,833
Trade payables		(9,663)
Other payables and accruals		(25,978)
Contract liabilities		(8,953)
Current taxation		(2,765)
Lease liabilities		(564)
Deferred tax liabilities		(11,827)
		<hr/>
Total net identifiable assets acquired		102,055
Non-controlling interest	<i>(ii)</i>	(55,330)
		<hr/>
Fair value of net identified assets acquired, net of non-controlling interests		46,725
Goodwill	<i>(iii)</i>	133,415
		<hr/>
Contingent consideration	<i>(iv)</i>	–
		<hr/>
Total consideration		<u>180,140</u>

Notes:

- (i) Intangible assets including identified customer relationships of approximately RMB63,700,000 in relation to the acquisitions have been recognised by the Group (Note 10).
- (ii) The Group recognises the non-controlling interests in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.
- (iii) The goodwill arose from the acquisitions was mainly attributable to the expected synergies from combining the operations of the Group and the acquired entity.
- (iv) The contingent consideration represented the consideration to be determined based on the actual results of the acquirees in subsequent three years from 2022. The contingent consideration was measured at fair value at the acquisition dates, with subsequent changes in fair value recognised in profit or loss. The fair value of the contingent consideration was determined by the discounted cash flow valuation method.

Net cash outflow arising from the acquisitions is as follows:

	<i>RMB' 000</i>
Partial settlement of cash considerations	162,126
Less: cash of subsidiaries acquired	<u>11,833</u>
	<u><u>150,293</u></u>

The Group incurred transaction costs of RMB814,000 for the acquisitions. These transaction costs have been expensed and included in administrative expense in the consolidated statement of profit or loss and other comprehensive income.

Included in the profit for the period ended 30 June 2022 was a profit of RMB9,747,000 attributable to the business combinations of Chengdu Mingyu. Revenue of Chengdu Mingyu included in the Group's revenue for the period ended 30 June 2022 amounted to RMB34,542,000. If the business combinations had occurred on 1 January 2022, management estimates that consolidated revenue would have been RMB544,957,000, and consolidated profit for the period would have been RMB109,981,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of business combinations would have been the same if the business combinations had occurred on 1 January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are a well-established comprehensive property management and lifestyle service operator in China, providing property management services, lifestyle services, commercial operational services and value-added services to non-property owners. As at 30 June 2022, the Group ranked 30th out of the Top 100 Property Management Companies in China awarded by the Beijing China Index Academy and ranked 15th out of the 2022 Listed Property Management Companies with Outstanding Financial Performance awarded by the Guandian Index Academy, and the Group's group meal business segment was recognized as one of the Top 100 Group Catering Service Providers in China by the China Cuisine Industry Association. The Group maintained a sound growth momentum in scale development and as at 30 June 2022, the gross floor area (the "GFA") under management was 22.1 million square metres (the "sq.m."), representing an increase of 76.4% as compared to the same period last year, and the contracted GFA was 31.0 million sq.m., representing an increase of 51.9% as compared to the same period last year.

During the Reporting Period, the Group recorded revenue of approximately RMB512.1 million, representing an increase of 27.1% as compared to the same period last year. It achieved a net profit attributable to equity shareholders of the Company of RMB99.9 million, representing an increase of 25.5% as compared to the adjusted net profit attributable to equity shareholders of the Company of RMB79.6 million (which represent the profit attributable to equity shareholders of the Company excluding the one-off listing fees in 2021) of the same period last year. It continued to maintain a relatively high profit margin and achieved a net profit margin attributable to equity shareholders of the Company of 19.5%. We continued to work on lean management to further reduce the administrative expenses rate to approximately 15.8%, representing a decrease of 4.2% as compared to 20.0% (excluding the one-off listing fees) of the same period last year. Meanwhile, by continuously centering on clients' living consumption demands, the Group strived to build up an ecosystem of lifestyle service and achieved a steady growth in lifestyle services segment. During the Reporting Period, the Group recorded a revenue of approximately RMB115.3 million in such segment, representing an increase of 28.9% as compared to the same period last year. We insisted on maintaining quality services with relatively high client satisfaction, thereby maintaining a relatively high renewal rate for projects, with an overall renewal rate for projects under management amounting to 86% and renewal rate for residential properties amounting to 100%.

During the Reporting Period, the Group achieved a relatively strong growth in the expansion to independent third-party⁽¹⁾ property developers by implementing a series of development initiatives. As at 30 June 2022, the Group's GFA under management of independent third parties was 8.6 million sq.m., representing an increase of 306.7% as compared to 2.1 million sq.m. of the same period last year. Meanwhile, by continuously increasing efforts spent in Southwestern China region in particular Chengdu-Chongqing urban agglomeration, and Eastern China region, we had respective 56.4% and 30.5% of GFA under management from the two regions during the Reporting Period. By insisting on regional cultivation and focusing on first-tier, new first-tier and second-tier cities, we were able to maintain relatively high management fee per sq.m. During the Reporting Period, the Group's management fee per sq.m. was RMB3.15. Meanwhile, in April 2022, we completed our first acquisition upon the listing (the "Listing") on the Stock Exchange and had successfully acquired Chengdu Mingyu Global Business Management Co., Ltd.* (成都明宇環球商業管理有限公司) ("Chengdu Mingyu"), a company headquartered in Chengdu. The acquisition can expand the scale and scope of the Group's business operations, further consolidate our existing advantageous position in the Southwestern China region and further enhance the Group's competitiveness in property management for commercial-use properties.

Note (1): Excluding properties developed by associates or joint ventures of Sichuan New Hope Property Development Co., Ltd. (四川新希望房地產開發有限公司) ("New Hope Property") and/or its subsidiaries (collectively, "New Hope Property Group")

Business Model

During the Reporting Period, the Company generated revenue primarily from four business segments: (i) property management services; (ii) lifestyle services; (iii) commercial operational services; (iv) value-added services to non-property owners.

Property Management Services

Adhering to our Growth Strategies to Achieve Continuous Growth in Management Scale

Continuously expanding GFA under management is one of our solid development strategies. With the Group's further development in market expansion and the acquisition project completed during the Reporting Period, the Group had contracted 207 property management projects in 28 cities nationwide, with a contracted GFA of 31.0 million sq.m., representing a period to period increase of 51.9%. Meanwhile, we had 156 projects under management with a GFA under management of 22.1 million sq.m., representing a period to period increase of 76.4%. The ratio of contracted GFA to GFA under management was 1.4.

The following table sets forth the number of our property projects and GFA under management, as well as the number of property projects we were contracted to manage and corresponding contracted GFA as at the dates indicated.

	As at 30 June 2022	As at 30 June 2021	Growth rate
Number of properties we were contracted to manage ⁽¹⁾	207	123	68.3%
Number of properties under management ⁽²⁾	156	82	90.2%
Contracted GFA (<i>sq.m.</i>)	30,961,000	20,386,000	51.9%
GFA under management (<i>sq.m.</i>)	22,096,000	12,527,000	76.4%

Notes:

- (1) Refers to all properties for which we have entered into the relevant operating property management service agreements, which may include properties that have not been delivered to us for property management purposes in addition to properties under management.
- (2) Refers to properties that have been delivered to us for property management purposes.

Going-on cultivation in and penetration into Chengdu-Chongqing urban agglomeration and Eastern China region

We insisted on the strategy of regional cultivation and made strategic layout according to the national development plan of urban agglomeration with Southwestern China region mainly represented by Chengdu-Chongqing urban agglomeration and Eastern China region, a more economically-developed area in China, as our focus areas. As at 30 June 2022, the Group's GFA under management in the two regions accounted for 86.9%, among which, the Southwestern China region recorded significant increases in area size, and its GFA under management increased by 98.1% as compared to the same period last year, which was primarily attributable to the Group's continuous market expansion in the Southwestern China region and the acquisition of Chengdu Mingyu, which further consolidated the Group's existing advantageous position in the Southwestern China region.

The table below sets forth a breakdown and growth rate of our total GFA under management by region as at the dates indicated:

Region distribution	As at 30 June 2022		As at 30 June 2021		Growth rate %
	Number of projects	GFA under management (sq.m. 0'000)	Number of projects	GFA under management (sq.m. 0'000)	
Southwestern China region	87	1,245.8	38	629.0	98.1%
Eastern China region	48	674.3	27	401.7	67.9%
Southern China region	13	178.0	10	155.8	14.2%
Northern China region	8	111.5	7	66.2	68.4%
Total	156	2,209.6	82	1,252.7	76.4%

As at 30 June 2022, the property projects served by the Group had covered 14 provinces, autonomous regions and municipalities in China. 89.7% of GFA under management of the Group were located in first-tier, new first-tier and second-tier cities in China and we will continue our cultivation in the cities above in the future.

The table below sets forth a breakdown of our total GFA under management by city tier as at the dates indicated and our revenue from property management services by city tier for the periods indicated:

Tier of city	As at/for the six months ended 30 June 2022				As at/for the six months ended 30 June 2021			
	Number of projects	GFA under management (sq.m. 0'000)	Revenue (RMB'000)	%	Number of projects	GFA under management (sq.m. 0'000)	Revenue (RMB'000)	%
First-tier cities ⁽¹⁾	3	14.7	4,301.6	1.8	3	14.7	4,175.7	2.9
New first-tier cities ⁽²⁾	77	942.4	105,037.0	45.0	40	551.7	69,781.4	47.8
Second-tier cities ⁽³⁾	63	1,024.2	115,022.1	49.3	39	686.3	71,982.5	49.3
Others ⁽⁴⁾	13	228.3	8,839.9	3.8	/	/	/	/
Total	156	2,209.6	233,200.6	100	82	1,252.7	145,939.6	100

Notes:

- (1) First-tier cities in which we provide property management services include Shanghai.
- (2) New first-tier cities in which we provide property management services include Chengdu, Chongqing, Hangzhou, Suzhou, Shenyang, Qingdao and Nanjing.
- (3) Second-tier cities in which we provide property management services include Dalian, Huizhou, Nanning, Kunming, Ningbo, Jiaxing, Wenzhou, Wuxi and Changchun.
- (4) Other cities in which we provide property management services include Nanchong.

TYPE OF PROPERTIES DEVELOPERS

Pursued market expansion and acquisition and achieved a significant improvement in independence

As at 30 June 2022, the Group's GFA under management from independent third-party property developers was 8.6 million sq.m., representing an increase of 306.7% compared with the same period of last year, accounting for 39.1% of total GFA under management, which rose by 22.1% compared with the same period of last year. The GFA under management from third-party⁽²⁾ property developers (including independent third parties and properties developed by associates or joint ventures of New Hope Property Group in which New Hope Property Group has no controlling interest) was 11.9 million sq.m., representing an increase of 165.2% compared with the same period of last year, accounting for 53.8% of total GFA under management, which rose by 18.0% compared with the same period of last year. The Group achieved a significant improvement in its independence, which mainly benefited from the following initiatives:

Completed the first acquisition within one year from the Listing

During the first half of this year, the Group successfully acquired Chengdu Mingyu, a company headquartered in Chengdu, which is the first acquisition upon the Listing, enabling the Group to further enhance its competitiveness in the management of commercial properties. Meanwhile, the acquisition can expand the scale and scope of the Group's business operations, create synergy between the management of commercial properties and lifestyle services for both parties, and further consolidate our existing advantageous position in the Southwestern China region.

Undertook intensive market research and identified the regional development strategy

During the Reporting Period, the Group established standardized expansion guidelines from the front end by making adequate and thorough analysis and assessment on cities, formats and products and taking into account the regional characteristics. Besides, the Group achieved high-quality development while providing satisfactory services to its customers by conducting intensive analysis and research on regional markets to further identify the target cities and upholding the format options, coupled with good product assortment, business support as well as risk management and control.

Strengthened the construction of market expansion channels and fueled the development with strategic cooperation

In 2021, the cooperation development center of the Group unveiled the Rules for "Channel Construction and Maintenance Mechanism" (《渠道建設及維護機制制度》), and completed the construction of 12 types of channels during the first half of 2022, among which, the expansion of customer base through the "universal marketing" channel recorded a significant improvement in efficiency, enabling the expansion channels to develop in a broader and more diversified way, and the number of expansion projects acquired during the first half of 2022 was nearly the total number for the whole year of 2021. We also actively sought to reach strategic cooperation with partners in different areas and deepen resources matching, so as to fuel the market expansion with cooperation. For example, we have reached strategic cooperation with Qingdao Gaotou Property (青島高投物業) to pilot the new retail business in Qingdao National High-tech Industrial Development Zone and explore the cooperation opportunities for other property services in the development zone. We have entered into joint venture collaboration with Yitue Technology (Jiangsu) Co., Ltd. (一途鵝科技(江蘇)有限公司) with an aim to explore the comprehensive services of cultural and tourism format and further establish a service ecosystem with greater vitality. We have reached strategic cooperation with Xiangli Street of Suqian City, pursuant to which we have successfully implemented residential property projects in Suqian City, and we will subsequently actively promote the comprehensive cooperation in terms of more public construction, residential as well as cultural and tourism projects in the region.

Note (2): Including properties developed by associates or joint ventures of New Hope Property Group

Effectively motivated and provided security based on the building of professional abilities of teams

During the Reporting Period, the Group continued to strengthen its talents reserve for the expansion team to meet the needs of market expansion, which contributed to a rise of 211% in successful bidding compared with the same period of last year, achieving a bid winning rate of 50% during the Reporting Period. Meanwhile, in respect of the optimization of talent structure and the improvement of professional skills, we further enhanced the stability and professionalism of our team members by cultivating middle-level cadres internally, accelerating position matching, integrating project lines, providing reasonable remuneration guarantee and taking other measures. In respect of system development, we refined the Incentive System for Market Expansion (《市拓激勵制度》), which, on one hand, increased the market appeal of our positions to attract high-end talents, and ensured the interests of first-line expansion teams, maintained the stability of our teams, fully stimulated the creativity of our staff and unleashed the vitality of our teams on the other hand.

The table below sets forth the total GFA by type of property developer as at the dates indicated above and our revenue from property management services for the periods indicated above:

Type of property developer	As at/for the six months ended 30 June 2022				As at/for the six months ended 30 June 2021			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m. 0'000)	%	(RMB'000)	%	(sq.m. 0'000)	%	(RMB'000)	%
New Hope Property Group ⁽¹⁾	989.6	44.8	127,534.8	54.7	781.7	62.4	113,776.5	77.9
Associates of our ultimate controlling shareholders ⁽²⁾	31.9	1.4	30,945.6	13.3	23.0	1.8	10,344.6	7.1
Third-party property developers ⁽³⁾	1,188.1	53.8	74,720.2	32.0	448.0	35.8	21,818.5	15.0
Total	2,209.6	100	233,200.6	100	1,252.7	100	145,939.6	100

Notes:

- (1) Refer to properties solely developed by New Hope Property Group, as well as properties jointly developed by New Hope Property Group and other property developers in which New Hope Property Group held a controlling interest.
- (2) Refer to properties developed by other associates of our ultimate controlling shareholders, namely Mr. Liu Yonghao (劉永好) and Ms. Liu Chang (劉暢).
- (3) Refer to properties solely developed by independent third-party property developers and properties developed by joint ventures or associates of New Hope Property Group (in which New Hope Property Group does not hold a controlling interest in these properties).

Achieved multi-dimensional business coverage, and sustained efforts were made in the segmented business

With an improvement in the independence of the Group, the proportion of diversified property development increased, and notable progress was made in the full commitment in segmented business. As at 30 June 2022, the GFA under management of residential format of the Group accounted for 65.9% of total GFA under management, and the GFA under management of non-residential format accounted for 34.1% of total GFA under management, among which, the GFA under management of segmented businesses of industrial parks, office buildings and public construction projects increased by 401.0%, 155.5% and 149.0% compared with the same period of last year, respectively.

Format type	As at/for the six months ended 30 June 2022				As at/for the six months ended 30 June 2021			
	GFA under management		Revenue		GFA under management		Revenue	
	(sq.m. 0'000)	%	(RMB'000)	%	(sq.m. 0'000)	%	(RMB'000)	%
Residential	1,456.9	65.9	133,311.3	57.2	828.8	66.2	84,288.3	57.8
Non-residential								
– Commercial properties	535.6	24.3	74,778.4	32.0	266.1	21.2	45,995.6	31.5
– Other types of non-residential properties	217.1	9.8	25,110.9	10.8	157.8	12.6	15,655.7	10.7
Total	2,209.6	100	233,200.6	100	1,252.7	100	145,939.6	100

Lifestyle Services

Exerted efforts on multi-dimensional services and achieved steady growth in lifestyle services

Focusing on the livelihood needs of customers, we offer a wide range of lifestyle services, comprising (i) community operational services, including turnkey furnishing services, repair and maintenance services for property owners and residents, convenient living services, common area management services and marketing activities; (ii) community asset management services, including carpark related services and property agency services; (iii) online and offline retail services and catering services. As at 30 June 2022, the revenue from lifestyle service sector of the Group increased by 28.9% to RMB115.3 million as compared to RMB89.4 million in the same period last year, accounting for 22.5% of total revenue.

Developed products that meet the needs of customers and achieved steady growth in community operational services

Focusing on the mission of “Happiness, make it everyday”, the Group formed an ecosystem of services focusing on community operational services, online and offline retail and catering services and community asset operational services, and continued to provide full-cycle operational services to property owners.

Deeply linked with New Hope Group to further unblock internal and external channels

The Group deeply linked with New Hope Group Co., Ltd. (新希望集團有限公司) (together with its subsidiaries, the “**New Hope Group**”) to leverage its industrial chain advantages in the fields of agri-food, dairy and FMCG, unblocked various merchants and supplier channels, empowered the B-end business scenario, and provided comprehensive solutions for lifestyle services including “property + group meal”, “property + retail”, “property + door-to-door” and “property + centralized procurement” by assembling the building blocks of “property services +lifestyle services”.

We launched various types of customized gift boxes through internal and external cooperation with B-end customers such as New Hope Group and Shede Spirits Co., Ltd. under the Fosun Group (復星集團捨得酒業). At the same time, the Group entered into the centralized supply chain service framework agreement with New Hope Group in May 2022 and successfully launched the B-end centralized procurement business. In terms of C-end customers, the Group deeply linked with industries of New Hope Group including dairy, snacks, condiments and nutrition products, and achieved an increase of 52% in product coverage rate of New Hope Group as compared to the same period last year through Big Sales for Spring Festival 020 and Button Lexuan (鈕扣樂選) promotion activities.

Intensified expansion efforts and continuously strengthened group meal business

During the Reporting Period, the Group also strengthened the development of expansion capacity in the field of group meal business, and achieved a double increase in the number of projects. We focused on the segmentation of hospitals and continued to carry out measures such as team building, technology introduction and management mechanism introduction, deepened the group meal business in the medical field on the basis of the original oncology hospital projects, and successfully won the bids for projects such as Wenjiang Medical City Project (溫江醫學城項目) and Lansheng Brain Hospital (藍生腦科醫院), and continued to strengthen the competitiveness of the Group’s group meal business in medical sector and medical field. At the same time, during the Reporting Period, the Group newly added group meal projects in public infrastructure format and successfully won the bid for rail resources subway projects.

The following table sets forth a breakdown of our revenue from lifestyle services:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021		Growth rate %
	Revenue (RMB’000)	%	Revenue (RMB’000)	%	
Community operational services	56,548.5	49.1	55,218.2	61.8	2.4%
Community asset management services	15,914.4	13.8	15,389.3	17.2	3.4%
Online and offline retail services and catering services	42,817.5	37.1	18,803.4	21.0	127.7%
Total	115,280.4	100	89,410.9	100	28.9%

Commercial Operational Services

We provide commercial operational services to commercial properties, including shopping centers, shopping streets, office buildings, specialty markets and industrial parks. We have a long-term and stable cooperation with the New Hope Property Group, and have provided commercial operational services to all commercial properties developed by New Hope Property Group.

The table below sets forth a breakdown of our total revenue from commercial operational services by service category for the periods indicated:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021		Growth rate %
	Revenue (RMB'000)	%	Revenue (RMB'000)	%	
Market research and positioning and opening preparation services	754.7	1.3	10,961.4	16.6	-93.1%
Commercial operation services	45,674.8	79.9	42,415.2	64.1	7.7%
Commercial properties leasing	10,725.9	18.8	12,800.3	19.3	-16.2%
Total	57,155.4	100.0	66,176.9	100	-13.6%

Value-added services to non-property owners

We also provide a series of value-added services to non-property owners, mainly for property developers. Our value-added services to non-property owners include (i) on-site management services; (ii) preliminary planning and design consultation, pre-delivery and repair and maintenance services; and (iii) other services, such as construction site management services.

The following table sets forth a breakdown of our revenue from value-added services to non-property owners during the periods indicated:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021		Growth rate %
	Revenue (RMB'000)	%	Revenue (RMB'000)	%	
Preliminary planning, design consultancy and pre-delivery services	44,832.4	42.1	36,380.1	35.9	23.2%
Revenue from on-site service fee	50,721.5	47.6	59,820.7	59.0	-15.2%
Special entrusted services	10,915.9	10.3	5,118.5	5.1	113.3%
Total	106,469.8	100.0	101,319.3	100.0	5.1%

PROSPECTS

To continue full commitment in the metropolitan areas and urban agglomerations in China to increase our business scale

The scale growth is one of the Company's development focuses in the future. We will continue to expand our business in the metropolitan areas and urban agglomerations in China, especially the first-tier, new first-tier and second-tier cities in the Chengdu-Chongqing urban agglomeration and the Eastern China region. We will continue to consolidate our market position in these areas, further enhancing regional density and brand influence. To achieve our expansion goal, we will continue to cooperate with the New Hope Group and the New Hope Property Group for development. We also plan to grow our scale through strategic acquisitions and investments, active participation in market tendering processes and strategic cooperations with third-party companies.

To focus on the residents' desire for a better life, connect the New Hope Group's industries to continue to enhance our lifestyle services

By focusing on the residents' desire for a better life, we plan to continuously focus on the development of our lifestyle services, including community operational services, online and offline retail services and catering services, and community asset management services, forming a portfolio of property + lifestyle services to meet the diverse needs of our customers. We will continue to strengthen our cooperation with the New Hope Group to make full use of its lifestyle industry coverage and rich resources to expand our lifestyle services. For example, based on our understanding of the customers' demands, we plan to explore the product supplies available from New Hope Liuhe Co., Ltd. (新希望六和股份有限公司), New Hope Dairy Co., Ltd. (新希望乳業股份有限公司) and others, enrich our product offerings for our online and offline retail services and catering services, and create diversified product assortment for our customers. We also plan to enhance cooperation with companies under the New Hope Group, for example, to operate canteens and provide catering services for them. In addition, based on our past experience, we will continue to strengthen the market-oriented ability of lifestyle services. We will also look for strategic acquisition and investment opportunities, and will continue to increase the scale of our lifestyle services through internal growth and external expansion, so that we can continuously provide competitive lifestyle services for our consumers.

To continue to improve the service capacity of the Company to lay foundation for lifestyle services development through premium service and high satisfaction

Providing good service to customers is the basis for our business development, while maintaining a consistently high quality of service is fundamental to the Company's long-term development. During the Reporting Period, based on the "1+5+N" pan-scenario service system, the Group joins the "five standardized" quality control system and N differentiated service designs matching different service needs. At the same time, we will continue to create service IP with memorable points. The housing inspection service, with the aim of "lasting charms and worry-free", assesses the function, safety and health index of the house in all aspects, and brings the ultimate peace of mind to the owners. Service experience officer listens to the voice of customers with "multi-channel supervision and service transparency", allowing owners to integrate into the reality of management and experience evaluation of service optimization.

To continue to increase investments in technologies to improve service quality as well as operating efficiency

The Group will keep investing in technologies to facilitate the business development and efficiency improvement, build a community ecosystem and enhance the management service system, in order to meet the diverse needs of customers and improve our operating efficiency.

Smart community system: the Group uses Internet of Things technology to build a smart community across spatial scenes, and will jointly build a smart community management and service system from six dimensions: standardized management, safety control, convenient access, energy control, facilities and equipment monitoring and artificial intelligence, with an aim to improve the intelligent level of the community. Customer service system: it will ensure that users enjoy high-quality experience on the mobile terminal, expand the multi-dimensional service content of housekeepers, improve the fee collection rate and reduce service costs. Business empowerment system: it will support business expansion and tool application by enabling business front-end applications and improve the interaction efficiency between business development and functional management. Internal control management system: it will aim at the informatization construction of internal management, risk control and office collaboration, in a bid to improve internal management and work efficiency, simplify internal business processes, control internal management risks, and achieve consistency between industry and finance.

Lean management to promote efficiency, rationally reduce cost and improve efficiency

During the Reporting Period, the Company continued to improve the standardization of talent deployment, the standardization of business and the construction of the supply chain system, especially in the areas of digital operation, safety prevention, intelligent transformation and procurement efficiency, actively enhancing the operational efficiency and management effectiveness of the Group. At the same time, we will also accelerate the cultivation of talents, build a supply chain of key talents, and actively improve the effectiveness of personnel through standardization personnel deployment, so as to achieve continuous lean management.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily generated from four business lines: (i) property management services; (ii) lifestyle services; (iii) commercial operational services; and (iv) value-added services to non-property owners. The Group's revenue increased by approximately RMB109.3 million or approximately 27.1% to approximately RMB512.1 million for the six months ended 30 June 2022 from approximately RMB402.8 million for the six months ended 30 June 2021, which was primarily attributable to (i) the increase in revenue from property management service arising from by the increase in the GFA under management of the Group; and (ii) the increase in revenue from lifestyle services.

The following table sets forth a breakdown of our total revenue by business line during the periods indicated:

	For the six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Property management services	233,200.6	45.5	145,939.6	36.2
Lifestyle services	115,280.4	22.5	89,410.9	22.2
Commercial operational services	57,155.4	11.2	66,176.9	16.4
Value-added services to non-property owners	106,469.8	20.8	101,319.3	25.2
Total	<u>512,106.2</u>	<u>100</u>	<u>402,846.7</u>	<u>100</u>

The property management services are our largest source of revenue. For the six months ended 30 June 2022, the revenue from property management services was approximately RMB233.2 million, accounting for 45.5% of the Group's total revenue. It was primarily driven by the increase of GFA under management of the Group from 12.5 million sq.m. as at 30 June 2021 to 22.1 million sq.m. as at 30 June 2022. The increase in GFA under management was mainly due to (i) the continuous and stable delivery of properties developed by New Hope Property Group to us for management during the Reporting Period; (ii) the Group's expansion in the independent third-party markets; and (iii) the completion of the acquisition of Chengdu Mingyu.

The revenue from lifestyle services increased from approximately RMB89.4 million, representing 22.2% of the total revenue of the Group for the six months ended 30 June 2021 to approximately RMB115.3 million, representing 22.5% of the total revenue of the Group for the six months ended 30 June 2022. It was mainly due to the Group's active investment in and expansion of its lifestyle services business during the Reporting Period, in particular, the increase in group meals and the increasing density of new retail business, which resulted in the increase in revenue from online and offline retail services and catering services.

The revenue from commercial operational services decreased by approximately RMB9.1 million or approximately 13.6% from approximately RMB66.2 million for the six months ended 30 June 2021 to approximately RMB57.1 million for the six months ended 30 June 2022, which was mainly due to the decrease in revenue from the market research and positioning services undertaken during the Reporting Period.

The revenue from value-added services to non-property owners increased by approximately 5.1% from approximately RMB101.3 million for the six months ended 30 June 2021 to approximately RMB106.5 million for the six months ended 30 June 2022, which remained basically stable compared with the corresponding period last year.

Cost of Sales

Our cost of sales represent costs directly attributable to the provision of services and consist primarily of (i) staff costs; (ii) outsourced labor costs; (iii) office expenses; (iv) maintenance costs; (v) material and cost of goods sold; (vi) energy and resources expenses; (vii) cleaning expenses; (viii) depreciation and amortization charges; and (ix) all other costs of sales, mainly including business consultation expenses, business entertainment expenses, and costs of low-value consumption goods such as office supplies and stationery. For the six months ended 30 June 2022, the total cost of sales of the Group was approximately RMB303.0 million, which increased by approximately RMB72.0 million or approximately 31.1% as compared to approximately RMB231.0 million for the same period of 2021. The growth rate of our cost of sales was higher than that of our revenue, primarily due to the increase in the proportion of revenue from property management services over the total revenue of the Group, which have a relatively lower gross profit margin.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased by approximately RMB37.3 million or approximately 21.7% to approximately RMB209.1 million for the six months ended 30 June 2022 from approximately RMB171.8 million for the six months ended 30 June 2021.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line during the periods indicated:

	For the six months ended 30 June			
	2022		2021	
	<i>RMB'000</i>	<i>Gross profit margin %</i>	<i>RMB'000</i>	<i>Gross profit margin %</i>
Property management services	76,168.6	32.7	45,541.8	31.2
Lifestyle services	50,803.0	44.1	41,603.7	46.5
Commercial operational services	39,304.2	68.8	43,403.5	65.6
Value-added services to non-property owners	42,866.0	40.3	41,290.7	40.8
Total	<u>209,141.8</u>	<u>40.8</u>	<u>171,839.7</u>	<u>42.7</u>

For the six months ended 30 June 2022, the gross profit margin of the Group decreased by 1.9% as compared with the corresponding period last year.

Our gross profit margin of property management services increased by 1.5%, primarily due to the increase in the unit price of our property management fees during the Reporting Period as compared with the corresponding period last year.

Our gross profit margin of lifestyle services decreased by 2.4%, primarily due to the increase in the proportion of revenue from online and offline retail services and catering services, which have relatively lower gross profit margin in the lifestyle services.

Our gross profit margin of commercial operational services increased by 3.2%, primarily due to the improvement in management.

Our gross profit margin of value-added services to non-property owners decreased by 0.5%, which remained stable compared with corresponding period last year.

Other Net Income

The other net income of the Group increased by approximately RMB0.3 million to RMB4.5 million for the six months ended 30 June 2022 from approximately RMB4.2 million for the six months ended 30 June 2021, which remained stable compared to the same period of last year.

Administrative Expenses

Our administrative expenses include (i) staff expenses; (ii) professional fees, (iii) office and business entertainment expenses; (iv) depreciation and amortization; (v) listing expenses; (vi) tax expense; and (vii) all other administrative expenses, which primarily consist of office expenses, tax expenses, hiring and training expenses, and cleaning expenses. Total administrative expenses of the Group were approximately RMB81.0 million for the six months ended 30 June 2022, which decreased by approximately RMB20.3 million or approximately 20.0% as compared to approximately RMB101.3 million for the six months ended 30 June 2021. The decrease was mainly due to (i) no listing fees incurred during the Reporting Period; and (ii) the improvement in management.

Selling Expenses

The selling expenses of the Group decreased by approximately RMB1.3 million or approximately 81.4% to approximately RMB0.3 million for the six months ended 30 June 2022 from approximately RMB1.6 million for the six months ended 30 June 2021, which was primarily due to the decrease in expenses as a result of the decrease in revenue from commercial operational services.

Financial Income, Net

The net financial income of the Group increased by approximately RMB11.0 million to approximately RMB10.1 million for the six months ended 30 June 2022 from a loss of approximately RMB0.9 million for the six months ended 30 June 2021, which was primarily attributable to the interest income generated from the proceeds from the Listing.

Income Tax Expense

For the six months ended 30 June 2022, the income tax of the Group was approximately RMB17.7 million (for the six months ended 30 June 2021: approximately RMB10.9 million) and the trend is consistent with the increase of profit of the Company during the Reporting Period.

Profit for the Period

The net profit of the Group increased by approximately RMB45.4 million or approximately 77.1% to approximately RMB104.3 million for the six months ended 30 June 2022 from approximately RMB58.9 million for the six months ended 30 June 2021.

The net profit increased by approximately RMB24.7 million or approximately 31.1% to approximately RMB104.3 million for the six months ended 30 June 2022 from the adjusted profit attributable to the equity shareholders of the Company of approximately RMB79.6 million (which represents the net profit excluding the one-off listing expenses) for the six months ended 30 June 2021.

Profit Attributable to Equity Shareholders of the Company

The adjusted profit attributable to equity shareholders of the Company represents the profit attributable to equity shareholders of the Company excluding the one-off listing expenses. The profit attributable to equity shareholders of the Company increased by approximately RMB20.3 million or approximately 25.5% to approximately RMB99.9 million for the six months ended 30 June 2022 from the adjusted profit attributable to equity shareholders of the Company of approximately RMB79.6 million for the six months ended 30 June 2021.

Property, Plant and Equipment

Property, plant and equipment of the Group mainly consists of machinery, vehicles, electronic equipment, office and other equipment, furniture and fixtures. As at 30 June 2022, the Group's property, plant and equipment was approximately RMB12.4 million, a decrease of approximately RMB1.2 million from approximately RMB13.6 million as at 31 December 2021, mainly due to the depreciation of property, plant and equipment incurred during January to June 2022.

Trade Receivables

Trade receivables primarily arise from the provision of property management services, lifestyle services, commercial operational services and value-added services to non-property owners. The Group's trade receivables as at 30 June 2022 amounted to approximately RMB299.1 million, representing an increase of approximately RMB109.8 million or approximately 58.0% as compared to approximately RMB189.3 million as at 31 December 2021, which was primarily due to (i) the increase in third-parties GFA under management; and (ii) the growth in business of the Group.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables increased by approximately 29.4% from approximately RMB56.5 million as at 31 December 2021 to approximately RMB73.1 million as at 30 June 2022, primarily due to the increase of prepayments brought by the development of our business and the increased investment in informatization construction has not been carried over to intangible assets since the acceptance conditions have not yet been met.

Trade Payables

The Group's trade payables as at 30 June 2022 amounted to approximately RMB136.6 million, representing an increase of approximately RMB64.8 million or approximately 90.3% as compared to approximately RMB71.8 million as at 31 December 2021, mainly due to the development of our business.

Other Payables and Accruals

Other payables and accruals increased by approximately RMB50.2 million or approximately 26.9% from approximately RMB186.6 million as at 31 December 2021 to approximately RMB236.8 million as at 30 June 2022, primarily due to the increase in the amount of received deposits and security deposits as a result of business development.

Financial Position and Capital Structure

For the six months ended 30 June 2022, the Group maintained a sound financial position.

As at 30 June 2022, the Group's current ratio (current assets/current liabilities) was 2.4 times (31 December 2021: 2.9 times) and net gearing indicated a net cash status (31 December 2021: net cash). Net gearing ratio is calculated by interest-bearing borrowings minus cash and cash equivalents, and then divided by net assets. As at 30 June 2022 and 31 December 2021, the Group did not have any outstanding interest-bearing borrowings.

Pledge of Assets

As at 30 June 2022, none of the assets of the Group were pledged (31 December 2021: Nil).

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

Interest Rate Risk

As the Group had no significant interest-bearing assets and liabilities, the Group is not exposed to material risk directly relating to changes in market interest rate.

Foreign Exchange Risk

The Group mainly operates its business in the PRC, and substantially all of its revenue and expenses are denominated in RMB. As at 30 June 2022, among the Group's cash and bank balances, RMB1.2 million was denominated in Hong Kong dollars, which was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 11 April 2022, the Group purchased 51% equity interest in Chengdu Mingyu at a consideration of RMB180.1 million by entering into an agreement for the sale and purchase of equity in order to expand the scale and scope of the Group's business. For further details, please refer to the announcement of the Company dated 11 April 2022.

Save as disclosed above, the Company had no other significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilise the net proceeds from the Listing in accordance with the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 11 May 2021 (the "**Prospectus**") and the announcement of the Company dated 25 May 2022. For details, please refer to the section headed "Use of Net Proceeds from the Listing" below.

Save for the above, the Group did not have any other material investments and capital asset plans as at 30 June 2022.

EVENTS AFTER THE PERIOD

Subsequent to the Reporting Period and up to the date of this announcement, the Company paid the final dividend declared for the year ended 31 December 2021.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were listed on the Stock Exchange on 25 May 2021 (the “**Listing Date**”) and the over-allotment option (the “**Over-allotment Option**”) was partially exercised on 11 June 2021. For details, please refer to the Prospectus and the Company’s announcement dated 15 June 2021. The Company intends to utilise the net proceeds from the Listing and over-allotment according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Net proceeds from the Listing (including the partial exercise of the Over-allotment Option), after deducting the underwriting commission and other estimated expenses in connection with the Listing, amounted to approximately HK\$790.0 million (equivalent to approximately RMB648.7 million). The Group continues to expand its business in the metropolitan areas and urban agglomerations in China, especially the first-tier, new first-tier and second-tier cities in the Chengdu-Chongqing urban agglomeration and the Eastern China region, and continue to consolidate our market position in these areas through market expansion, persisting in seeking investment opportunities and developing its lifestyle services. Given the above considerations and the following reasons, in order to enhance the use efficiency of the funds raised, capture market opportunities for business development in a timely manner, and strike a more reasonable balance in the use of funds, the Board resolved to change the proposed use of such proceeds on 25 May 2022. As set out in the announcement of the Company dated 25 May 2022, the sub-categories under “strategic acquisition and investment” were consolidated and HK\$79 million and HK\$39.5 million originally allocated for “strategic acquisition and investment” were re-allocated to a new category of “development of lifestyle services” and an existing category of “working capital”, respectively. As at 30 June 2022, an analysis of the utilisation of net proceeds from the Listing is as follows:

Major categories	Sub-categories	Amount (HK\$ in millions)	% of total proceeds	Unutilised amount as at 1 January 2022 (HK\$ in millions)	Actual utilised amount during the Reporting Period (HK\$ in millions)	Unutilised amount as at 30 June 2022 (HK\$ in millions)	Estimated utilisation plan
Strategic acquisition and investment		434.5	55.0%	434.5	0.0	434.5	On or before 31 December 2023
Upgrade information system and equipment	Middleground system	23.7	3.0%	21.3	3.9	17.4	On or before 31 December 2023
	Property management support system	2.4	0.3%	2.0	0.1	1.9	On or before 31 December 2023
	Lifestyle service support system	15.0	1.9%	9.2	0.0	9.2	On or before 31 December 2023
	Corporate infrastructural operation system	11.1	1.4%	9.3	2.9	6.4	On or before 31 December 2023
	Intelligent community pilot projects	42.6	5.4%	41.9	10.9	31.0	On or before 31 December 2023
	Human resources to support information technology upgrades	23.7	3.0%	23.7	7.3	16.4	On or before 31 December 2023
Talent recruitment and team building		39.5	5.0%	39.5	9.8	29.7	On or before 31 December 2023
Development of lifestyle services		79.0	10.0%	79.0	2.2	76.8	On or before 31 December 2023
Working capital		118.5	15.0%	67.8	30.7	37.1	On or before 31 December 2023
Total		790.0	100%	728.2	67.8	660.4	

The remaining net proceeds raised from the Listing which had not been utilized were deposited with well-established and licensed commercial banks and authorized financial institutions. The expected timeframe for the unutilised net proceeds is based on the Directors' best estimation barring unforeseen circumstances, and would be subject to change based on the future development of the Group's business and the market conditions.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 4,032 employees (31 December 2021: 3,162 employees). During the Reporting Period, the total staff costs were approximately RMB17.6 million (for the six months ended 30 June 2021: approximately RMB17.0 million).

In order to attract and retain high quality staffs to enable smooth operation within the Group, the remuneration policy of the Group's employees is reviewed periodically to ensure that the salary and benefit levels of the employees of the Group are competitive. The salaries and allowances of employees were determined based on their performance, experience and the then prevailing market rates. Discretionary performance bonus and share option scheme after assessments is in place for employees to reward their contributions. The Group is subject to social insurance contribution plans or other pension schemes prescribed by the local governments and is required to pay on behalf of its employees, monthly social insurance funds covering pension fund, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and the housing provident fund, or to contribute regularly to mandatory provident fund schemes on behalf of its employees.

The Group continues to provide adequate job training to employees to equip them with practical knowledge and skills. The employee training programs primarily cover key areas in the Group's business operations, which provide continuous training to its existing employees at different levels to specialize and strengthen their skill sets.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our shareholders and to enhance corporate value and accountability. The Company has adopted Corporate Governance Code (the "**CG Code**") contained in Part 2 to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the six months ended 30 June 2022. The Company will continue to review and monitor its corporate governance practice to ensure the compliance of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions conducted by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own Code of Conduct for securities transactions conducted by relevant Directors and employees. After making specific enquires to all the Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company for the six months ended 30 June 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of shares held by the public in the Company since the Listing Date and up to the date of this announcement has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”), together with the management of the Company, has reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2022. The Audit Committee has also reviewed the effectiveness of risk management and internal control system of the Company, and considered the risk management and internal control system to be effective and adequate.

The interim results is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (<http://www.newhopegroup.com>), and the interim report for 2022 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
New Hope Service Holdings Limited
Zhang Minggui
Chairman

Hong Kong, 26 August 2022

As at the date of this announcement, the Board comprises Ms. Wu Min and Ms. Chen Jing as executive directors, Mr. Zhang Minggui (chairman of the Board), Mr. Jiang Mengjun, Mr. Dong Li and Ms. Huang Kun as non-executive directors and Mr. Cao Qilin, Mr. Kong Chi Mo and Mr. Li Zhengguo as independent non-executive directors.