



# 蓝光嘉宝服务

四川蓝光嘉宝服务集团股份有限公司

**SICHUAN LANGUANG JUSTBON SERVICES GROUP CO., LTD.**

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 2606



SERVE YOUR  
**LIFE** WITH MY  
**HEART**

INTERIM REPORT 2020

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Yao Min (*Chairman*)  
Mr. Sun Zhefeng  
Mr. Liu Xia

#### Non-executive Directors

Mr. Chi Feng (*Appointed on 11 June 2020*)  
Mr. Yu Chi (*Appointed on 11 June 2020*)  
Mr. Meng Hongwei  
Mr. Zhang Qiaolong (*Resigned on 30 April 2020*)  
Mr. Wang Wanfeng (*Resigned on 30 April 2020*)

#### Independent Non-executive Directors

Mr. Li Shujian  
Mr. Chan Shing Yee, Joseph  
Mr. Zhang Shouwen

### SUPERVISORY COMMITTEE

Ms. Wang Lu (*Chairman*)  
Mr. Liu Jiang  
Ms. Li Ru  
Mr. Xu Qingshan  
Mr. Liu Deming

### AUDIT COMMITTEE

Mr. Chan Shing Yee, Joseph (*Chairman*)  
Mr. Li Shujian  
Mr. Zhang Shouwen  
Mr. Chi Feng  
Mr. Yu Chi

### REMUNERATION COMMITTEE

Mr. Li Shujian (*Chairman*)  
Mr. Chan Shing Yee, Joseph  
Mr. Zhang Shouwen  
Mr. Yao Min  
Mr. Meng Hongwei

### NOMINATION COMMITTEE

Mr. Yao Min (*Chairman*)  
Mr. Li Shujian  
Mr. Chan Shing Yee, Joseph  
Mr. Zhang Shouwen  
Mr. Liu Xia

### JOINT COMPANY SECRETARIES

Mr. Zou Hao  
Ms. Tsui Sum Yi

### AUTHORISED REPRESENTATIVES

Mr. Yao Min  
Mr. Zou Hao

### ALTERNATE TO AUTHORISED REPRESENTATIVE

Ms. Tsui Sum Yi

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
22/F Prince's Building  
Central  
Hong Kong

### COMPLIANCE ADVISOR

Ballas Capital Limited

### LEGAL ADVISOR

Sidley Austin LLP (*as to Hong Kong laws*)  
JunHe LLP (*as to PRC laws*)

### REGISTERED OFFICE IN THE PRC

No. 22, South Section 3  
Yihuan Road  
Wuhou District, Chengdu  
Sichuan Province  
PRC

# CORPORATE INFORMATION

## HEADQUARTER IN THE PRC

CRM Center  
No. 9 Xixin Avenue  
West Hi-tech Zone, Chengdu  
Sichuan Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## H SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANK

China Construction Bank Chengdu Jinxianqiao Branch  
Industrial and Commercial Bank of China (Asia) Ltd.

## INVESTOR RELATIONS

Investor Relations Department  
E-mail: [ir-justbon@brc.com.cn](mailto:ir-justbon@brc.com.cn)  
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## WEBSITE

[www.justbon.com.cn](http://www.justbon.com.cn)

## STOCK CODE

2606



## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Change %
	2020	2019	
<b>Results Summary</b>			
Revenue from contracts with customers (RMB'000)	1,166,197	933,263	25.0
Gross profit (RMB'000)	407,742	316,237	28.9
Profit for the period (RMB'000)	244,395	186,796	30.8
Gross profit margin (%)	35.0	33.9	+1.1 percentage points
Net profit margin (%)	21.0	20.0	+1.0 percentage point
Basic and diluted earnings per Share (RMB)	1.32	1.40	-5.7
	<b>As at 30 June 2020</b>	As at 31 December 2019	<b>Change %</b>
<b>Balance Sheet Summary</b>			
Total assets (RMB'000)	3,624,249	3,481,888	4.1
Cash and cash equivalents (RMB'000)	1,876,595	1,962,719	-4.4
Total liabilities (RMB'000)	1,296,201	1,234,259	5.0
Total equity (RMB'000)	2,328,048	2,247,629	3.6
Equity attributable to owners of the Company (RMB'000)	2,264,295	2,199,126	3.0
Current ratio (times)	2.41	2.49	
Liabilities to assets ratio (%)	35.8	35.4	



## INTERIM REVIEW/HONORS AND AWARDS

### EVENTS IN JANUARY – JUNE 2020

Time	Description
10 January 2020	Languang Justbon Services signed equity transfer agreements to acquire 100% equity interests in Chengdu Chuangyi Property Management Co., Ltd.* (成都創藝物業管理有限公司) and Wuxi Dongzhou Property Management Co., Ltd.* (無錫東洲物業管理有限公司). After completion of the acquisitions, the aforesaid two companies will become wholly-owned subsidiaries of Languang Justbon Services.
10 May 2020	The press conference of Languang Justbon Services “happiness home” plan 2020 and the signing ceremony of strategic cooperation between Languang Justbon Services and Xinjin Cultural Tourism Group* (新津文旅集團) were successfully held in Xinjin Tianfu Agricultural Expo Park. Nearly 100 owners’ representatives attended to witness the comprehensive upgrading of “happy house” construction of Languang Justbon Services.
29 April 2020	Languang Justbon Services signed an equity transfer agreement to acquire 60% equity interests in Chengdu Sanpu Property Management Co., Ltd.* (成都三樸物業管理有限公司). After completion of the acquisition, the aforesaid company will become a non wholly-owned subsidiary of Languang Justbon Services.
13 May 2020	China Index Academy released the “2020 China Property Service Top 100 Enterprises Research Results”. Languang Justbon Services was again honored as “Top 100 Property Management Companies in China” in 2020, ranking 11th, and also entered the “Top 10 Listed Property Service Companies in China in terms of Comprehensive Strength” in 2020, ranking 7th.
17-23 June 2020	Zhejiang Zhongneng Property Services Co., Ltd.* (浙江中能物業服務股份有限公司), Chengdu Sanpu Property Management Co., Ltd.* (成都三樸物業管理有限公司), Hangzhou Lvyu Property Management Co., Ltd.* (杭州綠宇物業管理有限公司), and Luzhou Tianli Property Co., Ltd.* (瀘州天立物業有限公司), all being subsidiaries of Languang Justbon Services, successfully held their first meetings of the first session of their board of directors in 2020. At the meetings, each of the board of directors listened to the reports of their management teams on the completion of their 2019 business goals, and reviewed and voted on their 2020 business goals and other proposals.
30 June 2020	Languang Justbon Services signed equity transfer agreements to acquire 70% equity interests in Zhuhai Zhuzhai Property Management Co., Ltd.* (珠海市住宅物業管理有限公司), 55% equity interests in Ningxia Anxin Property Management Co., Ltd.* (寧夏安欣物業管理有限公司), 100% equity interests in Chengdu Xintianyu Property Management Co., Ltd.* (成都鑫天禹物業管理有限公司), 80% equity interests in Zhejiang Dangdai Property Management Co., Ltd.* (浙江當代物業管理有限公司), and 98% equity interests in Guang’an Wanpin Property Management Co., Ltd.* (廣安萬品物業管理有限公司). After completion of the acquisitions, these five companies will become either wholly-owned or non wholly-owned subsidiaries of Languang Justbon Services. Meanwhile, Languang Justbon Services entered into a cooperation relationship with Anhui Mingguang Jiaheng Real Estate* (安徽明光市嘉恒置業), a state-owned enterprise, and established a joint venture company with it.
January-June 2020	Facing the adverse impact of the COVID-19 on its established business plans, Languang Justbon Services made scientific schedules and unified planning. The companies at region and city levels all worked together as a whole. By maintaining service quality as always, meeting owners’ new needs with innovative service models, assuming social responsibilities integrated into community prevention, control and governance, the Company turned crises into opportunities, and gained high recognition and affirmation from owners, customers, industries, and the government.

# INTERIM REVIEW/HONORS AND AWARDS

## MAJOR HONORS AND AWARDS IN JANUARY – JUNE 2020

- ① Top 11 in 2020 Top 100 Property Management Companies in China
- ② Top 7 in 2020 China Listed Property Management Companies in terms of Comprehensive Strength
- ③ Top 10 in 2020 Listed Company of Property Management Service
- ④ Top 4 in 2020 Investment Value of Chinese Property Companies



## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report the interim results of Sichuan Languang Justbon Services Group Co., Ltd. ("Languang Justbon Services" or the "Company") and its subsidiaries (the "Group" or "we") for the six months ended 30 June 2020 (the "Period" or the "Relevant Period").

For the six months ended 30 June 2020, the Group recorded revenue of approximately RMB1,166.2 million, representing an increase of 25% as compared with the same period of 2019 and gross profit amounted to approximately RMB407.7 million, representing an increase of 28.9% as compared with the same period of 2019. During the first half of the year, net profit amounted to RMB244.4 million, representing an increase of 30.8% as compared with the same period of 2019 and profit attributable to owners of the Company amounted to RMB234.9 million, representing an increase of 30.6% as compared with the same period of 2019. Basic earnings per share amounted to RMB1.32.

In the first half of 2020, the Company put greater efforts in investments and expansion, thus achieving significant growth in management scale. As of 30 June 2020, the Group achieved contracted gross floor area ("GFA") under management of 140.7 million sq.m., representing an increase of approximately 20.4% as compared with that as of 31 December 2019. GFA under management was 89.9 million sq.m., up by approximately 25.4% as compared with that as of 31 December 2019.

Attributable to our steady operation and outstanding share price performance, the Group ranked 11th for another consecutive year among the 2020 Top 100 Property Management Companies in China, and ranked 7th among the 2020 Top Property Management Listed Companies in China (in terms of Comprehensive Strength) for the first time, both granted by China Index Academy. The full circulation of the Company's H shares has been approved by CSRC. The Company has established subsidiary in Hong Kong, thereby creating foreign capital platform.

### **Proactively engaging in pandemic prevention, with property companies playing an important role in community management**

In the past six months, facing the challenging environment of pandemic prevention, Languang Justbon Services made scientific schedules and unified planning. We proactively committed to the vital responsibilities and missions on community pandemic prevention and control. By implementing strict community public area management, pandemic prevention propaganda, daily life protection and other countless targeted works, we put our greatest efforts to secure the safety of property owners in community. Meanwhile, leveraging our edges on digital property technology, the Company greatly promoted "contactless" property management service. Through integration of online and offline services of Life Pro Online Mall (生活家線上商城) and Life Pro Community Experience Centre (生活家社區體驗中心), we offered residents with community value-added services such as "Justbon Garden (嘉菜園)" and "Cloud Medical Service (雲醫療)", which were well received by property owners.

Currently, the world is still under severe situation in battle against pandemic. China's measures and performance in pandemic prevention and control set a good example for global society, and property management industry played a crucial role in pandemic prevention and control. With the in-depth implementation of pandemic prevention and control, works on pandemic prevention and control had become standardized works in community management. In the future, Languang Justbon Services will focus on both pandemic prevention and operation, and continue to promote quality development of the Company.



## CHAIRMAN'S STATEMENT

### Facilitating business expansion, and strengthening our M&A and integration capabilities continuously

Based on our nationwide development strategy of "1+1+N", we have established a pool of around 100 enterprises for M&A activities across China, which offered continuous resource supply for the commencement of M&A activities in next phase. In the first half of 2020, the Group acquired 8 property management companies, namely Chengdu Chuangyi Property Management Co., Ltd. (成都創藝物業管理有限公司), Wuxi Dongzhou Property Management Co., Ltd. (無錫東洲物業管理有限公司), Chengdu Sanpu Property Management Co., Ltd. (成都三樸物業管理有限公司), Zhuhai Zhuzhai Property Management Co., Ltd. (珠海市住宅物業管理有限公司), Ningxia Anxin Property Management Co., Ltd. (寧夏安欣物業管理有限公司), Chengdu Xintianyu Property Management Co., Ltd. (成都鑫天禹物業物業管理有限公司), Zhejiang Dangdai Property Management Co., Ltd. (浙江當代物業管理有限公司) and Guang'an Wanpin Property Management Co., Ltd. (廣安萬品物業管理有限公司), with accelerated scale development. In addition, the Group entered a joint venture agreement with Anhui Mingguang Jiaheng Property Co., Ltd. (安徽明光市嘉恒置業有限公司) for the establishment of a joint venture, thus further expanding our management scope and capacity in diversified municipal operation service in economic development zones and industrial parks.

As a developing market-orientated property service company, Languang Justbon Services is facilitating the implementation of nationwide strategic layout. Our market expansion system continued to improve and optimize. Currently, Languang Justbon Services formulated the principle of "six restrictions and ten precautions" on monitoring basic situation of targeted companies. We focused on the value assessment centering the "five high aspects", namely high matching degree, high revenue, high growth, high level of stability and high risk control. Through analysis on key components of capital in M&A and investment model, 10 financial indicators of Languang Justbon Services, covering revenue, cost, profit and net profit margin were formed, which would be matched with projects. We determined the room for improvement of projects through model assessment, and categorized projects into five categories so as to determine the feasibility of the transaction. Based on our past experience, the property companies acquired by Languang Justbon Services achieved significant advancement in terms of service quality, operating capability and management capability, reflecting the value of our general investment.

### Creating innovative and extensive service mode for Life Pro, and conducting comprehensive upgrade for Happy Home

Centring on customer demands, the service mode for Life Pro under Languang Justbon Services has been innovating and enriching. In the first half of 2020, Justbon Life Pro connected online property owner services with offline vegetable supply base and Life Pro Community Experience Centre through its APP online platform. In respect of community value-added services, we achieved growth in both purchase and sales through the mode of community matching group + live stream commerce. The Company expanded the joint mode of community subsidiary resources, and shared profits from upper stream operation. We promoted the new mode for value-added service package, thus achieving steady growth in residential living service business. In respect of turnkey and move-in furnishing, we explored ways for industrialization, and operated under independent brands, thus achieving joint mode for turnkey and move-in furnishing of projects. In respect of housing brokerage, we adopted the policy of "everyone as broker", hence achieving faster growth in transaction volume of second-hand properties. At present, business segments such as housing brokerage, housing renovation and community new retail operation grew rapidly, and the penetration of one-stop solution for owners' living has increased.

In May 2020, another upgrade was conducted for Justbon Happy Home 2.0 solution, which focuses on four major aspects of property management, namely environment improvement, service enhancement, equipment maintenance and safety guard. In respect of services for residents, we focused on different groups of property owners, such as female, teenager and elderly, as well as family activities. By organizing the Languang Justbon featured three-tier activities, which cover customized theme on photography, reading, music, tasting, forum and salon, we showed our care on the spiritual life of property owners, injecting new internal values for creating homes full of happiness.

## CHAIRMAN'S STATEMENT

### Achieving fruitful results in digital community construction, and offering full-scenario smart services for property owners

In view of the demands under the wide application in the community, the Group continued to facilitate the in-depth integration of artificial intelligence (AI) and property service. Justbon Elves (嘉寶精靈), the community smart living management terminal solely invented by Languang Justbon Services, has gradually applied in projects under management. In respect of digitalization, we continued to facilitate the construction of three major digitalization platforms, namely "smart management", "smart operation" and "smart service". We created our products centring on "Justbon Elves (嘉寶精靈)", "AI Smart Community" and "ECM System". Hence, the smart community solution focusing on "AI + Access/Security" and the whole house smart solution focusing on Justbon Elves Voice Interaction were formed preliminarily. We continued to improve and optimize our products, and constructed and implemented the integrated ECM+FMS engineering facility management system, thus enhancing the efficiency of top-tier project management. In cooperation with SenseTime, we continued to develop different functional services such as AI+ access for residents and vehicles, security monitor, quality control and one-click maintenance application, thereby realizing the pilot implementation of community smart management. Meanwhile, we created full-scenario information on digitalized projects and resources through advanced technologies such as informationalization, mobile internet and big data. With informationalized and digitalized management as foundation and financial resource sharing as focus, we continued to establish digitalized risk management system, create smart management platform, and promote accurate data management, thereby significantly enhancing our management and decision-making efficiency for the realization of our strategic goals.

### Focusing on business development, and establishing a multi-level core talent team

Based on the overall development strategy of the Company, Languang Justbon Services prepared human resources allocation by levels, so as to ensure sufficient talent support to make quick response on operations. In order to improve and manage our core capability, we enhanced the diversity in management team, and focused on optimizing core management team. At present, we have introduced quality leaders to our management team, including a vice chairman and co-president who have excellent industry and professional background. Based on the top-tier philosophy of our industry leading management team, we implemented the strategic guidelines on corporate development, and expanded the width and depth of our strategic layout.

We established and optimized our capital market talent structure. In the first half of 2020, the Group has established an investment team, which comprised of over 140 staff from headquarters to regional office, to support the rapid expansion of M&A, discretionary operation and other operations. We have established a subsidiary in Hong Kong, and introduced professional talents from international capital market, thereby enhancing the composition of capital department in headquarters. We delivered the investment value through our capital team, established excellent investor relationship and supported the steady growth in market capitalization. At the same time, we have strengthened our digital technology team by introducing over 20 talents in digital technology field. In respect of frontline staff, while introducing talents in product standardization, customer service and other fields, Languang Justbon Services also facilitated the trainings for management staff and frontline staff in respect of project management.

### Engaging in targeted poverty alleviation and performing our social responsibility

The Group proactively responded to the "Power of Community" Special Consumption Poverty Alleviation Action organized by China Property Management Institute. During the first half of 2020, the Group participated in two major charity campaigns, namely the "Panda Community (熊貓公社)" and the "Tibet Youth Hand-in-Hand Campaign (藏區青苗牽手計劃)". Panda Community was conducted in Pingwu County, Mianyang, Sichuan, while Tibet Youth Hand-in-Hand Campaign was conducted in Shigatse, Tibet. The Company supported local agricultural development through land parcel claim and local community. By means of consumption poverty alleviation, there would be interaction between urban community and rural community, as well as exchange of education resources in urban community and poverty area. By using the community power, we facilitated the launch of regional poverty alleviation works.

On 29 May 2020, Languang Justbon Services issued its first ESG report after listing. The ESG report fully reflected the Company's endeavours in striving for business development, corporate governance, community service, environmental protection, staff-orientated management and social charity commitment, as well as creating comprehensive value on economy, society and environment. We strived to serve customer with our heart, offering smart lifestyle for residents.

## CHAIRMAN'S STATEMENT

Looking forward, in the second half of 2020, the Group will strive to maintain market-oriented operation, and establish systematic, market-oriented business management system covering project management, operation standard, human resource deployment, and M&A company management. Facing the exceptional scale development, the Group will overcome unfavourable factors restricting scale development through learning and innovation. We strive to maintain the quality of our property services, develop our capability in offering high-end services, enhance customer management, cultivate professional talents, and improve customers' satisfaction. The Group will strengthen our financial and capital market building capability, and enhance our financial management efficiency and risk aversion ability. We will also improve our execution power, aiming to create efficient management. We will adhere to facilitate the transformation of the Company towards digital technology and smart operation, and continue to increase the recognition and reputation of the Company.

On behalf of the Board, I would like to express my gratitude to all staff and management team for their relentless efforts and contribution to the Company's development. I would also like to express my sincere gratitude to all our shareholders and stakeholders for their trust and support. We will continue to achieve our vision of "providing thousands of customers with quality services under Justbon brand", serve our customers from the bottom of our heart, and relentlessly work on creating a better life for residents.

**YAO Min**  
*Chairman*

17 August 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a leading property management service provider in Southwest China and Sichuan Province in the PRC. The issued H shares of the Company (the “H Shares”) were listed on the Main Board of the Stock Exchange on 18 October 2019, making the Company the first property management enterprise from western China to be listed in the Hong Kong stock market.

During the Relevant Period, the Group generated revenue from three business lines, namely, property management services, consultancy services and community value-added services, forming an integrated service spectrum covering a comprehensive chain of services in property management.

The Group provides property developers, property owners and residents with a wide range of property management services, including security, cleaning, greening and gardening, and repairs and maintenance services. As at 30 June 2020, the Group had a total GFA under management of approximately 89.9 million sq.m., representing an increase of approximately 25.4% as compared with 31 December 2019.

The Group’s property management business not only brings about significant revenue, but provides a solid customer base for its consultancy services and community value-added services. The Group’s consultancy business helps establish and cultivate business relationships with property developers in the early stages of property development projects, thereby granting the Group a competitive advantage when competing for potential engagement in property management services subsequently. The Group’s community value-added service business, through the offer of diversified products, enhances the satisfaction and loyalty of its customers and improves the market acceptance of the Group’s brand and services. The synergies among the three business lines of the Group help diversify its revenue streams and capture new market opportunities.

For the six months ended 30 June 2020, the Group generated total revenue of approximately RMB1,166.2 million, representing an increase of approximately 25.0% as compared with the same period of 2019. Gross profit of the Group was approximately RMB407.7 million, representing an increase of approximately 28.9% as compared with the same period of 2019. Net profit for the first half of the year was RMB244.4 million, representing an increase of approximately 30.8% over the same period of 2019. Profit for the period attributable to the owners of the Company was approximately RMB234.9 million, representing an increase of approximately 30.6% as compared with the same period of 2019. The basic earnings per Share was RMB1.32 per Share.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

During the Relevant Period, the Group derived its revenue from three business lines, namely (i) property management services; (ii) consultancy services; and (iii) community value-added services. The following table sets forth the details of the Group's revenue recognised by business line for the periods indicated:

	Six months ended 30 June		Change in
	2020	2019	percentage
	RMB'000	RMB'000	%
Property management services	<b>672,546</b>	548,833	22.5
– Residential properties	<b>611,929</b>	514,381	19.0
– Non-residential properties	<b>60,617</b>	34,452	75.9
Consultancy services	<b>294,524</b>	190,996	54.2
– Languang Group	<b>238,894</b>	163,450	46.2
– Third-party property developers	<b>55,630</b>	27,546	102.0
Community value-added services	<b>199,127</b>	193,434	2.9
<b>Total</b>	<b>1,166,197</b>	933,263	25.0

The Group's revenue increased by approximately 25.0% from RMB933.3 million for the six months ended 30 June 2019 to RMB1,166.2 million for the six months ended 30 June 2020. This increase was mainly attributable to:

- (i) the increase in revenue from property management services by approximately 22.5% from RMB548.8 million for the six months ended 30 June 2019 to RMB672.5 million for the six months ended 30 June 2020, which was mainly due to the Group's business expansion and the increase in GFA under management as a result of acquisitions of property management companies during the Relevant Period, of which the GFA under management increased by approximately 25.4% from 71.7 million sq.m. as at 31 December 2019 to 89.9 million sq.m. as at 30 June 2020;
- (ii) the increase in revenue from consultancy services by approximately 54.2% from RMB191.0 million for the six months ended 30 June 2019 to RMB294.5 million for the six months ended 30 June 2020, which was mainly due to the increase in number of projects for which the Group provided services; and
- (iii) the increase in revenue from community value-added services by approximately 2.9% from RMB193.4 million for the six months ended 30 June 2019 to RMB199.1 million for the six months ended 30 June 2020, which was mainly due to the slower growth rate under the impact of the COVID-19.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Property management services

The following table sets forth a breakdown of the GFA under management as at the dates indicated and total revenue from the provision of property management services by type of property developer for the periods indicated:

	As at/Six months ended 30 June			
	2020		2019	
	GFA under management sq.m.	Revenue RMB (in thousands)	GFA under management sq.m.	Revenue RMB
Luangang Group <sup>(1)</sup>	30,028	324,726	27,171	287,663
Third-party property developers <sup>(2)</sup>	59,856	347,820	36,141	261,170
<b>Total</b>	<b>89,884</b>	<b>672,546</b>	63,312	548,833

#### Notes:

- (1) Includes projects solely developed by Luangang Group and properties that Luangang Group jointly developed with other property developers for which Luangang Group held a controlling interest.
- (2) Includes projects developed by independent third-party developers, and projects developed by joint ventures and associates of Luangang Development.

During the Relevant Period, the GFA under management increased by approximately 25.4% from 71.7 million sq.m. as at 31 December 2019 to 89.9 million sq.m. as at 30 June 2020; and the contracted GFA increased by approximately 20.4% from 116.9 million sq.m. as at 31 December 2019 to 140.7 million sq.m. as at 30 June 2020.

For the six months ended 30 June 2020, the Group's collection rate of property management fee increased to 90.0% (same period of 2019: 78.4%) which benefitted from the high service satisfaction rate and strengthened management of cash flows.

## MANAGEMENT DISCUSSION AND ANALYSIS

To facilitate the management of its property management network, the Group divided its geographic coverage into five major regions in China, namely Sichuan Province, East and South China, Southwest China, Central and North China and others. The following table sets forth a breakdown of the GFA under management as at the dates indicated and total revenue for the periods indicated from the provision of property management services by geographic coverage:

	As at/Six months ended 30 June			
	2020		2019	
	GFA under management sq.m.	Revenue RMB	GFA under management sq.m.	Revenue RMB
	(in thousands)			
Sichuan Province	42,695	360,177	34,188	328,205
East and South China <sup>(1)</sup>	30,624	178,076	17,231	110,486
Southwest China (excluding Sichuan Province) <sup>(2)</sup>	9,291	81,744	8,412	73,440
Central and North China <sup>(3)</sup>	4,196	43,253	2,881	35,765
Others <sup>(4)</sup>	3,078	9,296	600	937
<b>Total</b>	<b>89,884</b>	<b>672,546</b>	63,312	548,833

*Notes:*

- (1) East and South China mainly includes Zhejiang Province, Jiangsu Province, Shanghai, Guangdong Province, Anhui Province, Shandong Province and Guangxi Zhuang Autonomous Region.
- (2) Southwest China mainly includes Yunnan Province, Guizhou Province and Chongqing City.
- (3) Central and North China mainly includes Beijing, Tianjin, Hebei Province, Hubei Province, Jiangxi Province, Hunan Province and Shanxi Province.
- (4) Others include Ningxia Hui Autonomous Region, Shaanxi Province and Fujian Province.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Consultancy services

The Group provides consultancy services primarily in the form of preliminary planning and design consultancy services, sales assistance, home inspection and consultancy services to property management companies. The following table sets forth the components of revenue from consultancy services for the periods indicated:

	Six months ended 30 June		Change in
	2020	2019	percentage
	RMB'000	RMB'000	%
Preliminary planning and design consultancy services	277	–	N/A
Sales assistance	186,198	129,761	43.5
Home inspection	106,823	61,209	74.5
Consultancy services to property management companies	1,226	26	4,615.4
<b>Total</b>	<b>294,524</b>	<b>190,996</b>	<b>54.2</b>

### Community value-added services

The Group provides four categories of community value-added services, namely (i) resident services, such as property maintenance and repair, housekeeping and cleaning, decoration, turnkey and move-in furnishing, purchase assistance and public resources administration services; (ii) residential property agency; (iii) commercial property management and operation services; and (iv) advertisement. The community value-added services provided by the Group aim to provide property owners and residents with access to a wide range of products and services through a variety of channels, bringing more convenience to them and enhance their living experience. The following table sets forth the components of its revenue from value-added services for the periods indicated:

	Six months ended 30 June		Change in
	2020	2019	percentage
	RMB'000	RMB'000	%
Resident services	132,440	132,636	-0.1
Residential property agency	12,440	9,524	30.6
Commercial property management and operation services	980	1,458	-32.8
Advertisement	53,267	49,816	6.9
<b>Total</b>	<b>199,127</b>	<b>193,434</b>	<b>2.9</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of sales

The Group's cost of sales mainly consists of (i) employee benefit expenses; (ii) greening and cleaning expenses; (iii) maintenance costs; (iv) utilities; (v) short-term lease payments; (vi) business taxes and other levies; and (vii) others. The Group's cost of sales increased by approximately 22.9% from RMB617.0 million for the six months ended 30 June 2019 to RMB758.5 million for the six months ended 30 June 2020. This increase was generally consistent with the growth of the Group's business.

### Gross profit and gross profit margin

	Six months ended 30 June		Gross profit RMB'000	Gross profit margin %
	2020	2019		
Property management services	192,575	154,608	28.6	28.2
Consultancy services	149,758	94,110	50.8	49.3
Community value-added services	65,409	67,519	32.8	34.9
<b>Total</b>	<b>407,742</b>	<b>316,237</b>	<b>35.0</b>	<b>33.9</b>

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 28.9% from RMB316.2 million for the six months ended 30 June 2019 to RMB407.7 million for the six months ended 30 June 2020.

The Group's gross profit margin increased from 33.9% for the six months ended 30 June 2019 to 35.0% for the six months ended 30 June 2020, mainly because the social insurance contributions borne by the Group were exempted by the government due to the COVID-19 outbreak, resulting in cost reduction.

### Selling and marketing expenses

The Group's selling and marketing expenses mainly consist of (i) advertising expenses; and (ii) employee benefit expenses for its selling and marketing staff. The Group's expenses increased by approximately 33.3% from RMB2.1 million for the six months ended 30 June 2019 to RMB2.8 million for the six months ended 30 June 2020, primarily due to the increase in advertising expenses of the Group's community value-added services.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Administrative expenses

The Group's administrative expenses mainly consist of (i) employee benefit expenses; (ii) travelling and entertainment expenses; (iii) office expenses; (iv) professional fees; (v) bank charges; (vi) depreciation and amortisation charges; and (vii) others, which mainly include research and development expenses, recruitment expenses and short-term lease payment. The Group's administrative expenses increased by approximately 25.8% from RMB85.7 million for the six months ended 30 June 2019 to RMB107.8 million for the six months ended 30 June 2020, primarily due to the increase in employee benefit expenses and office expenses.

## Other income

The Group's other income primarily include (i) government grants, which consist mainly of financial subsidies granted by the local governments; and (ii) interest income from bank deposits. The Group's other income increased by approximately 256.4% from RMB3.9 million for the six months ended 30 June 2019 to RMB13.9 million for the six months ended 30 June 2020, primarily due to the increase in government grants in relation to the Group's operations and increase in interest income from bank deposits.

## Other gains/(losses) – net

The Group's net other gains/(losses) mainly consist of (i) net foreign exchange differences; (ii) fair value gains/(losses) on investment properties; and (iii) losses on disposal of property, plant and equipment. The Group recorded net other losses of RMB0.7 million for the six months ended 30 June 2019. For the six months ended 30 June 2020, the Group recorded net other gains of RMB8.3 million, primarily due to the realised exchange gains from converting HK\$ to RMB during the Relevant Period.

## Finance costs

The Group's finance costs remained relatively stable at RMB0.2 million and RMB0.3 million for the six months ended 30 June 2019 and 2020, respectively.

## Income tax expenses

The Group's income tax expenses comprise PRC corporate income tax. The Group's income tax expense increased by approximately 41.0% from RMB36.1 million for the six months ended 30 June 2019 to RMB50.9 million for the six months ended 30 June 2020. Such increase was primarily due to the increase in the Group's profit before tax as a result of its business expansion.

The effective income tax rate of the Group remained relatively stable at 16.2% and 17.2% for the six months ended 30 June 2019 and 2020, respectively. Such rate was lower than the PRC statutory corporate income tax rate of 25%, primarily because the Company and some of the Group's subsidiaries enjoyed a 15% preferential income tax treatment for western regions in China, and some of the Group's subsidiaries enjoyed the preferential income tax treatment for Small and Micro Enterprise.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Property, plant and equipment

The Group's property, plant and equipment comprise vehicles, office equipment, machinery and leasehold improvements and right-of-use assets. During the Relevant Period, in order to enhance property owners' experience, the Company gradually built new smart security systems in projects under its management, resulting in the increase of the Group's property, plant and equipment by 181.3% from RMB18.2 million as at 31 December 2019 to RMB51.2 million as at 30 June 2020.

### Goodwill

As at 30 June 2020, the Group's goodwill amounted to RMB315.0 million, representing an increase of approximately 17.8% from RMB267.4 million as at 31 December 2019, primarily due to the acquisitions of property management companies during the Relevant Period.

### Other intangible assets

The Group's other intangible assets mainly include trademarks, customer relationships and computer software. As at 30 June 2020, the Group's other intangible assets amounted to RMB179.6 million, representing an increase of approximately 10.4% from RMB162.7 million as at 31 December 2019, mainly due to the intangible assets from the acquisition of subsidiaries and upgrade of the Group's information technology system.

### Trade and other receivables

The Group's trade and other receivables comprise trade receivables, other receivables, prepayments to suppliers and prepaid tax. As at 30 June 2020, the Group's trade and other receivables amounted to RMB1,122.6 million, representing an increase of approximately 11.8% from RMB1,003.8 million as at 31 December 2019.

The Group's trade receivables mainly arise from property management services under a lump sum basis and consultancy services. As at 30 June 2020, the Group's trade receivables amounted to RMB899.5 million, representing an increase of approximately 3.7% from RMB867.0 million as at 31 December 2019, mainly due to the increase in revenue of the Group upon business expansion.

The Group's other receivables primarily consist of other receivables from third parties, which mainly include deposit guarantee, tender deposits, advances to employees and payment on behalf of residents. As at 30 June 2020, other receivables amounted to RMB169.7 million, representing an increase of approximately 79.2% from RMB94.7 million as at 31 December 2019, mainly due to the increase in deposits, advances to employees and the increase in payment on behalf of residents.

As at 30 June 2020, the Group's prepayments to suppliers amounted to RMB52.0 million, representing an increase of approximately 25.9% from RMB41.3 million as at 31 December 2019, mainly due to the increase in costs of procurement driven by the business expansion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Trade and other payables

The Group's trade and other payables comprise trade payables, other payables, accrued payroll, other taxes payables and dividend payable. As at 30 June 2020, the Group's trade and other payables amounted to RMB840.6 million, representing an increase of approximately 5.0% from RMB800.3 million as at 31 December 2019.

The Group's trade payables mainly represent its obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers, including subcontracting cost and cost of inventories. As at 30 June 2020, the Group's trade payables amounted to RMB186.4 million, representing an increase of approximately 40.4% from RMB132.8 million as at 31 December 2019, mainly due to the increase in costs of the Group's procurement driven by the business expansion.

The Group's other payables mainly represent advances due to its related parties, cash collected on behalf of property developers and owners, and retention and deposits from property owners. As at 30 June 2020, the Group's other payables amounted to RMB448.7 million, representing a decrease of approximately 10.1% from RMB499.0 million as at 31 December 2019, mainly due to the payment of advances due to its related parties and settlement of amounts collected on behalf with related parties.

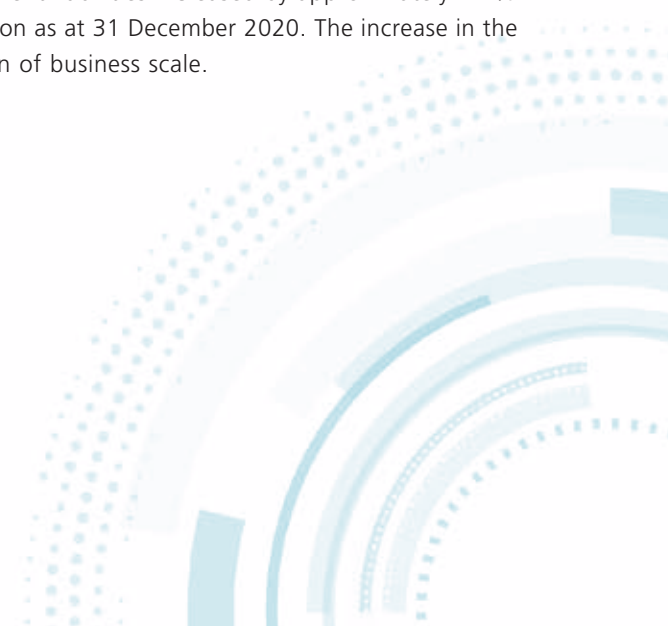
As at 30 June 2020, accrued payroll amounted to RMB114.6 million, representing a decrease of approximately 19.9% from RMB143.1 million as at 31 December 2019, mainly because the performance bonus provided in 2019 was paid in early 2020.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations and proceeds from the Listing.

### Net current assets

As at 30 June 2020, the Group's net current assets amounted to RMB1,765.3 million (31 December 2019: RMB1,782.3 million). The Group's total current assets increased by approximately 1.3% from RMB2,981.4 million as at 31 December 2019 to RMB3,021.1 million as at 30 June 2020. The Group's total current liabilities increased by approximately 4.7% from RMB1,199.1 million as at 31 December 2019 to RMB1,255.8 million as at 31 December 2020. The increase in the Group's total current assets was primarily attributable to the expansion of business scale.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Cash position

As at 30 June 2020, the Group had cash and cash equivalents of RMB1,876.6 million (31 December 2019: RMB1,962.7 million), including RMB1,838.0 million (31 December 2019: RMB424.4 million) denominated in RMB, approximately RMB38.6 million (31 December 2019: approximately RMB1,537.2 million) denominated in HK\$ and approximately RMB0 million (31 December 2019: approximately RMB1.1 million) was denominated in US\$.

### Indebtedness

As at 30 June 2020, the Group had lease liabilities of RMB15.3 million (31 December 2019: RMB5.2 million). The Group had no bank loans or convertible loans during the Relevant Period and as at 30 June 2020 (31 December 2019: nil). As a result, the Group's gearing ratio (calculated as total bank and other borrowings divided by total equity) as at 30 June 2020 was nil (31 December 2019: nil).

### Pledge of assets

As at 30 June 2020, the Group did not have any pledged assets (31 December 2019: nil).

## SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Relevant Period, the Company entered into separate equity transfer agreements with certain sellers, pursuant to which the Company has conditionally agreed to acquire, and the sellers have conditionally agreed to sell the relevant equity interests of each of the 8 property management companies at an aggregate consideration of RMB193.90 million (subject to adjustment). The aggregated GFA under management of the acquired companies was 12.243 million sq. m.. Upon completion of the acquisitions, the acquired companies will become wholly-owned or non wholly-owned subsidiaries of the Company.

The acquisitions enable the Group to further expand the scale and the scope of its business, and increase its influence and competitiveness in the market, which is in line with the strategic development needs of the Group. For details, please refer to the announcements of the Company dated 29 April 2020 and 30 June 2020.

Save as disclosed above, the Company has no other significant investments or significant acquisitions of subsidiaries, associates and joint ventures during the Relevant Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

### Financial risks

The Group’s activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

#### *Foreign exchange risk*

The Group’s businesses are principally conducted in RMB, which is the functional currency of the Group’s companies. Foreign currency transaction primarily includes receipts of proceeds from the Listing and payment of professional fees which are dominated in HK\$ and US\$. As at 30 June 2020, major non-RMB assets are cash and cash equivalents denominated in HK\$ in the amount of RMB38.6 million. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group’s results of operations. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risks by closely monitoring the movement of foreign currency rates.

#### *Credit risk*

The Group is exposed to credit risk in relation to its trade and other receivables, cash deposits at banks and financial assets at fair value through profit or loss. The carrying amounts of trade and other receivables, cash and cash equivalents and financial assets at fair value through profit or loss represent the Group’s maximum exposure to credit risk in relation to financial assets.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For trade and other receivables, the management of the Group has set up monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group’s credit risk is significantly reduced.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group considers the probability of default upon initial recognition of asset and any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also considers available forwarding-looking information, including internal credit rating, external credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations, actual or expected significant changes in the operating results of individual property owner or the borrower and significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers and changes in the operating results of the borrower.

### *Liquidity risk*

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

## CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities (31 December 2019: nil).

## COMMITMENTS

As at 30 June 2020, the Group had capital commitments of RMB4.4 million (31 December 2019: RMB3.9 million) and lease commitments of RMB0.2 million (31 December 2019: nil).

## KEY FINANCIAL RATIOS

As at 30 June 2020, the current ratio was 2.41 (31 December 2019: 2.49) and its liabilities to assets ratio was 35.8% (31 December 2019: 35.4%).

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates and multiplied by 100%. Liabilities to assets ratio is calculated based on the total liabilities, which represent the sum of current liabilities and non-current liabilities, divided by total assets, which represent the sum of current assets and non-current assets, as at the respective dates and multiplied by 100%.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 30 June 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

Net proceeds from the Listing (including the full exercise of the over-allotment option on 1 November 2019), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately RMB1,531.3 million. As at 30 June 2020, the unutilised net proceeds have been placed as interest bearing deposits with a licensed bank in Mainland China and Hong Kong. As at 30 June 2020, such net proceeds received have been used, and will continue to be used, in a manner consistent with the proposed allocations in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing up to 30 June 2020 is set out below:

	Planned use of net proceeds as stated in the Prospectus and after considering the additional net proceeds received from the full exercise of the over-allotment option on 1 November 2019 <sup>(1)</sup>		Actual use of net proceeds up to 30 June 2020	Unutilised net proceeds as at 30 June 2020	Expected timeline for the unutilised net proceeds <sup>(1) &amp; (2)</sup>
	% to total amount	RMB'000	RMB'000	RMB'000	
Expansion of property management services	77%	1,179,090	48,600	1,130,490	By September 2022
Community value-added services enhancement	5%	76,564	–	76,564	By September 2022
Maintenance and update of information technology system	8%	122,503	5,460	117,043	By September 2022
General working capital	10%	153,129	128,060	25,069	N/A
<b>Total</b>	<b>100%</b>	<b>1,531,286</b>	<b>182,120</b>	<b>1,349,166</b>	

#### Notes:

- (1) For the detailed breakdown and description of the proceeds and the expected timeline of the intended use of proceeds, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.
- (2) The expected timeline for the unutilised net proceeds was based on the best estimation and assumption of future market conditions and industry development made by the Company at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry. It will be subject to change based on the current and future development of the Group's business and the market conditions.

The Directors are not aware of any material change to the planned use of net proceeds as at the date of this report. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the Prospectus.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEE AND REMUNERATION POLICY

Human resource has always been the most valuable resource of the Group. As at 30 June 2020, the Group employed a total of 12,304 full-time employees, representing an increase of 7.0% from 11,494 full-time employees as at 31 December 2019. For the six months ended 30 June 2020, the staff cost recognised as expenses of the Group amounted to RMB469.7 million (same period of 2019: RMB388.9 million).

The remuneration policy of the Group is to reward its employees based on, among other things, the Group's operating results, individual performance and comparable market statistics. The Group offers its employees competitive wages and benefits, systematic training opportunities and internal upward mobility, so as to attract and retain quality staff. In order to retain talents for achieving the Group's strategic and operational goals, the Company has adopted a share incentive scheme on 9 November 2018. As required by the relevant PRC laws and regulations, the Group makes contributions to social insurance fund (including pension fund, medical insurance, un-employment insurance, work-related injury insurance, and maternity insurance) and housing provident fund for the benefit of its PRC employees.

In determining the remuneration of the Directors, the Board will make reference to the proposal of the Remuneration Committee, taking into account, among others, their respective duties and responsibilities, individual performance and the prevailing market conditions.

The Group provides systematic and extensive training programs to its employees and knowledge of industry quality standards and work place safety standards to enhance their technical and service skills. In addition, the Group provides orientation trainings to new hires, introducing them to its corporate culture, procuring them to adapt to teamwork and showing them videos to visually demonstrate its service standards and procedures. Each of the fresh graduate employees is also assigned an experienced manager to serve as their mentors, who provide tailored coaching and guidance. The Group provides online training courses and regular seminars on various aspects of its business operations, such as quality control and customer relationship management, to its employees.

## EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the six months ended 30 June 2020, the Group entered into five share purchase agreements, respectively, to acquire five property management companies in the PRC, including 100% equity interest of Wuxi Dongzhou Property Management Co., Ltd., 80% equity interest of Zhejiang Dangdai Property Management Co., Ltd. (the "Zhejiang Dangdai"), 70% equity interest of Zhuhai Zhuzhai Property Management Co., Ltd., 98% equity interest of Guang'an Wanpin Property Management Co., Ltd. and 55% equity interest of Ningxia Anxin Property Management Co., Ltd. (collectively, the "Target Companies"), at an aggregate consideration of RMB126,700,000.

The acquisition of Zhejiang Dangdai has been completed in August 2020. The acquisitions of the rest of the Target Companies are expected to be completed in the second half of 2020.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE PRACTICE

The Group is committed to achieving a high standard of corporate governance to protect the Shareholders' overall interests.

Since the Listing, the Company has adopted and applied the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own corporate governance code. To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code during the six months ended 30 June 2020.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as stipulated in the Listing Rules as the guidelines for Directors' dealings in the securities of the Company. Upon specific enquiries with all Directors, each of them has confirmed that during the Relevant Period, he has complied with the required standards set out in the Model Code and all applicable code provisions under the code for securities transactions.

According to the Company's requirements, the relevant management personnel and employees of the Company are also bound by the Model Code, which prohibits them from trading in the Company's securities at any time when they have inside information related to the securities. The Company was not aware of incidents of violations of the Model Code by relevant personnel and employees.

## DIRECTORS', SUPERVISORS' AND THE CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, the interests and short positions of the Directors, Supervisors and chief executive officer of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined under Part XV of the SFO), which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (i) Interests in the Company

Name of Shareholder	Nature of Interest	Class of Shares	Shares held as at 30 June 2020		Shares held in the relevant class of Shares as at 30 June 2020 <sup>(1)</sup>		Shares held in the total share capital of the Company as at 30 June 2020 <sup>(1)</sup>	
			Number	Percentage (approx.)	Number	Percentage (approx.)	Number	Percentage (approx.)
Mr. Yao Min <sup>(2)(3)</sup>	Interest in controlled corporations	Domestic Shares	10,921,660 (L)	8.48%	10,921,660 (L)	8.48%	10,921,660 (L)	6.13%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

*Notes:*

- (1) As at 30 June 2020, the Company had 178,102,160 Shares in issue, including 49,353,700 H Shares and 128,748,460 domestic Shares. The letter "L" denotes the entity's long position in the Shares.
- (2) Mr. Yao Min is a general partner of Chengdu Jiayu. By virtue of the SFO, Mr. Yao is deemed to be interested in the Shares held by Chengdu Jiayu.
- (3) Mr. Yao Min is a general partner of Ningbo Jiaqian. By virtue of the SFO, Mr. Yao is deemed to be interested in the Shares held by Ningbo Jiaqian.

### (ii) Interest in associated corporations of the Company

Name	Name of Associated Corporation	Nature of Interest	Interest in shares <sup>(1)</sup>	Percentage holding (approx.)
Chi Feng	Languang Development	Beneficial owner	1,820,900 (L)	0.06%
Yu Chi	Languang Development	Beneficial owner	8,839,670 (L)	0.29%
			11,280,000 <sup>(2)</sup>	0.37%
Meng Hongwei	Languang Development	Beneficial owner	2,416,400 (L)	0.08%
			3,360,000 <sup>(2)</sup>	0.11%

*Notes:*

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Such interest is in the form of share options which have not yet vested as at 30 June 2020. The shareholding percentage is calculated based on the total number of shares of Languang Development in issue as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, none of the Directors, Supervisors or chief executive officer of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as known to the Company, as at 30 June 2020, the persons (other than the Directors, Supervisors or chief executive officer of the Company) who had 5% or above interests in the Shares or underlying Shares which were recorded in the register kept by the Company under section 336 of the SFO were as follows :

Name of Shareholder	Nature of Interest	Class of Shares <sup>(1)</sup>	Shares held as at 30 June 2020 <sup>(1)</sup>		Shares held in the total share capital of the Company as at 30 June 2020 <sup>(1)</sup>	
			Number	Percentage (approx.)	Number	Percentage (approx.)
Mr. Yang <sup>(4)</sup>	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	65.04%
Languang Investment <sup>(3)</sup>	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	65.04%
Languang Development <sup>(2)</sup>	Interest in controlled corporations	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	65.04%
Languang Hejun	Beneficial owner	Domestic Shares	115,840,200 (L)	89.97%	115,840,200 (L)	65.04%
Milestone Asset Management (Hong Kong) Limited (理成(香港)資產管理有限公司) <sup>(5)</sup>	Beneficial owner	H Shares	2,702,700 (L)	5.48%	2,702,700 (L)	1.52%
Cheng Yiquan (程義全) <sup>(5)</sup>	Interest in controlled corporation	H Shares	2,702,700 (L)	5.48%	2,702,700 (L)	1.52%
Orient Fund Management Co., Ltd. (東方基金管理有限責任公司)	Beneficial owner	H Shares	2,562,100 (L)	5.19%	2,562,100 (L)	1.44%
Shenzhen City China Merchants GuoXie No.2 Equity Investment Fund Management Co., Ltd. (深圳市招商國協貳號股權投資基金管理有限公司)	Beneficial owner	H Shares	4,299,600 (L)	10.02%	4,299,600 (L)	2.41%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- (1) As at 30 June 2020, the Company had 178,102,160 Shares in issue, including 49,353,700 H Shares and 128,748,460 domestic Shares. The letter "L" denotes the entity's long position in the Shares.
- (2) Languang Hejun is wholly-owned by Languang Development. By virtue of the SFO, Languang Development is deemed to be interested in the Shares held by Languang Hejun.
- (3) Languang Development is owned as to 46.86% by Languang Investment. By virtue of the SFO, Languang Investment is deemed to be interested in the Shares held by Languang Development.
- (4) Languang Investment is owned as to 95.04% by Mr. Yang. By virtue of the SFO, Mr. Yang is deemed to be interested in the Shares held by Languang Investment.
- (5) Milestone Asset Management (Hong Kong) Limited ("Milestone") is wholly-owned by Mr. Cheng Yiquan, and therefore Mr. Cheng Yiquan is deemed to be interested in the 2,702,700 Shares held by Milestone pursuant to the SFO.

Save as disclosed above, as at 30 June 2020, the Company was not aware of any other persons (other than the Directors, Supervisors or chief executive officer of the Company) having an interest or short position in the Shares or underlying Shares which would require to be recorded in the register to be kept pursuant to Section 336 of the SFO.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the reporting period, none of the Directors or their respective close associates (as defined under the Listing Rules) had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information publicly available to the Company and within the best knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE

The Board is of the view that the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Relevant Period.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

There are no changes in the biographical details of the Directors and the Supervisors that are required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the six months ended 30 June 2020.

## AUDIT COMMITTEE

The Company established the Audit Committee in accordance with Rules 3.21 to 3.23 of the Listing Rules and established written terms of reference in accordance with the Corporate Governance Code contained in Appendix 14 to the Listing Rules. The main duties of the Audit Committee are to review and supervise the Group's financial reporting procedures and internal control systems, risk management and internal audit, provide advice to the Board, and perform other duties that the Board may delegate.

As at the date of this report, the Audit Committee consists of five members, including three independent non-executive Directors, Mr. Chan Shing Yee, Joseph, Mr. Li Shujian and Mr. Zhang Shouwen, and two non-executive Directors, Mr. Chi Feng and Mr. Yu Chi. The chairman of the Audit Committee is Mr. Chan Shing Yee, Joseph, who is an independent non-executive Director with appropriate accounting and related financial management expertise, which meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee has reviewed the unaudited interim results and interim report for the period, and discussed risk management and internal control matters with the management. In addition, PricewaterhouseCoopers, the independent auditor of the Company, has reviewed the unaudited interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: RMB215.0 million).



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Revenue from contracts with customers	6	1,166,197	933,263
Cost of sales	7	(758,455)	(617,026)
Gross profit		407,742	316,237
Selling and marketing expenses	7	(2,811)	(2,104)
Administrative expenses	7	(107,801)	(85,717)
Net impairment losses on financial assets		(23,755)	(8,608)
Other income	9	13,907	3,929
Other gains/(losses)-net	10	8,304	(666)
<b>Operating profit</b>		<b>295,586</b>	223,071
Finance costs		(329)	(158)
<b>Profit before income tax</b>		<b>295,257</b>	222,913
Income tax expenses	11	(50,862)	(36,117)
<b>Profit and total comprehensive income for the period</b>		<b>244,395</b>	186,796
<b>Profit and total comprehensive income attributable to:</b>			
– Owners of the Company		234,923	179,878
– Non-controlling interests		9,472	6,918
		<b>244,395</b>	186,796
<b>Earnings per share</b> (expressed in RMB per share)			
– Basic and diluted earnings per share	12	1.32	1.40

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	<i>Note</i>	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	51,153	18,224
Investment properties	13	32,931	32,900
Goodwill	15	314,960	267,447
Other intangible assets	15	179,597	162,722
Deferred income tax assets		24,538	19,209
		<b>603,179</b>	500,502
<b>Current assets</b>			
Inventories		9,371	7,220
Trade and other receivables	16	1,122,625	1,003,772
Financial assets at fair value through profit or loss	18	5,646	7,675
Restricted cash	17	6,833	–
Cash and cash equivalents	17	1,876,595	1,962,719
		<b>3,021,070</b>	2,981,386
<b>Total assets</b>		<b>3,624,249</b>	3,481,888
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	178,102	178,102
Other reserves	20	1,662,908	1,657,683
Retained earnings	20	423,285	363,341
		<b>2,264,295</b>	2,199,126
<b>Non-controlling interests</b>		<b>63,753</b>	48,503
<b>Total equity</b>		<b>2,328,048</b>	2,247,629

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET** (Continued)

(All amounts in RMB thousands unless otherwise stated)

	<i>Note</i>	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	As at 31 December 2019 RMB'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>33,132</b>	32,343
Lease liabilities	<i>14</i>	<b>7,263</b>	2,782
		<b>40,395</b>	35,125
<b>Current liabilities</b>			
Contract liabilities	<i>22</i>	<b>350,768</b>	299,325
Trade and other payables	<i>21</i>	<b>840,644</b>	800,291
Current income tax liabilities		<b>56,359</b>	97,062
Lease liabilities	<i>14</i>	<b>8,035</b>	2,456
		<b>1,255,806</b>	1,199,134
<b>Total liabilities</b>		<b>1,296,201</b>	1,234,259
<b>Total equity and liabilities</b>		<b>3,624,249</b>	3,481,888

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 30 to 75 were approved by the Board of Directors on 17 August 2020 and were signed on its behalf.

**Mr. Yao Min**  
*Chairman & Executive Director*

**Mr. Liu Xia**  
*Executive Director*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total equity	
	Share capital	Other reserves	Retained earnings	Total			
	Note	RMB'000 (Note 19)	RMB'000 (Note 20)	RMB'000 (Note 20)			RMB'000
<b>Balance at 1 January 2019 (Audited)</b>		128,748	125,074	182,877	436,699	29,964	466,663
<b>Comprehensive income</b>							
Profit for the period		–	–	179,878	179,878	6,918	186,796
<b>Transactions with owners of the Company</b>							
Contribution from non-controlling shareholders of subsidiaries		–	–	–	–	1,055	1,055
Dividend declared to shareholders of the Company	23	–	–	(215,010)	(215,010)	–	(215,010)
Dividend declared to non-controlling interests		–	–	–	–	(8,514)	(8,514)
Employee share-based payment scheme – Value of employee service	20	–	11,139	–	11,139	–	11,139
Appropriation of statutory reserves	20(a)	–	16,802	(16,802)	–	–	–
<b>Balance at 30 June 2019 (Audited)</b>		128,748	153,015	130,943	412,706	29,423	442,129

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company						
		Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Note	RMB'000 (Note 19)	RMB'000 (Note 20)	RMB'000 (Note 20)	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2020 (Audited)</b>		<b>178,102</b>	<b>1,657,683</b>	<b>363,341</b>	<b>2,199,126</b>	<b>48,503</b>	<b>2,247,629</b>
<b>Comprehensive income</b>							
Profit for the period		-	-	234,923	234,923	9,472	244,395
<b>Transactions with owners of the Company</b>							
Contribution from non-controlling shareholders of subsidiaries		-	-	-	-	200	200
Dividend declared to shareholders of the Company	23	-	-	(172,759)	(172,759)	-	(172,759)
Employee share-based payment scheme – Value of employee service	20	-	3,005	-	3,005	-	3,005
Acquisition of subsidiaries	25	-	-	-	-	5,578	5,578
Appropriation of statutory reserves	20(a)	-	2,220	(2,220)	-	-	-
<b>Balance at 30 June 2020 (Unaudited)</b>		<b>178,102</b>	<b>1,662,908</b>	<b>423,285</b>	<b>2,264,295</b>	<b>63,753</b>	<b>2,328,048</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		295,957	185,492
Income tax paid		(98,840)	(56,980)
<b>Net cash generated from operating activities</b>		<b>197,117</b>	<b>128,512</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(38,600)	(810)
Purchase of other intangible assets		(7,862)	(7,035)
Proceeds from disposal of property, plant and equipment		780	61
Increase in restricted cash relating to investing activities		(1,920)	–
Proceeds from disposal of financial assets at fair value through profit or loss and investment income		6,063	–
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	25	(26,024)	–
Settlements of consideration payables for the acquisitions of subsidiaries completed in prior years		(35,900)	(7,380)
Prepayment and other expenditures relating to investing activities		(66,817)	–
<b>Net cash used in investing activities</b>		<b>(170,280)</b>	<b>(15,164)</b>
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling shareholders of subsidiaries		200	1,055
Listing expenses paid		(6,480)	(16,246)
Dividends paid to shareholders		(112,369)	(214,966)
Dividends paid to non-controlling interests		(873)	–
Principal elements and interest elements of lease payments		(3,058)	(1,318)
<b>Net cash used in financing activities</b>		<b>(122,580)</b>	<b>(231,475)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(95,743)</b>	<b>(118,127)</b>
Cash and cash equivalents at beginning of period		1,962,719	307,136
Exchange gains on cash and cash equivalents		9,619	–
<b>Cash and cash equivalents at end of period</b>		<b>1,876,595</b>	<b>189,009</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 1 GENERAL INFORMATION

Sichuan Languang Justbon Services Group Co., Ltd. (the “Company”, formerly known as “Sichuan Justbon Property Management Group Co., Ltd.”) was established in the People’s Republic of China (the “PRC”) as a limited liability company on 7 December 2000. The address of the Company’s registered office is No.22, South 3rd section, Yihuan Road, Wuhou District, Chengdu, Sichuan, PRC.

The Company’s shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 18 October 2019 (the “Listing”).

The Company and its subsidiaries (the “Group”) are primarily engaged in the provision of property management services, consultancy services and community value-added services in the PRC.

The Company’s parent company is Sichuan Languang Hejun Industrial Co., Ltd. (“Languang Hejun”), an investment company established in the PRC. The Company’s intermediate holding company is Sichuan Languang Development Co., Ltd. (“Languang Development”), and its shares are listed on the Shanghai Stock Exchange. The ultimate holding company is Languang Investment Holdings Group Co., Ltd. (“Languang Investment”), a limited liability investment holding company established in the PRC.

The outbreak of the 2019 Novel Coronavirus (the “COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of property management. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 doesn’t have any material adverse impact on the financial position and operating result of the Group.

These condensed consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the board of directors (the “Board”) on 17 August 2020.

This condensed interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”.

The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial statements. Accordingly, this information is to be read in conjunction with the annual report for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), and any public announcement made by the Company during the interim reporting period.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended HKFRSs effective for the financial period beginning on 1 January 2020.

### (a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on 1 January 2020:

HKAS 1 and HKAS 8 (Amendment)	Definition of Material
HKFRS 3 (Amendment)	Definition of a Business
	Revised conceptual Framework for Financial Reporting

The adoption of these standards and the new accounting policies disclosed did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

### (b) New standards and amendments not yet effective for the financial period beginning on 1 January 2020 and not early adopted by the Group

Up to the date of issuance of this report, the Hong Kong Institute of Certified Public Accountants has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group:

		Effective for annual years beginning on or after
Amendments to HKFRS 16	Leases-Covid-19 related rent concessions	1 June 2020
Amendments to HKAS 1	Presentation of financial statements' on classification of liabilities	1 January 2022
Amendments to HKFRS 3	Business combinations	1 January 2022
Amendments to HKAS 16	Property, plant and equipment	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

## 5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the six months ended 30 June 2020 and 2019, the Group is principally engaged in the provision of property management services, consultancy services and related value-added services, including pre-delivery services, household assistance service, sales services and other services, in the PRC.

The Group acquired three entities during the period (Note 25). The newly acquired subsidiaries were principally engaged in the provision of property management services, consultancy services and related value-added services. Since then, management reviews the operating results of the business of the new acquired subsidiaries together with the original business to make decisions about resources to be allocated. Therefore, the CODM of the Company regards that there are several operating segments, which are used to make strategic decisions.

During the six months ended 30 June 2020 and 2019, all the segments are domiciled in the PRC and all the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single operating segment.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 5 SEGMENT INFORMATION (Continued)

These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets and liabilities.

As at 30 June 2020, cash and cash equivalents of HK\$42,205,000 (equivalent to RMB38,552,000) were temporarily deposited in the Group's bank accounts in Hong Kong. Except for this, more than 95% of the Group's assets are situated in the Mainland of PRC.

## 6 REVENUE

Revenue mainly comprises proceeds from property management services, consultancy services and related value-added services. An analysis of the Group's revenue by category for the six months ended 30 June 2020 and 2019 was as follows:

		<b>Six months ended 30 June</b>	
		<b>2020</b>	2019
		<b>RMB'000</b>	RMB'000
		<b>(Unaudited)</b>	(Audited)
	Revenue from customer and recognised		
Property management services	over time	<b>672,546</b>	548,833
Consultancy services	over time	<b>294,524</b>	190,996
Community value-added services		<b>199,127</b>	193,434
– Sales of goods	at a point in time	<b>35,358</b>	20,010
– Other value-added services	over time	<b>163,769</b>	173,424
		<b>1,166,197</b>	933,263

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 7 EXPENSE BY NATURE

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Employee benefit expenses ( <i>Note 8</i> )	469,725	388,923
Greening and cleaning expenses	124,430	93,972
Turnover taxes and other levies	6,099	5,121
Maintenance costs	44,357	38,697
Utilities	32,434	43,683
Short-term lease payments	13,875	15,042
Advertising expenses	2,161	2,061
Cost of security and fire protection	62,257	50,561
Travelling and entertainment expenses	16,287	9,818
Cost of goods sold ( <i>Note (a)</i> )	33,511	18,133
Office expenses	25,173	13,853
Depreciation and amortisation charges	17,463	11,141
Community activities expenses	2,623	1,792
Bank charges	2,965	2,822
Professional fee	6,771	2,034
Listing expenses	–	2,160
Auditors' remunerations		
– Audit services	1,179	339
– Non-audit services	–	458
Others	7,757	4,237
	<b>869,067</b>	<b>704,847</b>

- (a) The cost of goods sold represents the cost of the commodities sold to owners and residents of the properties under the Group's management.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 8 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Wages, salaries and bonuses	385,151	285,351
Social insurance expenses (Note (a))	21,474	45,531
Housing benefits	12,100	10,309
Share-based payment (Note 20)	3,005	11,139
Other employee benefits (Note (b))	47,995	36,593
	<b>469,725</b>	<b>388,923</b>

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.
- (b) Other employee benefits mainly include meal, travelling and transportation allowances.

## 9 OTHER INCOME

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Government grants (Note(a))	8,966	3,011
Interest income from bank deposits	4,621	875
Others	320	43
	<b>13,907</b>	<b>3,929</b>

- (a) Government grants mainly consisted of financial subsidies granted by the local governments.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 10 OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Net foreign exchange gain	9,619	–
Fair value gains/(losses) on investment properties	31	(7)
Losses on disposal of property, plant and equipment	(38)	–
Fair value losses on financial assets at fair value through profit or loss – net	(156)	–
Others	(1,152)	(659)
	<b>8,304</b>	(666)

## 11 INCOME TAX EXPENSES

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Current income tax		
– PRC corporate income tax	57,959	40,421
Deferred income tax		
– PRC corporate income tax	(7,097)	(4,304)
Income tax expenses	<b>50,862</b>	36,117

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 11 INCOME TAX EXPENSES (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group entities as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Profit before income tax	<b>295,257</b>	222,913
Tax charge at effective rate applicable to profits in the respective group entities	<b>50,106</b>	35,786
Tax effects of:		
– Expenses not deductible for tax purposes	<b>432</b>	377
– Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	<b>324</b>	–
– Utilization of previously unrecognised tax losses	–	(46)
PRC corporate income tax	<b>50,862</b>	36,117

The effective income tax rate was 17% for the six months ended 30 June 2020 (six months ended 30 June 2019: 16%).

### PRC corporate income tax

Income tax provision of the Group in the respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 11 INCOME TAX EXPENSES (Continued)

### PRC corporate income tax (Continued)

The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC are located in western cities of the PRC, and they are subject to a preferential income tax rate of 15% in certain years. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income.

## 12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares during the six months ended 30 June 2020 and 2019.

The Company did not have any potential ordinary shares outstanding during the six months ended 30 June 2020 and 2019. Diluted earnings per share is equal to basic earnings per share.

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Audited)
Profit attributable to owners of the Company (RMB '000)	<b>234,923</b>	179,878
Weighted average number of ordinary shares (in thousands)	<b>178,102</b>	128,748
Basic and diluted earnings per share for profit attributable to the owners of the Company during the period (expressed in RMB per share)	<b>1.32</b>	1.40

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Right-of-use assets RMB'000 <i>(Note 14)</i>	Other property, plant and equipment RMB'000	Total of property, plant and equipment RMB'000	Investment properties RMB'000
<b>Six months ended 30 June 2019 (Audited)</b>				
Opening net book amount	5,355	13,193	18,548	32,687
Additions	607	810	1,417	–
Revaluation losses recognised in other gains	–	–	–	(7)
Disposals	–	(61)	(61)	–
Depreciation charge	(1,074)	(2,197)	(3,271)	–
<b>Closing net book amount</b>	<b>4,888</b>	<b>11,745</b>	<b>16,633</b>	<b>32,680</b>
<b>As at 30 June 2019 (Audited)</b>				
Cost	10,447	30,696	41,143	32,680
Accumulated depreciation	(5,559)	(18,951)	(24,510)	–
<b>Net book amount</b>	<b>4,888</b>	<b>11,745</b>	<b>16,633</b>	<b>32,680</b>
<b>Six months ended 30 June 2020 (Unaudited)</b>				
Opening net book amount	<b>4,337</b>	<b>13,887</b>	<b>18,224</b>	<b>32,900</b>
Additions	<b>12,789</b>	<b>26,358</b>	<b>39,147</b>	–
Acquisition of subsidiaries <i>(Note 25)</i>	–	<b>207</b>	<b>207</b>	–
Revaluation gains recognised in other gains	–	–	–	<b>31</b>
Disposals	–	<b>(818)</b>	<b>(818)</b>	–
Depreciation charge	<b>(3,097)</b>	<b>(2,510)</b>	<b>(5,607)</b>	–
<b>Closing net book amount</b>	<b>14,029</b>	<b>37,124</b>	<b>51,153</b>	<b>32,931</b>
<b>As at 30 June 2020 (Unaudited)</b>				
Cost	<b>23,875</b>	<b>60,373</b>	<b>84,248</b>	<b>32,931</b>
Accumulated depreciation	<b>(9,846)</b>	<b>(23,249)</b>	<b>(33,095)</b>	–
<b>Net book amount</b>	<b>14,029</b>	<b>37,124</b>	<b>51,153</b>	<b>32,931</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 14 LEASES

### Amounts recognised in the balance sheet

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Properties ( <i>Note 13</i> )	<b>14,029</b>	4,337
<b>Lease liabilities</b>		
Current	<b>8,035</b>	2,456
Non-current	<b>7,263</b>	2,782
	<b>15,298</b>	5,238

As at 30 June 2020 and 31 December 2019, right-of-use assets was included in property, plant and equipment in the consolidated balance sheets.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 15 INTANGIBLE ASSETS

	Goodwill RMB'000	Other intangible assets RMB'000	Total RMB'000
<b>Six months ended 30 June 2019 (Audited)</b>			
Opening net book amount	183,968	114,845	298,813
Additions	–	7,035	7,035
Amortisation charge	–	(7,870)	(7,870)
<b>Closing net book amount</b>	<b>183,968</b>	<b>114,010</b>	<b>297,978</b>
<b>As at 30 June 2019 (Audited)</b>			
Cost	183,968	143,295	327,263
Accumulated amortisation charge	–	(29,285)	(29,285)
<b>Net book amount</b>	<b>183,968</b>	<b>114,010</b>	<b>297,978</b>
<b>Six months ended 30 June 2020 (Unaudited)</b>			
Opening net book amount	<b>267,447</b>	<b>162,722</b>	<b>430,169</b>
Additions	–	<b>9,231</b>	<b>9,231</b>
Acquisition of subsidiaries ( <i>Note 25</i> )	<b>47,513</b>	<b>19,500</b>	<b>67,013</b>
Amortisation charge	–	<b>(11,856)</b>	<b>(11,856)</b>
<b>Closing net book amount</b>	<b>314,960</b>	<b>179,597</b>	<b>494,557</b>
<b>As at 30 June 2020 (Unaudited)</b>			
Cost	<b>314,960</b>	<b>229,965</b>	<b>544,925</b>
Accumulated amortisation charge	–	<b>(50,368)</b>	<b>(50,368)</b>
<b>Net book amount</b>	<b>314,960</b>	<b>179,597</b>	<b>494,557</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 16 TRADE AND OTHER RECEIVABLES

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade receivables <i>(Note (a))</i>		
– Related parties <i>(Note 26(d))</i>	146,364	239,489
– Third parties	828,736	682,735
	975,100	922,224
Less: allowance for impairment of trade receivables	(75,650)	(55,190)
	899,450	867,034
Other receivables		
– Related parties <i>(Note 26(d))</i>	33,749	6,361
– Third parties	150,248	99,343
	183,997	105,704
Less: allowance for impairment of other receivables	(14,342)	(11,047)
	169,655	94,657
Prepayments to suppliers		
– Related parties <i>(Note 26(d))</i>	258	321
– Third parties	51,773	40,997
	52,031	41,318
Prepaid tax	1,489	763
	1,122,625	1,003,772

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 16 TRADE AND OTHER RECEIVABLES (Continued)

- (a) Trade receivables mainly arise from property management services income under lump sum basis and consultancy services.

Property management services income under lump sum basis are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the resident upon the issuance of demand note.

As at 30 June 2020 and 31 December 2019 the ageing analysis of the trade receivables based on invoice date were as follows:

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	<b>As at 31 December 2019 RMB'000 (Audited)</b>
0-180 days	<b>445,703</b>	508,083
181-365 days	<b>235,646</b>	221,669
1 to 2 years	<b>212,479</b>	139,578
2 to 3 years	<b>55,718</b>	34,553
Over 3 years	<b>25,554</b>	18,341
	<b>975,100</b>	922,224

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2020, a provision of RMB75,650,000 was made against the gross amounts of trade receivables (31 December 2019: RMB55,190,000).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 17 CASH AND BANK BALANCES

### (a) Restricted cash

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Deposit for acquisition	1,920	–
Others	4,913	–
	<b>6,833</b>	–

### (b) Cash at bank and on hand

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
– Dominated in HK\$	38,575	1,537,229
– Dominated in RMB	1,838,020	424,409
– Dominated in USD	–	1,081
	<b>1,876,595</b>	1,962,719

- (i) As at 30 June 2020, cash and cash equivalents did not include housing maintenance funds of RMB412,000 (31 December 2019: RMB527,000) which were owned by the property owners but were deposited in the bank accounts in the name of the group entities. Such deposits can be used by the Group for the purpose of public maintenance expenditures upon the approval from the relevant government authorities.
- (ii) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

### (a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2020 and 31 December 2019 on a recurring basis:

	<b>As at 30 June 2020 RMB'000 (Unaudited) Level 3</b>	As at 31 December 2019 RMB'000 (Audited) Level 3
Financial products	–	6,054
Contingent consideration	<b>5,646</b>	1,621
	<b>5,646</b>	7,675

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for financial products and contingent consideration.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

### (b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2020:

	Financial assets at fair value through profit or loss		
	Financial products RMB'000	Contingent consideration RMB'000 <i>(Note 25)</i>	Total RMB'000
Opening balance	6,054	1,621	7,675
Addition	–	4,190	4,190
Gains/(losses) for the period recognised in profit or loss	9	(165)	(156)
Disposal	(6,063)	–	(6,063)
Closing balance	–	5,646	5,646

- (i) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at 30 June 2020 RMB'000	Valuation technique	Unobservable input	Range (weighted average)	Relationship of unobservable inputs to fair value
<b>Financial assets at fair value through profit or loss</b>					
– Contingent consideration	5,646	Discounted cash flow	Weighted average capital cost rate	10.6%~10.7%	A change in weighted average capital cost +/-10% results in a change in fair value by RMB208,000

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 19 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000
<b>Issued and fully paid</b>		
As at 30 June 2020 and 31 December 2019	178,102,160	178,102

## 20 RESERVES

	Share premium RMB'000	Employee share-based compensation reserve RMB'000	Statutory reserves RMB'000	Total other reserves RMB'000	Retained earnings RMB'000	Total reserves RMB'000
<b>Balance at 1 January 2019 (Audited)</b>	67,597	4,691	52,786	125,074	182,877	307,951
Profit for the period	–	–	–	–	179,878	179,878
Dividend declared to shareholders of the Company (Note 23)	–	–	–	–	(215,010)	(215,010)
Employee share-based payment scheme – value of employee service (Note (b))	–	11,139	–	11,139	–	11,139
Appropriation of statutory reserves (Note (a))	–	–	16,802	16,802	(16,802)	–
<b>Balance at 30 June 2019 (Audited)</b>	67,597	15,830	69,588	153,015	130,943	283,958
<b>Balance at 1 January 2020 (Audited)</b>	<b>1,549,091</b>	<b>21,761</b>	<b>86,831</b>	<b>1,657,683</b>	<b>363,341</b>	<b>2,021,024</b>
Profit for the period	–	–	–	–	234,923	234,923
Dividend declared to shareholders of the Company (Note 23)	–	–	–	–	(172,759)	(172,759)
Employee share-based payment scheme – value of employee service (Note (b))	–	3,005	–	3,005	–	3,005
Appropriation of statutory reserves (Note (a))	–	–	2,220	2,220	(2,220)	–
<b>Balance at 30 June 2020 (Unaudited)</b>	<b>1,549,091</b>	<b>24,766</b>	<b>89,051</b>	<b>1,662,908</b>	<b>423,285</b>	<b>2,086,193</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 20 RESERVES (Continued)

- (a) In accordance with relevant rules and regulations in the PRC, the PRC Group entities are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. As at 30 June 2020, the accumulated total of the fund has reached 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective Group entities.
- (b) A share incentive plan (the "Share Incentive Plan") was approved by the board of directors dated 9 November 2018. The excess of fair value of the shares granted to the employees was recognised as expense over the vesting period in the consolidated statement of comprehensive income. During the six months ended 30 June 2020, the Company has recognised employee benefit expenses of RMB3,005,000 (for the six months ended 30 June 2019: RMB11,139,000) in the condensed consolidated statements of comprehensive income in relation to the Share Incentive Plan.

## 21 TRADE AND OTHER PAYABLES

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade payables ( <i>Note (a)</i> )		
– Related parties ( <i>Note 26(d)</i> )	27,386	22,397
– Third parties	159,007	110,355
	<b>186,393</b>	132,752
Other payables		
– Related parties ( <i>Note 26(d)</i> )	11,739	111,068
– Third parties	436,912	387,919
	<b>448,651</b>	498,987
Dividends payables		
– Shareholders of the Company	60,481	91
– Non-controlling shareholders	6,394	7,267
	<b>66,875</b>	7,358
Accrued payroll	114,605	143,079
Other taxes payables	24,120	18,115
	<b>840,644</b>	800,291

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 21 TRADE AND OTHER PAYABLES (Continued)

(a) As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	<b>As at 31 December 2019 RMB'000 (Audited)</b>
Up to 1 year	<b>180,130</b>	125,680
1 to 2 years	<b>4,194</b>	5,955
2 to 3 years	<b>1,304</b>	1,032
Over 3 years	<b>765</b>	85
	<b>186,393</b>	132,752

## 22 CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	<b>As at 31 December 2019 RMB'000 (Audited)</b>
Contract liabilities		
–Related parties ( <i>Note 26(d)</i> )	<b>1,059</b>	18,279
–Third parties	<b>349,709</b>	281,046
	<b>350,768</b>	299,325

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 23 DIVIDENDS

	Six Months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Dividends declared	<b>172,759</b>	215,010

Pursuant to the approval at the annual general meeting of shareholders of the Company on 11 June 2020, a dividend of RMB0.97 per ordinary share, amounting to RMB172,759,000 was declared out of the Company's retained earnings. As at 30 June 2020, dividends payable of RMB60,481,000 of the Company were yet to be paid (31 December 2019: RMB91,000).

No interim dividend for the six months ended 30 June 2020 has been proposed by the board of directors (for the six months ended 30 June 2019: RMB215,010,000).

## 24 COMMITMENTS

### (a) Capital commitments

Capital expenditure contracted for at the end of the period but not yet incurred for the periods is as follows.

	As at	As at
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Up to 1 year	<b>4,372</b>	3,862

### (b) Lease commitment – as lessee

The Group leases offices and staff dormitories under non-cancellable lease agreements with lease term less than 12 months. The majority of lease agreements are signed with third parties and renewable at the end of the lease period based on rates mutually agreed.

The future aggregate minimum lease payments under non-cancellable short-term leases are as follows:

	As at	As at
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Up to 1 year	<b>154</b>	–

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 25 BUSINESS COMBINATIONS

Business combinations during the six months ended 30 June 2020, included the acquisitions of Chengdu Chuangyi Property Management Co., Ltd. (“Chengdu Chuangyi”), Chengdu Sanpu Property Management Co., Ltd. (“Chengdu Sanpu”) and Chengdu Xintianyu Property Management Co., Ltd. (“Chengdu Xintianyu”) at an aggregate purchase consideration of RMB63,010,000. Goodwill of RMB47,513,000 and identifiable net assets of RMB15,497,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the period was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

Details of the purchase considerations, the net assets acquired are as follows:

	<b>Total RMB'000</b>
<b>Purchase Consideration</b>	
– Cash paid	33,200
– Consideration payable	34,000
– Contingent consideration (ii)	(4,190)
<b>Total purchase consideration</b>	<b>63,010</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	7,176
Property, plant and equipment (Note 13)	207
Customer relationship (Note 15)	19,500
Deferred tax assets	368
Trade and other receivables (iii)	27,406
Trade and other payables	(18,797)
Current income tax liabilities	(178)
Contract liabilities	(11,682)
Deferred tax liabilities	(2,925)
<b>Total identifiable net assets</b>	<b>21,075</b>
Less: non-controlling interests	(5,578)
<b>Identifiable net assets attributable to the Company</b>	<b>15,497</b>
Goodwill (Note 15)	47,513

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 25 BUSINESS COMBINATIONS (Continued)

- (i) Net cash outflow arising from the acquisitions during the period ended 30 June 2020:

	<b>RMB'000</b>
Cash consideration paid	(33,200)
Cash and cash equivalents acquired on the acquisition date	7,176
Net cash outflow on acquisitions	(26,024)

- (ii) Contingent considerations

The acquisition agreements stipulate that the original shareholders will commit for the revenue and gross floor area under management to achieve a certain performance target in certain period. If the terms of the contingent consideration agreement cannot be fulfilled at the end, a part of the total consideration will be deducted. An independent valuer has been engaged to evaluate the fair value of the contingent consideration on the acquisition date, which was recorded as "financial assets at fair value through profit and loss".

- (iii) Acquired receivables

The fair value of trade and other receivables is RMB27,406,000 and includes trade receivables with a fair value of RMB11,520,000. The gross contractual amount for trade receivables due is RMB21,666,000, of which RMB10,146,000 is expected to be uncollectible.

- (iv) Revenue and profit contribution

The acquired businesses of Chengdu Chuangyi, Chengdu Sanpu and Chengdu Xintianyu contributed total revenue of RMB9,078,000 and net profit of RMB122,000 to the Group for the period from their respective acquisition dates to 30 June 2020.

Had Chengdu Chuangyi, Chengdu Sanpu and Chengdu Xintianyu been consolidated from 1 January 2020, the consolidated statements of comprehensive income for the period ended 30 June 2020 would show pro-forma revenue of RMB1,197,954,000 and net profit of RMB248,048,000.

No contingent liability has been recognised for the business combination.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

Name	Relationship
Mr. Yang Keng 楊鏗	The founding shareholder
Languang Investment Holdings Group Co., Ltd. 藍光投資控股集團有限公司	The ultimate holding company
Languang Development 四川藍光發展股份有限公司	Intermediate holding company
Languang Hejun 四川藍光和駿實業有限公司	Parent company
Anhui Meitaiguanghua Real Estate Co., Ltd.* 安徽美太光華置業有限公司	Controlled by the same ultimate holding company
Anhui Tuobaishi Property Co., Ltd.* 安徽拓佰仕置業有限公司	Controlled by the same ultimate holding company
Baoji Dingfeng Property Co., Ltd.* 寶雞鼎豐置業有限公司	Controlled by the same ultimate holding company
Baoji Yekun Real Estate Co., Ltd.* 寶雞燁坤置業有限公司	Controlled by the same ultimate holding company
Beijing Hejun Investment Co., Ltd.* 北京和駿投資有限責任公司	Controlled by the same ultimate holding company
Beijing Languang Business Management Co., Ltd.* 北京藍光商業經營管理有限公司	Controlled by the same ultimate holding company
Beijing Xinghua Languang Real Estate Co., Ltd.* 北京星華藍光置業有限公司	Controlled by the same ultimate holding company
Changsha Languang Hejun Property Co., Ltd.* 長沙藍光和駿置業有限公司	Controlled by the same ultimate holding company
Changzhou Cancong Real Estate Co., Ltd.* 常州燦琮置業有限公司	Controlled by the same ultimate holding company
Changzhou Hejun Real Estate Co., Ltd.* 常州和駿置業有限公司	Controlled by the same ultimate holding company
Chaohu Languang Hejun Real Estate Co., Ltd.* 巢湖市藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Chenghuacancong Real Estate Co., Ltd.* 成都成華燦琮置業有限公司	Controlled by the same ultimate holding company
Chengdu Chenghua Hejun Real Estate Co., Ltd.* 成都成華和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Chenghua Languang Real Estate Development Co., Ltd.* 成都成華藍光房地產開發有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Chengdu Chenghua Languang Hejun Property Co., Ltd.* 成都成華藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Chenghuazhenghui Real Estate Development Co., Ltd.* 成都成華正惠房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Chenghua Zhonghong Real Estate Development Co., Ltd.* 成都成華中泓房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Dujiangyan Languang Hejun Property Co., Ltd.* 成都都江堰藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Gaoxin Hejun Property Co., Ltd.* 成都高新和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Gaoxin Languang Hejun Real Estate Co., Ltd.* 成都高新藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Hairun Real Estate Co., Ltd.* 成都海潤置業有限公司	Controlled by the same ultimate holding company
Chengdu Hejun Investment Co., Ltd.* 成都和駿投資有限公司	Controlled by the same ultimate holding company
Chengdu Hexiang Industrial Co., Ltd.* 成都和祥實業有限公司	Controlled by the same ultimate holding company
Chengdu Justbon Commercial Property Management Co., Ltd.* 成都嘉寶商業物業經營管理有限公司	Controlled by the same ultimate holding company
Chengdu Jingu Landscape Engineering Co., Ltd.* 成都金谷景觀工程有限公司	Controlled by the same ultimate holding company
Chengdu Jinniu Languang Hejun Property Co., Ltd.* 成都金牛藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Jinniu zhenghui Real Estate Development Co., Ltd.* 成都金牛正惠房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Jintang Languang Hejun Property Co., Ltd.* 成都金堂藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Jintang Cancong Property Co., Ltd.* 成都錦江燦琮置業有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Chengdu Jujin Trading Co., Ltd.* 成都聚錦商貿有限公司	Controlled by the same ultimate holding company
Chengdu Languang Hejun Property Co., Ltd.* 成都藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Languang Ecological Gardening Engineering Co., Ltd.* 成都藍光生態園林工程有限公司	Controlled by the same ultimate holding company
Chengdu Longquanyi Languang Hejun Property Co., Ltd.* 成都龍泉驛藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Pixian Hejun Property Co., Ltd.* 成都郫縣和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Pixian Languang Hejun Property Co., Ltd.* 成都郫縣藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Puxing Commercial & Trading Co., Ltd.* 成都浦興商貿有限責任公司	Controlled by the same ultimate holding company
Chengdu Qingbaijiang Languang Hejun Property Co., Ltd.* 成都青白江藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Qingyang Hejun Real Estate Co., Ltd.* 成都青羊和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Qingyang Languang Hejun Property Co., Ltd.* 成都青羊藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Qingyang zhenghui Real Estate Development Co., Ltd.* 成都青羊正惠房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Qionglai hejun Real Estate Co., Ltd.* 成都邛崃和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Ruina Investment Co., Ltd.* 成都瑞納投資有限公司	Controlled by the same ultimate holding company
Chengdu Wenjiang Hejun Real Estate Co., Ltd.* 成都市溫江區和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Wenjiang Languang Hejun Real Estate Co., Ltd.* 成都市溫江區藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Shuangliu Hejun Real Estate Co., Ltd.* 成都雙流和駿置業有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Chengdu Wuniuzhenghui Electric Appliance Co., Ltd.* ("Wuniuzhenghui Electric Appliance") 成都五牛正惠電器有限公司	Controlled by the same ultimate holding company
Chengdu Wuhoujufeng Real Estate Co., Ltd.* 成都武侯炬峰置業有限公司	Controlled by the same ultimate holding company
Chengdu Wuhou Languang Real Estate Development Co., Ltd.* 成都武侯藍光房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Wuhou Languang Gold Room Property Co., Ltd.* 成都武侯藍光金房置業有限公司	Controlled by the same ultimate holding company
Chengdu Wuhou Zhonghong Real Estate Development Co., Ltd.* 成都武侯中泓房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Xindulanguang Real Estate Development Co., Ltd.* 成都新都藍光房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Xindu Languang Hejun Property Co., Ltd.* 成都新都藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chengdu Yuming Decoration Engineering Co., Ltd.* 成都煜明裝飾工程有限公司	Controlled by the same ultimate holding company
Chengdu Yuanlai Real Estate Development Co., Ltd.* 成都遠來房地產開發有限公司	Controlled by the same ultimate holding company
Chengdu Zhonghong Real Estate Development Co., Ltd.* 成都中泓房地產開發有限公司	Controlled by the same ultimate holding company
Chongqing Boweijinrui Real Estate Development Co., Ltd.* 重慶柏煒錦瑞房地產開發有限公司	Controlled by the same ultimate holding company
Chongqing Canrui Real Estate Co., Ltd.* 重慶燦瑞置業有限公司	Controlled by the same ultimate holding company
Chongqing Hejun Real Estate Co., Ltd.* 重慶和駿置業有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Chongqing Huajingyu Real Estate Development Co., Ltd.* 重慶華景域房地產開發有限公司	Controlled by the same ultimate holding company
Chongqing Jinhong Enterprise Management Consulting Co., Ltd.* 重慶錦泓企業管理有限公司	Controlled by the same ultimate holding company
Chongqing Kunyu Enterprise Management Consulting Co., Ltd.* 重慶坤鈺企業管理諮詢有限公司	Controlled by the same ultimate holding company
Chongqing Lanshen Real Estate Co., Ltd.* 重慶藍申置業有限公司	Controlled by the same ultimate holding company
Chongqing Lanshi Real Estate Co., Ltd.* 重慶藍實置業有限公司	Controlled by the same ultimate holding company
Chongqing Weikun Real Estate Co., Ltd.* 重慶煒坤置業有限公司	Controlled by the same ultimate holding company
Chongqing Yusheng Real Estate Co., Ltd.* 重慶宇晟置業有限公司	Controlled by the same ultimate holding company
Chongqing Zhenghui Real Estate Co., Ltd.* 重慶正惠置業有限公司	Controlled by the same ultimate holding company
Chongqing Zhonghong Hejun Enterprise Management Service Co., Ltd.* 重慶中泓和駿企業管理服務有限公司	Controlled by the same ultimate holding company
Dazhou Languang Hejun Property Co., Ltd.* 達州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Emeishan Languang Cultural Tourism Real Estate Co., Ltd.* 峨眉山藍光文化旅遊置業有限公司	Controlled by the same ultimate holding company
Emeishan Languang Cultural Tourism Property Co., Ltd. Jizhuang Hotel* 峨眉山藍光文化旅遊置業有限公司己莊酒店	Controlled by the same ultimate holding company
Fengxian Languang Real Estate Development Co., Ltd.* 豐縣藍光地產開發有限公司	Controlled by the same ultimate holding company
Foshan Lanhe Real Estate Co., Ltd.* 佛山藍和置業有限公司	Controlled by the same ultimate holding company
Fuzhou Lanjun Real Estate Co., Ltd.* 福州藍駿置業有限公司	Controlled by the same ultimate holding company
Fuzhou Lankun Real Estate Co., Ltd.* 福州藍坤置業有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Fuzhou Lanqing Real Estate Co., Ltd.* 福州藍慶置業有限公司	Controlled by the same ultimate holding company
Guiyang Canchong Real Estate Co., Ltd.* 貴陽燦崇置業有限公司	Controlled by the same ultimate holding company
Hefei Languang Real Estate Development Co., Ltd.* 合肥藍光房地產開發有限公司	Controlled by the same ultimate holding company
Hefei Languang Hejun Property Co., Ltd.* 合肥藍光和駿置業有限公司	Controlled by the same ultimate holding company
Hefei Languang Hongjing Real Estate Co., Ltd.* 合肥藍光宏景置業有限公司	Controlled by the same ultimate holding company
Hefei Languang Shengjing Real Estate Co., Ltd.* 合肥藍光盛景置業有限公司	Controlled by the same ultimate holding company
Henan Zhongchenghaode Real Estate Development Co., Ltd.* 河南中成浩德房地產開發有限公司	Controlled by the same ultimate holding company
Hengshui Hongmei Real Estate Development Co., Ltd.* 衡水紅美房地產開發有限公司	Controlled by the same ultimate holding company
Hubei Kaishuo Real Estate Development Co., Ltd.* 湖北楷燦房地產開發有限公司	Controlled by the same ultimate holding company
Hubei Kaiyi Real Estate Development Co., Ltd.* 湖北楷熠房地產開發有限公司	Controlled by the same ultimate holding company
Hunan Ruiqi Real Estate Co., Ltd.* 湖南瑞琪置業有限公司	Controlled by the same ultimate holding company
Hunan Sanhuan Property Co., Ltd.* 湖南三環置業有限公司	Controlled by the same ultimate holding company
Huzhou Languanghejun Real Estate Co., Ltd.* 湖州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Huaxi Hejunyaocheng Real Estate (Luzhou) Co., Ltd.* 華西和駿耀城置業(瀘州)有限公司	Controlled by the same ultimate holding company
Huizhou Languanghejun Real Estate Co., Ltd.* 惠州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Huizhou Hesheng Real Estate Co., Ltd.* 惠州市和勝置業有限公司	Controlled by the same ultimate holding company
Ji'an Hejun Kailong Real Estate Development Co., Ltd.* 吉安和駿鎧瀧房地產開發有限公司	Controlled by the same ultimate holding company



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Jiaxing Languang Hejun Property Co., Ltd.* 嘉興藍光和駿置業有限公司	Controlled by the same ultimate holding company
Jiangyin Tianjian Property Co., Ltd.* 江陰天建置業有限公司	Controlled by the same ultimate holding company
Jinning Dianchi Real Estate Co., Ltd.* 晉寧滇池置業有限公司	Controlled by the same ultimate holding company
Kunming Languangdianchi Cultural Tourism Development Co., Ltd.* 昆明藍光滇池文化旅遊發展有限公司	Controlled by the same ultimate holding company
Kunming Languang Real Estate Development Co., Ltd.* 昆明藍光房地產開發有限公司	Controlled by the same ultimate holding company
Kunming Languangyunbao Real Estate Co., Ltd.* 昆明藍光雲報置業有限公司	Controlled by the same ultimate holding company
Kunming Changyi Real Estate Development Co., Ltd.* 昆明長頤房地產開發有限公司	Controlled by the same ultimate holding company
Lianshui Anjun Real Estate Co., Ltd.* 漣水安駿置業有限公司	Controlled by the same ultimate holding company
Luzhou Jinlan Real Estate Development Co., Ltd.* 瀘州錦瀾房地產開發有限公司	Controlled by the same ultimate holding company
Luoyang Haode Anlan Real Estate Co., Ltd.* 洛陽浩德安瀾置業有限公司	Controlled by the same ultimate holding company
Luohe Liuyuan Real Estate Co., Ltd.* 漯河市鑾源置業有限公司	Controlled by the same ultimate holding company
Maoming Shuocheng Real Estate Development Co., Ltd.* 茂名樂城房地產開發有限公司	Controlled by the same ultimate holding company
Maoming Yecheng Real Estate Development Co., Ltd.* 茂名燁城房地產開發有限公司	Controlled by the same ultimate holding company
Maoming Yukun Real Estate Development Co., Ltd.* 茂名煜坤房地產開發有限公司	Controlled by the same ultimate holding company
Wuxi Minfa Real Estate Development Co., Ltd.* 民發實業集團（無錫）房地產開發有限公司	Controlled by the same ultimate holding company
Nanchang Hejun Real Estate Development Co., Ltd.* 南昌和駿房地產開發有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Nanchang Languang Real Estate Development Co., Ltd.* 南昌藍光房地產開發有限公司	Controlled by the same ultimate holding company
Nanchang Languang Hejun Property Co., Ltd.* 南昌藍光和駿置業有限公司	Controlled by the same ultimate holding company
Nanchang Yecheng Real Estate Development Co., Ltd.* 南昌燁城房地產開發有限公司	Controlled by the same ultimate holding company
Nanchong Canrui Real Estate Co., Ltd.* 南充燦瑞置業有限公司	Controlled by the same ultimate holding company
Nanchong Derong Real Estate Co., Ltd.* 南充德融置業有限公司	Controlled by the same ultimate holding company
Nanchong Hejun Real Estate Co., Ltd.* 南充和駿置業有限公司	Controlled by the same ultimate holding company
Nanchong Huangfeng Real Estate Co., Ltd.* 南充煌峰置業有限公司	Controlled by the same ultimate holding company
Nanchong Languang Real Estate Co., Ltd.* 南充藍光房地產有限公司	Controlled by the same ultimate holding company
Nanchong Languang Hejun Property Co., Ltd.* 南充藍光和駿置業有限公司	Controlled by the same ultimate holding company
Nanchong Lanshi Real Estate Co., Ltd.* 南充藍實置業有限公司	Controlled by the same ultimate holding company
Nanjing Languang Hejun Property Co., Ltd.* 南京藍光和駿置業有限公司	Controlled by the same ultimate holding company
Nanning Cancong Property Co., Ltd.* 南寧燦琮置業有限公司	Controlled by the same ultimate holding company
Nantong Fusheng Real Estate Co., Ltd.* 南通富盛置業有限公司	Controlled by the same ultimate holding company
Ningbo Hangzhouwan Xinqu Xinxing Real Estate Development Co., Ltd.* 寧波杭州灣新區新星房地產開發有限公司	Controlled by the same ultimate holding company
Ningbo Lanshu Real Estate Co., Ltd.* 寧波市藍曙置業有限公司	Controlled by the same ultimate holding company
Pingtian Lanxin Property Co., Ltd.* 平潭藍馨置業有限公司	Controlled by the same ultimate holding company
Qingdao Gengchen Huangdao Automobile Industry Co., Ltd.* 青島庚辰黃島汽車產業有限公司	Controlled by the same ultimate holding company



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Qingdao Languang Real Estate Development Co., Ltd.* 青島藍光房地產開發有限公司	Controlled by the same ultimate holding company
Qingdao Languang Hejun Property Co., Ltd.* 青島藍光和駿置業有限公司	Controlled by the same ultimate holding company
Qingzhen Runhong Real Estate Development Co., Ltd.* 清鎮潤弘房地產開發有限公司	Controlled by the same ultimate holding company
Quanzhou Lanshun Real Estate Development Co., Ltd.* 泉州藍順房地產開發有限公司	Controlled by the same ultimate holding company
Quanzhou Lanze Real Estate Co., Ltd.* 泉州藍澤置業有限公司	Controlled by the same ultimate holding company
Rugao Zhaoji Real Estate Co., Ltd.* 如皋市兆基置業有限公司	Controlled by the same ultimate holding company
Ruian Lanxin Real Estate Co., Ltd.* 瑞安藍馨置業有限公司	Controlled by the same ultimate holding company
Shandong Jiazhou Real Estate Co., Ltd.* 山東嘉州置地有限公司	Controlled by the same ultimate holding company
Shandong Lanchi Real Estate Development Co., Ltd.* 山東藍馳房地產開發有限公司	Controlled by the same ultimate holding company
Shanxi Baoyuanchang Real Estate Development Co., Ltd.* 山西保源昌房地產開發有限公司	Controlled by the same ultimate holding company
Shanxi Jiyu Industrial Co., Ltd.* 陝西基煜實業有限公司	Controlled by the same ultimate holding company
Shanghai Lanyi Technology Co., Ltd.* 上海藍裔網路科技有限公司	Controlled by the same ultimate holding company
Shengzhou Languangzhixin Real Estate Co., Ltd.* 嵯州藍光置信置業有限公司	Controlled by the same ultimate holding company
Sichuan Jizhuang Hotel Management Co., Ltd.* 四川己莊酒店管理有限公司	Controlled by the same ultimate holding company
Sichuan Justbon Real Estate Marketing Agency Co., Ltd.* 四川嘉寶房地產行銷代理有限公司	Controlled by the same ultimate holding company
Sichuan Lanben Engineering Design Co., Ltd.* 四川藍本工程設計有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Sichuan Languang Engineering Consulting and Design Co., Ltd.* 四川藍光工程諮詢設計有限公司	Controlled by the same ultimate holding company
Sichuan Languangmeishang Beverage Co., Ltd.* 四川藍光美尚飲品股份有限公司	Controlled by the same ultimate holding company
Sichuan Languang Commercial Management Co., Ltd.* 四川藍光商業經營管理有限公司	Controlled by the same ultimate holding company
Sichuan Languang Ecological Environment Industry Co., Ltd.* 四川藍光生態環境產業有限公司	Controlled by the same ultimate holding company
Sichuan Languang Cultural Tourism Industry Co., Ltd.* 四川藍光文化旅遊產業有限公司	Controlled by the same ultimate holding company
Sichuan Languang Cultural Tourism Investment Co., Ltd.* 四川藍光文化旅遊投資有限公司	Controlled by the same ultimate holding company
Sichuan Languangyouju Technology Co., Ltd.* 四川藍光優居科技有限公司	Controlled by the same ultimate holding company
Sichuan Rongtong Jinyue Commercial Management Co., Ltd.* 四川融通金悅商業經營管理有限公司	Controlled by the same ultimate holding company
Sichuan Shuxin Investment Co., Ltd.* 四川蜀鑫投資有限公司	Controlled by the same ultimate holding company
Sichuan Wanjunlvjian Technology Co., Ltd.* 四川萬郡綠建科技有限公司 Formerly known as 成都藍光綠色裝飾工程有限公司	Controlled by the same ultimate holding company
Suzhou Hejun Property Co., Ltd.* 蘇州和駿置業有限公司	Controlled by the same ultimate holding company
Suzhou Languang Hejun Property Co., Ltd.* 蘇州藍光和駿置業有限公司	Controlled by the same ultimate holding company
Suzhou Languang Real Estate Co., Ltd.* 蘇州藍光置地有限公司	Controlled by the same ultimate holding company
Suzhou Languang Real Estate Co., Ltd.* 蘇州藍光置業有限公司	Controlled by the same ultimate holding company
Suining Languang Hejun Property Co., Ltd.* 遂甯藍光和駿置業有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Taichang Languang Hejun Real Estate Co., Ltd.* 太倉藍光和駿置業有限公司	Controlled by the same ultimate holding company
Tianjin Languang Baoheng Real Estate Development Co., Ltd.* 天津藍光寶珩房地產開發有限公司	Controlled by the same ultimate holding company
Tianjin Languang Hejun Cultural Tourism Entertainment Development Co., Ltd.* 天津藍光和駿小站文旅娛樂發展有限公司	Controlled by the same ultimate holding company
Tianjin Languang Junjing Real Estate Development Co., Ltd.* 天津藍光駿景房地產開發有限公司	Controlled by the same ultimate holding company
Tianjin Languang Cultural Tourism Co., Ltd.* 天津藍光文化旅遊有限公司	Controlled by the same ultimate holding company
Tianjin Jiangyuhaihui Real Estate Co., Ltd.* 天津市江宇海匯房地產有限責任公司	Controlled by the same ultimate holding company
Tianjin Xiqing Forest Green Field Construction Engineering Co., Ltd.* 天津西青楊柳青森林綠野建築工程有限公司	Controlled by the same ultimate holding company
Weihai Wenhua Real Estate Development Co., Ltd.* 威海文華房地產開發有限公司	Controlled by the same ultimate holding company
Wuxi Aoyue Real Estate Co., Ltd.* 無錫奧樾置業有限公司	Controlled by the same ultimate holding company
Wuxi Languang Hejun Property Co., Ltd.* 無錫藍光和駿置業有限公司	Controlled by the same ultimate holding company
Wuxi Languang Land Development Co., Ltd.* 無錫藍光置地有限公司	Controlled by the same ultimate holding company
Wuxi Languang Real Estate Co., Ltd.* 無錫藍光置業有限公司	Controlled by the same ultimate holding company
Wuhan Hejun Real Estate Co., Ltd.* 武漢和駿置業有限公司	Controlled by the same ultimate holding company
Wuhan Celebrity Era Real Estate Co., Ltd.* 武漢名流時代置業有限公司	Controlled by the same ultimate holding company
Wuhan Xinhongsen Real Estate Property Co., Ltd.* 武漢市新宏森地產置業有限公司	Controlled by the same ultimate holding company
Xi'an Cancong Real Estate Co., Ltd.* 西安燦琮置業有限公司	Controlled by the same ultimate holding company
Xi'an Jukun Real Estate Development Co., Ltd.* 西安炬坤房地產開發有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Xi'an Pinnuo Real Estate Co., Ltd.* 西安品諾實業有限公司	Controlled by the same ultimate holding company
Xi'an Yikun Real Estate Co., Ltd.* 西安熠坤置業有限公司	Controlled by the same ultimate holding company
Xi'an Yukun Real Estate Development Co., Ltd.* 西安煜坤房地產開發有限公司	Controlled by the same ultimate holding company
Xi'an Zhenghui Real Estate Development Co., Ltd.* 西安正惠房地產開發有限公司	Controlled by the same ultimate holding company
Xinxiang Languang Liuyuan Property Co., Ltd.* 新鄉市藍光鑾源置業有限公司	Controlled by the same ultimate holding company
Xinxiang Tangpu Jinhong Real Estate Development Co., Ltd.* 新鄉市唐普錦鴻房地產開發有限公司	Controlled by the same ultimate holding company
Xingping Hailian Xinxing Real Estate Development Co., Ltd.* 興平市海聯新興房地產開發有限公司	Controlled by the same ultimate holding company
Xuzhou Kailanjia Real Estate Co., Ltd.* 徐州凱藍嘉置業有限公司	Controlled by the same ultimate holding company
Xuzhou Languang Property Co., Ltd.* 徐州藍光置業有限公司	Controlled by the same ultimate holding company
Yantai Dayuan Real Estate Co., Ltd.* 煙臺達源置業有限公司	Controlled by the same ultimate holding company
Yantai Hejun Real Estate Development Co., Ltd.* 煙臺和駿房地產開發有限公司	Controlled by the same ultimate holding company
Yantai Xinchao Haixing Property Co., Ltd.* 煙臺新潮海興置業有限公司	Controlled by the same ultimate holding company
Yangzhou Hejun Property Co., Ltd.* 揚州和駿置業有限公司	Controlled by the same ultimate holding company
Yuyao Honglimingwei Real Estate Co., Ltd.* 余姚市弘利明偉置業有限公司	Controlled by the same ultimate holding company
Yuyao Huanheng Real Estate Co., Ltd.* 余姚市環恒置業有限公司	Controlled by the same ultimate holding company
Yuyao Lanjun Real Estate Co., Ltd.* 余姚市藍駿置業有限公司	Controlled by the same ultimate holding company
Yunnan Baiyao Real Estate Co., Ltd.* 雲南白藥置業有限公司	Controlled by the same ultimate holding company
Yunnan Languang Hejun Real Estate Development Co., Ltd.* 雲南藍光和駿房地產開發有限公司	Controlled by the same ultimate holding company

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Zhangjiakou Languang Shengyuan Real Estate Co., Ltd.* 張家口藍光聖源房地產有限責任公司	Controlled by the same ultimate holding company
Zhihui Lvgu Construction Management (Yuhuan) Co., Ltd.* 智慧綠谷建設管理(玉環)有限公司	Controlled by the same ultimate holding company
Zhuhai Lankai Holding Co., Ltd.* 珠海藍凱控股有限公司	Controlled by the same ultimate holding company
Ziyang Chuanmian Educational Real Estate Development Co., Ltd.* 資陽市川綿教育房地產開發有限公司	Controlled by the same ultimate holding company
Zigong Languang Hejun Property Co., Ltd.* 自貢藍光和駿置業有限公司	Controlled by the same ultimate holding company
Chongqing Xinshenjia Real Estate Co., Ltd.* 重慶新申佳實業有限公司	Joint venture of Languang Development
Renshou Shuheng Real Estate Co., Ltd.* 仁壽蜀恒置業有限公司	Joint venture of Languang Development
Changzhou Yusheng Real Estate Development Co., Ltd.* 常州禦盛房地產開發有限公司	Associate of Languang Development
Henan Huazhili Real Estate Co., Ltd.* 河南華之麗實業有限公司	Associate of Languang Development
Jiangyin Zhongao Real Estate Development Co., Ltd.* 江陰中奧房地產開發有限公司	Associate of Languang Development
Nantong Jinlong Property Co., Ltd.* 南通錦隆置業有限公司	Associate of Languang Development

\* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (b) Transactions with related parties

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Provision of services		
– Parent company	15,017	10,761
– Intermediate holding company	16	–
– Controlled by the same ultimate holding company	257,174	188,121
– Associates of Languang Development	3,588	633
– Joint ventures of Languang Development	1,318	3,591
	<b>277,113</b>	203,106
Purchase of goods and services		
– Controlled by the same ultimate holding company	205	1,317
Short-term lease expenses		
– Parent company	774	966
– Controlled by the same ultimate holding company	9,628	9,431
– Associates of Languang Development	225	–
	<b>10,627</b>	10,397
Interest expenses for lease liabilities		
– The ultimate holding company	79	118
Payments of lease liabilities		
– The ultimate holding company	845	805

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

- (c) During six months ended 30 June 2020, part of the Group's office space was provided by Wuniuzhenghui Electric Appliance, a related party and no rental expense was charged.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (d) Balances with related parties

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade receivables		
– The ultimate holding company	1,325	1,325
– Intermediate holding company	17	–
– Parent company	3,769	9,917
– Controlled by the same ultimate holding company	139,366	226,106
– Joint ventures of Languang Development	–	1,310
– Associates of Languang Development	1,887	831
	<b>146,364</b>	239,489
Other receivables (Note (i))		
– Parent company	27,469	–
– Controlled by the same ultimate holding company	6,280	6,361
	<b>33,749</b>	6,361
Prepayments		
– Parent company	–	42
– Controlled by the same ultimate holding company	258	279
	<b>258</b>	321
Trade payables		
– Parent company	425	223
– Controlled by the same ultimate holding company	26,811	22,174
– Associates of Languang Development	150	–
	<b>27,386</b>	22,397

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 26 RELATED PARTY TRANSACTIONS (Continued)

### (d) Balances with related parties (Continued)

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Other payables (Note (ii))		
– Intermediate holding company	29	29
– Parent company	11,458	64,831
– Controlled by the same ultimate holding company	252	46,208
	<b>11,739</b>	111,068
Contract liabilities		
– The ultimate holding company	1,056	1,517
– Intermediate holding company	3	3
– Parent company	–	16,759
	<b>1,059</b>	18,279
Lease liabilities		
– The ultimate holding company	2,659	3,504

Above trade receivables, prepayments, trade payables and contract liabilities due from/to related parties are trade in nature, while the other receivables and other payables due from/to related parties are non-trade in nature.

Trade receivables, trade payables, and contract liabilities due from/to related parties are unsecured and interest-free.

- (i) Amounts represented 1) bottle deposits of pure water purchased from Languang Development and related entities, which will be collected upon the termination of purchase contracts; and 2) payments of expenses by the Group on behalf of Languang Development and related entities for certain projects to which the Group provided services, which are interest-free and repayable on demand.
- (ii) Amounts represented rental payments collected by the Group on behalf of Languang Development and related entities, which are interest-free and periodically settled as mutually agreed with Languang Development and related entities.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

## 27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

During the six months ended 30 June 2020, the Group entered into five share purchase agreements, respectively, to acquire five property management companies in the PRC, including 100% equity interest of Wuxi Dongzhou Property Management Co., Ltd., 80% equity interest of Zhejiang Dangdai Property Management Co., Ltd.(the “Zhejiang Dangdai”), 70% equity interest of Zhuhai Zhuzhai Property Management Co., Ltd., 98% equity interest of Guang’an Wanpin Property Management Co., Ltd. and 55% equity interest of Ningxia Anxin Property Management Co., Ltd. (collectively, the “Target Companies”), at an aggregate consideration of RMB126,700,000.

The acquisition of Zhejiang Dangdai has been completed in August 2020. The acquisitions of the rest of Target Companies are expected to be completed in the second half of 2020.



## GLOSSARY AND DEFINITIONS

(All amounts in RMB thousands unless otherwise stated)

“Audit Committee”	the audit committee of the Company
“Board”	board of the Directors
“CAGR”	compound annual growth rate, which is the annual growth rate over a specified period of time longer than one year
“Chengdu Jiayu”	Chengdu Jiayu Enterprise Management Center (Limited Partnership) (成都嘉裕企業管理中心 (有限合夥)), a limited partnership established in accordance with the Partnership Laws of the PRC for the purpose of the implementation of the share incentive plan adopted by the Company on 22 June 2015
“China” or “PRC”	the People’s Republic of China
“Company” or “Languang Justbon Services”	Sichuan Languang Justbon Services Group Co., Ltd. (四川藍光嘉寶服務集團股份有限公司) (formerly known as Sichuan Justbon Property Management Group Co., Ltd. (四川嘉寶資產管理集團股份有限公司)), a joint stock company with limited liability established in the PRC on 7 December 2000 and whose Shares are listed on the main board of the Stock Exchange (stock code: 2606)
“Controlling Shareholder(s)”	the Company’s controlling shareholder group (has the meaning ascribed to it under the Listing Rules), which refers to Languang Hejun, Languang Development, Languang Investment and Mr. Yang Keng
“Corporate Governance Code”	the corporate governance code contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“non-GAAP”	non-generally accepted accounting principles
“GFA”	gross floor area
“gross profit margin”	annual gross profit divided by annual revenue and multiplied by 100%
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

## GLOSSARY AND DEFINITIONS

(All amounts in RMB thousands unless otherwise stated)

“Languang Development”	Sichuan Languang Development Co., Ltd. (四川藍光發展股份有限公司) (formerly known as Sichuan Dikang Technology Pharmaceutical Co., Ltd. (四川迪康科技藥業股份有限公司)), a joint stock limited company listed on the Shanghai Stock Exchange in the PRC on 18 May 1993 (stock code: 600466) and one of the Controlling Shareholders
“Languang Group”	Languang Investment and its subsidiaries excluding the Group
“Languang Hejun”	Sichuan Languang Hejun Industries Co., Ltd. (四川藍光和駿實業有限公司), a company with limited liability established in the PRC on 20 May 1998 and one of the Controlling Shareholders
“Languang Investment”	Languang Investment Holdings Group Co., Ltd. (藍光投資控股集團有限公司) (formerly known as Sichuan Languang Industrial Group Co., Ltd. (四川藍光實業集團有限公司)), a company with limited liability established in the PRC on 13 October 1993 and one of the Controlling Shareholders
“Listing”	the listing of the issued H shares of the Company on the main board of the Stock Exchange on 18 October 2019
“Listing Date”	18 October 2019, on which dealings in our issued H shares first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“M&A”	mergers and acquisitions
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Yang”	Mr. Yang Keng (楊鏗), one of the Controlling Shareholders
“Ningbo Jiaqian”	Ningbo Jiaqian Corporate Management Partnership (Limited Partner) (寧波嘉乾企業管理合夥企業 (有限合夥)), a limited partnership established in accordance with the Partnership Laws of the PRC for the purpose of the implementation of the share incentive scheme adopted by the Company on 9 November 2018
“Prospectus”	the prospectus of the Company dated 8 October 2019 in relation to the Listing
“Relevant Period”	six months ended 30 June 2020
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## GLOSSARY AND DEFINITIONS

(All amounts in RMB thousands unless otherwise stated)

“Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each
“Shareholder(s)”	holders(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	supervisory committee of the Company
“US\$”	United States dollars
“%”	per cent

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translations of official Chinese names which are marked with “\*” are for identification purpose only.