



Colour Life Services Group Co., Limited

Stock code: 1778



SERVICE TO YOUR FAMILY

Interim Report 2020

Contents

Corporate Information	2
Honors and Awards	3
Chairman’s Statement	6
Management Discussion and Analysis	10
Business Overview	16
Review and Analysis	21
Corporate Governance and Other Information	30
Disclosure of Interests	37
Report on Review of Condensed Consolidated Financial Statements	40
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	41
Condensed Consolidated Statement of Financial Position	43
Condensed Consolidated Statement of Changes in Equity	46
Condensed Consolidated Statement of Cash Flows	48
Notes to the Condensed Consolidated Financial Statements	50

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Pan Jun
(Chairman)
Mr. Chen Xinyu
Mr. Huang Wei

Non-executive Directors

Mr. Tang Xuebin
Mr. Zhou Hongyi

Independent Non-executive Directors

Mr. Tam Chun Hung, Anthony
Dr. Liao Jianwen
Mr. Xu Xinmin

AUDIT COMMITTEE

Mr. Tam Chun Hung, Anthony
(Chairman)
Dr. Liao Jianwen
Mr. Xu Xinmin

REMUNERATION COMMITTEE

Dr. Liao Jianwen (Chairman)
Mr. Chen Xinyu
Mr. Tam Chun Hung, Anthony
Mr. Xu Xinmin

NOMINATION COMMITTEE

Mr. Pan Jun (Chairman)
Mr. Huang Wei
Mr. Tam Chun Hung, Anthony
Dr. Liao Jianwen
Mr. Xu Xinmin

COMPANY SECRETARY

Ms. Luo Shuyu

AUTHORISED REPRESENTATIVES

Ms. Luo Shuyu

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("THE PRC")

Room 1203-1209
Qixing Commercial Plaza B
Meilong Avenue
Longhua District
Shenzhen, the PRC

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 1202-03, New World Tower 1
16-18 Queen's Road Central
Central
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong
Limited: 1778

COMPANY'S WEBSITE

www.colourlife.hk

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman)
Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

(IN ALPHABETICAL ORDER)

Bank of China Limited
Industrial and Commercial Bank of
China Limited

Honors and Awards

AWARDS WON BY COLOUR LIFE IN 2020 (AS OF 30 JUNE)

- On 9 January 2020, at the “4th Annual Golden Hong Kong Stocks Awards Ceremony” held in Shenzhen, Colour Life won two awards, namely the “Most Valuable Property Management Company” and the “Best Investor Relations Management”.



2019 Most Valuable Property Management Company of Golden Hong Kong Stocks



2019 Best Investor Relations Management Award of Golden Hong Kong Stocks

- On 16 March 2020, at the “Anti-epidemic Period and Urban Renewal Era – Top 100 Chinese Real Estate Companies Award Ceremony of 2020 Guandian Annual Forum (抗疫时期与更新时代——暨中国房地产卓越100榜颁奖盛典2020 观点年度论坛)”, Colour Life Services Group (HK1778) was ranked 2nd in the “2020 Top 20 Property Management Companies of Outstanding Operation Performance in China” in recognition of its outstanding operational capability and leading position in innovation for industry development.



Ranking 2nd in the “2020 Top 20 Property Management Companies of Outstanding Operation Performance in China”

Honors and Awards

3. China's Top 10 Real Estate Enterprises Research Team hosted the "Press Conference on Research Results of 2020 Top 100 Property Management Companies in China and the Thirteenth Summit for Property Management Entrepreneurs in China" in Beijing on 13 May 2020. Colour Life Services Group received the titles of "2020 Top 100 Property Management Companies in China", "2020 China Top 10 Property Management Companies in terms of Service Scale", "2020 China Leading Property Management Companies in terms of Technology Application" and "2020 China Leading Property Management Companies in terms of Characteristic Service – Intelligent Community" in recognition of its leading comprehensive strength and service standards in the industry. In the research on listed property management companies conducted in 2020, Colour Life Services Group won the titles of "2020 China TOP 10 Listed Property Management Companies in terms of Comprehensive Strength" and "2020 China Excellent Listed Property Management Companies by Investment Value".



2020 Top 100 Property Management Companies in China



2020 China Leading Property Management Companies in terms of Characteristic Service – Intelligent Community



2020 China Leading Property Management Companies in terms of Technology Application



2020 China Top 10 Property Management Companies in terms of Service Scale



2020 China Excellent Listed Property Management Companies by Investment Value



2020 China TOP 10 Listed Property Management Companies in terms of Comprehensive Strength

Honors and Awards

AWARDS WON BY WANXIANGMEI IN 2020 (AS OF 30 JUNE)

1. On 16 March 2020, at the “Anti-epidemic Period and Urban Renewal Era – Top 100 Chinese Real Estate Companies Award Ceremony of 2020 Guandian Annual Forum”, Wanxiangmei was accredited the “2020 Outstanding Service Provider Brands in China” in recognition of its strong brand strength and excellent reputation among the owners.



2. China's Top 10 Real Estate Enterprises Research Team hosted the “Press Conference on Research Results of 2020 Top 100 Property Management Companies in China and the Thirteenth Summit for Property Management Entrepreneurs in China” in Beijing on 13 May 2020. Wanxiangmei was received the titles of “2020 Top 100 China Leading Property Management Companies in terms of Customer Satisfaction” and “2020 Noteworthy Property Management Companies in the Capital Market” in recognition of its leading comprehensive strength and service standards in the industry.



2020 Top 100 China Leading Property Management Companies in terms of Customer Satisfaction



2020 Noteworthy Property Management Companies in the Capital Market

Chairman's Statement

Dear Shareholders,

The first half year of 2020 left a special and unforgettable mark for the property management industry in China in which all parties engaged. The outbreak of the epidemic at the beginning of the year represented an unexpectedly acid test for the property management industry, under which all communities we serve have turned from comfortable homestead into a battlefield without gunpowder. While the epidemic still lingers, preparation work against flood disaster in a rainy season has become an additional challenge in many regions. Leveraging on the capability and experience gained over the past 18 years from its operation, Colour Life Services Group Co., Limited (the "Company" or "Colour Life") and its subsidiaries (collectively referred to as the "Group") has overcome severe challenges in major emergencies, and has delivered satisfactory performance to governments and all property owners. On behalf of the board of directors (the "Board") of Colour Life, I would like to take this opportunity to express my sincere gratitude to all property owners, partners and all staff for their great support to Colour Life during the fight against the epidemic and flood disaster.

Whilst putting enormous efforts in the fight against the epidemic and flood disaster, the Group also achieved steady growth of its businesses. During the six months ended 30 June 2020, the Group recorded a revenue from the main business lines of RMB1,778.9 million and a year-on-year increase of 9.5% in net profit attributable to owners of the Company to RMB236.4 million. Basic earnings per share were RMB16.62 cents.

In the past two years, as the property management industry has become an investment hot spot in the capital market and gained the attention of investors, the whole industry has accelerated its pace in capitalisation and marketization, leading to intensive industry competition. Against such backdrop, we need to keep abreast with the development trend of the industry and establish clear development strategy. The Group believes that, as a fast-growing industry, it is essential to create the corporate's core value. In this regard, from the perspectives of value appreciation, value enhancement and value exploration, we conducted a comprehensive review, summary and forecast of our businesses, proceeding to achieve the goal of "Service to Your Family".

LEVERAGING ON LONG-TERM ENGAGEMENT AND EXPERTISE TO ACHIEVE VALUE APPRECIATION

Over the past years, leveraging on its core competitiveness based on professional and market-oriented services, the Group has established a unique development pattern of third-party expansion, under which the Group strives to increase its market shares by enhancing its brand reputation and offering quality services at a competitive price. As of 30 June 2020, the Total Contracted GFA of the Group reached 563.7 million sq.m., serving 2,850 communities in 279 cities across the country.

Chairman's Statement

Due to its extensive service coverage, the Group was faced with greater challenges with more significant responsibilities during the battle against the epidemic at the beginning of the year. As a leader of the industry, the Group made prompt response by carrying out unified deployment and quickly developing a standardised epidemic prevention and control plan which has been simultaneously implemented in nationwide projects of the Group. Our efforts have been well paid off. Thanks to the commitment and professional work of all staff of Colour Life, no case of mass infection was reported in any community managed by the Group, and the infection rate of residents in the communities managed by the Group in Wuhan was far below the average infection rate of the city. Moreover, our efforts were well recognised, with over 75% of the projects managed by the Group receiving commendation from the government or compliments and regards from the owners. The Group has been praised 127 times and 603 times for its excellent work by the city- and district-level governments and the sub-district offices and communities, respectively. In the "Satisfaction Survey for Epidemic Prevention and Control" in Season 2 of "Outstanding Property Management Companies (《物業英雄》)" co-organised by Leju Finance (樂居財經) and China Property Management Research Institute (CPMRI) (中物研協), all communities served by Colour Life achieved high scores in every evaluation item, in particular Wanxiangmei topped the popularity rankings and Colour Life was ranked 3rd in comprehensive grading. Recognition from the residents via direct voting means a great deal to us.

On 10 March, during his inspection to Wuhan, General Secretary Xi Jinping paid a visit to Donghu New Town community and had a cordial exchange with the community workers, base-level policemen, doctors at the health service station, cadres in grass-root units and volunteers to learn about community-based efforts in the epidemic prevention and control, community services and measures taken to ensure the supply of daily essentials. President Xi pointed out that the communities, as the frontline organisation in fighting against the epidemic, have shouldered arduous tasks and all parties engaged in the epidemic prevention and control at the community level made great contribution in curbing the spread of the epidemic and ensuring the supply of daily essentials through their hard work. Donghu New Town community is one of the 56 communities served by Colour Life in Wuhan, and was awarded the certificate of "Epidemic-free Community" for its excellent work in epidemic prevention and control. Colour Life will bear in mind the speech delivered by Xi Jinping, the General Secretary, and focus on community services, continuing to act as the frontline fighter against the epidemic.

The epidemic is an important test for the potential of property management companies, and also represents a new opportunity for value appreciation of the industry. During the epidemic, the property management industry that used to be overlooked in the past has gained attention and recognition from the government, society and owners. As evidenced by our success in preventing and controlling the epidemic, the Group is well poised to deliver professional and efficient response and services benefitting from its focus and expertise on the property management sector over the past years, which is fundamental for the steady and innovative development of the enterprise and also essential for the future development of Colour Life.

Chairman's Statement

PROMOTING CONTINUOUS IMPROVEMENT AND OPTIMISATION TO DRIVE VALUE ENHANCEMENT

Through our exploration into the community service industry over the past years, in particular the fight against the epidemic this year, we gained an increasing recognition that focusing on basic community services is essential for the Group's sustainable development. Therefore, the Group began to place emphasis on management details and service awareness as core indicators of its operation, so to achieve transformation from property management to resident service through a thorough and up-to-bottom approach. To this end, we need to make constant improvement and optimisation in terms of management concept, work method, operation approach and understanding of residents' needs.

In order to enhance service awareness, the Group continued to stick to the strategy of "promoting community care" during the reporting period. For example, in response to the "street-stall economy" initiative of the government and in order to promote neighbourhood relationship, the Group organised "public welfare fairs" in the communities, which not only offered an opportunity to promote communication among adults but also provided vending stalls for children for fun and to broaden their horizon. On Children's Day, the Group organised an event to have some children to paint the manhole covers, with the assistance of the owners. It was a great opportunity for the residents to enjoy a wonderful parent-child time and made the community environment filled with joyous children. With the university entrance examination around the corner, the Group joined hands with NetEase Cloud Music (網易雲音樂) to offer support to students to sit the exam, such as providing stationery bags, posting proposals to create a quiet environment for the exam, providing dedicated shuttle service from and to the exam sites, etc.. On Dragon Boat Festival, our property management staff organised an event for residents to prepare Zongzi and held interesting sports meetings. Through these community activities, our staff and the owners shared positive feedbacks, which enabled us to meet the needs of the residents, significantly enhancing our service awareness from inside out and improving the owners' satisfaction.

On the other hand, an enterprise shall undergo organisation reform at different development stages, so as to keep abreast with the latest market trend and achieve continuous optimisation and development. In order to optimise the overall management and development system, the Group carried out restructuring of its original structure and reorganised its business into five regional segments by geographical location, so as to promote further integration between its original businesses such as "Colour Life branch" and the acquired businesses such as "WXM branch", which is conducive to the unified management of the Group to enhance resource utilisation and achieve scale economy, and also helps to export the management and service experiences of some outstanding communities across the Group to promote synergetic effects and cost advantage.

PROMOTING BUSINESS EXPANSION AND INNOVATION TO EXPLORE VALUE

From the perspective of changes in the industry, the property management industry has become an investment hot spot in the capital market with increasing number of companies listed on the stock markets, which is attributable to not only the industry characteristics of stable income stream and cash flow, but also the tremendous development potential of community consumption scenarios. The management rights stipulated in the property management contracts and the multiple interaction between property management companies and owners constitutes valuable community resources in this industry. Based on the aforesaid, efforts have been made to explore the diversified profit models of the industry, while Colour Life acts as a leader and pioneer in the development of community value-added services.

Chairman's Statement

The Group has developed a number of innovative business models based on community scenarios, in an effort to explore a business pattern to promote sustainable development of Colour Life. Our passion towards Internet technology, outstanding innovation capability and sensitivity to industry trends have become one of our core competitiveness. In addition, JD.com and 360.com, two Internet giants, have joined Colour Life as strategic investors to jointly explore community value-added business. In the first half of 2020, the Group joined hands with JD.com to promote the implementation of a pilot business of smart parcel lockers. Under this business model, JD.com is responsible for the installation of smart parcel lockers, while the Group is responsible for courier delivery within the communities. The fees paid by the couriers for using such cabinets will be allocated between the Group and JD.com as income. Compared with the fixed annual rental fees for the community space paid by other smart parcel locker operators under the original arrangement, the income generated under the new cooperation model can be increased through efficient turnover of such cabinets, thus significantly improving the profitability of the business. Moreover, the property management staff of Colour Life provide assistance for order delivery, which offers additional opportunities for communication with the owners, opening up new channels to explore residents' needs and develop new businesses. As at 7 August 2020, the smart parcel lockers have been set up at 95 pilot communities served by the Group in 17 cities. The smart parcel locker business is only an example of the community value-added services we are embarking on. Based on this business, we will continue to explore other types of community services, making property management services a much more important part of the owner's daily life.

PROSPECTS

The future development trend of the property management industry shows a shift from property management to property service and from community management to community governance. The corporate mission of Colour Life as a community service provider is to develop itself as an outstanding property management company and, more importantly, to build harmonious communities that provide residents with a caring living environment and comply with government regulations. Colour Life is determined to be the community service provider that has the largest service area as well as the best quality of service.

Looking forward, Colour Life will continue to focus on "business growth", "efficiency enhancement" and "value appreciation". In terms of "business growth", the community service industry in the second, third and fourth-tier cities remains highly segmented, which represents a market with tremendous development potential for Colour Life due to its advantage in low-cost competition and independent third-party expansion. We will proactively facilitate the increase in service area through various means including business expansion and acquisitions and mergers. In terms of "efficiency enhancement", we will strive to reduce labour and operation costs by streamlining head-office team, implementing horizontal organisation structure and adopting refined management based on Internet technology, and will organise a wide variety of community activities to promote community harmony and owners' satisfaction. In terms of "value appreciation", we will continue to cooperate with JD.com, 360.com and other business partners, keep abreast with the latest market trend and make constant innovations, so as to explore further potential of community value-added services.

In an era featured with opportunities, challenges and changes, the Group will maintain a humble, introspective and open mind, and continue to optimise business portfolio and explore value appreciation, so as to provide customers with better services, create greater value for the shareholders and embrace a better future together!

Management Discussion and Analysis

BUSINESS MODEL

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

As communities constitute the smallest social component of the city, a stable and convenient living environment for the residents of the community is essential to the development of the society. The Group strives to meet the basic living needs of the residents through providing Four Guarantees services (defined as cleaning, greening, security and maintenance services). Such basic property management services constitute the cornerstone of community services system.

Following the in-depth implementation of smart community construction, the Group proactively utilises the new technologies from the Internet, deepens the application of technologies like big data and artificial intelligence, and focuses on investments in intelligent equipment, and enhancing the Group's efficiency in providing high quality property management services. The Group has established a powerful head office digital "cloud" system, which strengthened the service capacity of the "terminal" and minimize the dependency on function and scope of "management", so as to organise effective community services. For instance, the Group put forward the Big Dipper strategy, by implementing the order-oriented modification on the seven major functions of E-Parking, E-Lift, E-Energy, E-Cleaning, E-Decoration, E-Payment and E-Complaint, the Group has initially divided the entire property management service process into orders, further enhancing the service efficiency of the Group.

The Group has also classified communities managed by it into various service levels based on different charging standards, set standards for equipment modification and service packages to ensure standard customer experience in different projects and secure the Group's rapid expansion across China. With the establishment of an automated, centralised and standardised management system, the Group has realised excellent capacity of cost control under the premise of increasing management areas and securing customer satisfaction.

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

The Group is actively building up an online platform Caizhiyun for its community services equipped with functions such as paying property management fees, issuing notices and submitting complaints online through the platform, which not only provides convenience for residents of the communities but also strengthens the interactions and communications between the Group and property owners living in the communities. In addition, the Group designates a proportional number of customer managers to serve the communities based on the proportion to the number of residents in such communities. The customer managers will schedule visits with residents through the Caizhiyun platform for following up work and feedback relating to customer satisfaction in a timely manner, in order to ensure the quality of the offline community services and efficiently becoming aware of the services that property owners need anytime. The Group will grow the corresponding value-added services and organically integrate online and offline business in the community, which will further enhance the Group's competitive edges. In recent years, with the rapid development of the online platform, value-added services have become one of the key drivers of the core competitiveness and performance growth of Colour Life.

Management Discussion and Analysis

On 19 July 2019, the Group reached agreements with JD.com and 360.com, pursuant to which the Company would issue 71,149,000 shares and 22,956,000 shares to them respectively at a price of HK\$5.22 per share. Upon completion of the aforesaid transactions in 2019, the aggregate interests held by JD.com and 360.com in the Company accounted for 5.00% and 3.05%, respectively, of the enlarged share capital.

In the future, JD.com and the Group will cooperate in community-based new retail model, establishing front-end warehouses, logistics distribution and enhancement of platform experience. At the same time, based on the technological experience accumulated by 360.com in the field of core security, the Group will cooperate with 360.com in aspects like security, big data, Internet of Things and artificial intelligence. Through the cooperation with JD.com and 360.com to explore “community +” strategy, the online and offline operation capabilities of Colour Life will be further enhanced to improve the living experience of property owners, so as to create a more private, more comfortable and more convenient smart community for property owners.

BUSINESS DEVELOPMENT

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

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

The Group focused on driving its organic growth through reputation and branding. With our outstanding property management experience, as at 30 June 2020, the Total Contracted GFA of the Group had reached 563.7 million sq.m. while the number of communities under the Group’s management and consultancy services contracts had reached 2,850. As at 30 June 2020, the area of the Group’s revenue-bearing GFA reached 363.7 million sq.m.. At the same time, the Group is actively building up an online platform for its community services, and through providing the platform to collaborative partners, the Group’s online platform could serve more communities and families not managed by Colour Life. Today, the projects that the Group served cover 279 cities in China and one overseas country, namely Vietnam, fully demonstrating the technological strength of the Group’s online platform.

Management Discussion and Analysis

The Group entered into a cooperation agreement with Phu My Hung Development Corporation (a company based in Vietnam), pursuant to which both parties jointly made contribution to establish an associate in Vietnam, i.e. Hung Thai Technology Company Limited (hereafter referred to as “Hung Thai Technology”), which will be responsible for the management of property projects in Vietnam. Meanwhile, the Group will provide platform technology and license it to Hung Thai Technology, including guidance on cloud platform technology, assistance for it to build smart communities by leveraging on our cloud platform, etc.. As at 30 June 2020, the Total Contracted GFA of Hung Thai Technology’s subsidiary reached approximately 3.35 million sq.m.. Meanwhile, LivinPMH, the Vietnamese version of Caizhiyun APP, has also been launched, which mainly provides the users with basic property management functions and business information services. As at 30 June 2020, the number of online commercial tenants in LivinPMH amounted to 1,386, demonstrating the acceptance and recognition of intelligent community system with Colour Life feature in the Vietnamese market.

In addition to extending the online platform or providing the relevant technical guidance to other property management companies, the Group continued to expand the scopes under which its online platform technology can be applied. For example, the Group helped Changsha City Public Security Bureau to develop the Changsha Gardener APP for mass prevention and treatment to public order in Changsha City. Citizens can take up patrol orders or traffic violation reporting orders from the Changsha Gardener. Once an order is completed, the users can get relevant points as a coupon when the users make a purchase on the Changsha Gardener APP. This new model has encouraged the general public to participate in the process of building a secure city as well as their harmonious communities, extremely well received by the Changsha Municipal Government. As at 30 June 2020, registered users of the Changsha Gardener APP amounted to 6.0 million. Taking patrol orders as example, there were a total of approximately 2.1 million people participating in the patrol service since the launch of such service on 28 March 2019 up to 30 June 2020, with a total patrol route length of approximately 3.7 million kilometers. The platform has received a total of 566.0 thousand reported cases relating to traffic violations and 1.4 thousand reported drug cases, making itself an efficient channel for citizens to jointly participate in the construction of a civilised city. The successful launching of such innovative application indicates that the Group’s online platform technology has a wider application, and it will have greater space for development in the future.

In addition, following the signing of the comprehensive strategic cooperation agreement between the Group and JD.com, the two parties jointly promoted the implementation of a pilot business of smart parcel lockers in 2020. Under this business model, JD.com is responsible for the installation of smart parcel lockers, while the Group is responsible for the courier delivery within the communities. The fees paid by the couriers for using such cabinets are allocated between the Group and JD.com as income. Instead of fixed annual rental fees paid to the communities in respect of such cabinets under the original arrangement, this business model generates commissions from the efficient turnover of such cabinets, significantly improving the profitability of the business. At the same time, the Group provides assistance for order delivery, which offers more opportunities for communication between our staffs and the residents. As at 7 August 2020, a total of 115 smart parcel lockers have been set up at 95 pilot communities served by the Group in 17 cities. As calculated, revenue generated from such business may exceed the original venue rental income should the usage rate reached 60%. Currently, the average usage rate of new lockers reached approximately 81%, and the highest usage rate in Shenzhen reached up to 120%.

Management Discussion and Analysis

As at 30 June 2020, the locations of communities where the Group provided management, consultancy services and which the Group cooperated with are set out as follows:



Southern China

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

Eastern China

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

Southwestern China

- 106 Qufu
- 107 Maanshan
- 108 Yixing
- 109 Taizhou
- 110 Yuyao
- 111 Zhuji
- 112 Heze
- 113 Huangshan
- 114 Ledong
- 115 Tongling
- 116 Anqing
- 117 Chengdu
- 118 Liuzhou
- 119 Dali
- 120 Guilin
- 121 Nanning
- 122 Zigong
- 123 Chongzuo
- 124 Baise
- 125 Guigang
- 126 Zunyi
- 127 Guiyang
- 128 Fangchenggang
- 129 Deyang
- 130 Guang'an
- 131 Laibin
- 132 Lijiang
- 133 Mianyang
- 134 Pingnan
- 135 Suining
- 136 Tongren
- 137 Yizhou
- 138 Chongqing
- 139 Ziyang
- 140 Anshun
- 141 Beihai
- 142 Guanghan
- 143 Kunming
- 144 Guangyuan
- 145 Neijiang
- 146 Duyun
- 147 Fuqian
- 148 Longli
- 149 Majiang
- 150 Bazhong

Northwestern China

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

Northeastern China

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

Northwestern China

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

Northern China

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

Central China

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

Overseas

- 280 Vietnam

Management Discussion and Analysis

As at 30 June 2020, the Group recorded a sustained growth in platform service area. The following table sets out the contracted GFA and the number of communities where the Group provided management and consultancy services in different regions as at the dates indicated below:

	As at 30 June 2020				As at 31 December 2019			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy's service arrangements	
	Contracted GFA	Number of communities	Contracted GFA	Number of communities	Contracted GFA	Number of communities	Contracted GFA	Number of communities
	('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)	
Shenzhen	9,491	126	727	16	9,596	127	727	16
Southern China (excluding Shenzhen)	91,859	574	2,126	8	90,680	570	2,126	8
Eastern China	143,720	942	2,469	8	145,195	951	2,469	8
Southwestern China	98,183	375	968	3	99,285	385	967	3
Northeastern China	21,012	97	1,664	7	21,075	98	1,680	8
Northwestern China	16,605	86	3,506	2	16,347	85	3,506	2
Northern China	35,860	146	150	2	35,839	145	150	2
Central China	135,021	457	300	1	132,087	454	300	1
Total⁽¹⁾	551,751	2,803	11,910	47	550,104	2,815	11,925	48

Note:

(1) As at 30 June 2020, the Group's Total Contracted GFA reached 563.7 million sq.m..

Management Discussion and Analysis

As at 30 June 2020, the Group managed 2,803 communities with an aggregate contracted GFA of approximately 551.8 million sq.m. and entered into consultancy service contracts with 47 communities with an aggregate contracted GFA of approximately 11.9 million sq.m.. The Group will mainly expand its business by obtaining new service engagements. The following table sets out the movements of contracted GFA and the number of communities where the Group provided management, consultancy services and which the Group cooperated with during the reporting period:

	As at 30 June 2020				As at 31 December 2019			
	Managed by the Group		Under the Group's consultancy service arrangements		Managed by the Group		Under the Group's consultancy's service arrangements	
	Contracted GFA	Number of residential communities	Contracted GFA	Number of residential communities	Contracted GFA	Number of residential communities	Contracted GFA	Number of residential communities
	('000 sq.m.)		('000 sq.m.)		('000 sq.m.)		('000 sq.m.)	
As at the beginning of the year	550,104	2,815	11,925	48	542,299	2,661	11,353	48
New engagements ⁽¹⁾	4,762	20	-	-	22,044	260	598	2
Acquisition ⁽²⁾	-	-	-	-	1,231	9	-	-
Termination ⁽³⁾	(3,115)	(32)	(15)	(1)	(15,470)	(115)	(26)	(2)
As at the end of the period	551,751	2,803	11,910	47	550,104	2,815	11,925	48

Notes:

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

Management Discussion and Analysis

BUSINESS OVERVIEW

The Group has three main business lines:

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

Scope of Services for Property Management Services

As at 30 June 2020, the Group employed over 55,474 on-site personnel (including staffs employed by the Group and the staffs outsourced to third parties) to provide property management services. The table below sets forth the property management fee range for area within the communities the Group managed under commission basis and lump sum basis as at the dates indicated below. Property management fee levels within the same geographical region vary depending on factors such as property types and locations.

	As at 30 June 2020		As at 31 December 2019	
	Under commission basis (RMB/sq.m./ month)	Under lump sum basis (RMB/sq.m./ month)	Under commission basis (RMB/sq.m./ month)	Under lump sum basis (RMB/sq.m./ month)
Shenzhen	0.4-11.4	1.8-16.9	0.4-11.4	1.8-16.9
Southern China (excluding Shenzhen)	0.5-5.9	0.7-16.9	0.5-5.9	0.7-16.9
Eastern China	0.4-17.0	1.1-16.0	0.4-17.0	1.1-16.0
Southwestern China	0.5-6.1	0.3-25.0	0.5-6.1	0.3-25.0
Northeastern China	0.4-3.3	2.0-18.0	0.4-3.3	2.0-18.0
Northwestern China	0.5-4.0	1.4-22.7	0.5-4.0	1.4-22.7
Northern China	0.7-5.5	1.2-25.0	0.7-5.5	1.2-25.0
Central China	0.6-5.3	0.9-16.9	0.6-5.3	0.9-16.9

Management Discussion and Analysis

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

Property Management Services under Commission Basis

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

Property Management Services under Lump Sum Basis

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

Pre-delivery Services

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

Consultancy Services

With a view of expanding the Group's presence, showcasing its services and abilities to a wider audience, making its brand more widely known and expanding the customer base for its value-added services, the Group has selectively entered into consultancy services contracts with regional property management companies. Under such arrangements, the property management companies are contracted to provide property management services in the relevant communities. The Group provides consultation and advice for these regional property management companies such that they can leverage on the Group's experience and platform to improve various aspects of them such as property management, quality control and human resources management. In addition, the Group provides value-added services in the relevant communities in accordance with the contracts, which may generate additional revenue for the Group in the future. As at 30 June 2020, the Group provided consultancy services for 47 communities and the Consultancy GFA was 11.9 million sq.m..

Management Discussion and Analysis

Scope of Services for Value-added Services

Adhering to the value and concept of “Service to Your Family”, the Group has been focusing on providing diversified value-added services for community property owners. With 17 years of experience in community management and services, the Group has established a comprehensive online and offline service system. The Group has employed on-site personnel such as customer managers and community stewards to provide more convenient community services for property owners. Through paying frequent visits to and communicating with owners by customer managers, the Group has built up trust with residents living in communities and has a more comprehensive understanding on the demands of them. Leveraging on the in-depth understanding about the residents of the communities for which the Group provides management, consultancy or which the Group cooperates with, the Group works with third-party professional goods and service providers to create a safer, more convenient and more comfortable living environment for residents.

With the promotion of more convenient ports such as WeChat applet, the number of users logging onto Caizhiyun through WeChat has increased significantly. At the same time, the ecosystem product companies have developed rapidly. Specifically, the E-Energy has established a strategic cooperation partnership with Tencent Park and successfully entered the Vietnam market. With number of users continuing to rise, in order to reflect the actual operation more realistically, we decided to change the statistical criteria of registered and active users to the ecosystem standard with effect from 2018, including Caizhiyun users at APP and WeChat, and users of ecosystem product companies. As at 30 June 2020, registered users of Colour Life’s ecosystem increased to approximately 37.7 million, of which 16.7 million were ecosystem active users. The accumulated value-added services revenue was RMB151.9 million. The gross profit margin remained at a high level of 94.4%, contributing a profit of 30.8%.

At the same time, the Group’s new cooperation model with property developers is designed to provide quality property management services and facilitate the destocking of property developers’ existing assets, namely Colour Life Parking Lots (彩生活車位). Such model mainly targets at parking lots that are difficult for property developers to sell, and part of the purchase fee paid by buyers is returned to their Caizhiyun accounts year after year, which can be used to pay consumptions on the Caizhiyun platform, thereby offering cost saving to buyers in future. The product of Colour Life Parking Lots facilitated good interactions between the Group and property developers, helping the Group to gain property service resources.

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

Management Discussion and Analysis

Online promotion services

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

Sales and rental assistance

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

Other value-added services

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

Scope of Services for Engineering Services

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

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

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

Management Discussion and Analysis

The Group's engineering services primarily include (i) automation and other hardware equipment installation services; (ii) community utility facilities repair and maintenance services; (iii) community automation services; and (iv) energy-saving services.

Installation service fees from provision of engineering services

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

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

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

Service fees from provision of repair and maintenance services

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

Community automation services (also referred to as "equipment leasing services")

The Group renders automation and other equipment upgrade services to communities that it provides management or consultancy services, including car park security systems, building access systems and remote surveillance cameras. These equipment items were invested by Shenzhen Kaiyuan Tongji and made available for use by various communities. The community automation services income was recategorised to value-added services as a result of the adoption of HKFRS 16 since 1 January 2019.

Service fees from provision of energy-saving services

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

Management Discussion and Analysis

REVIEW AND ANALYSIS

Revenue

The Group's revenue mainly arises from (i) property management services; (ii) value-added services; and (iii) engineering services. For the current period, total revenue slightly decreased by 1.8% from RMB1,811.5 million for the corresponding period of 2019 to approximately RMB1,778.9 million, which basically remained in line with the amounts of corresponding period of 2019.

	For the six months ended 30 June					
	2020		2019		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management services	1,559,650	87.7%	1,510,817	83.4%	48,833	3.2%
Value-added services	151,921	8.5%	214,709	11.9%	(62,788)	(29.2%)
Engineering services	67,303	3.8%	86,009	4.7%	(18,706)	(21.7%)
Total revenue	1,778,874	100%	1,811,535	100%	(32,661)	(1.8%)

Property Management Services

For the current period, revenue from property management services increased by 3.2% from RMB1,510.8 million for the corresponding period of 2019 to RMB1,559.7 million for the current period.

	For the six months ended 30 June					
	2020		2019		Variance	
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue	Amount RMB'000	%
Revenue						
Property management service fees on lump sum basis	1,437,287	80.8%	1,294,883	71.5%	142,404	11.0%
Property management service fees on commission basis	89,796	5.0%	89,457	4.9%	339	0.4%
Pre-delivery services	26,922	1.6%	115,144	6.4%	(88,222)	(76.6%)
Property management consultancy service fees	5,645	0.3%	11,333	0.6%	(5,688)	(50.2%)
Total	1,559,650	87.7%	1,510,817	83.4%	48,833	3.2%

Management Discussion and Analysis

The increase in property management services was primarily attributable to:

- (a) an increase in revenue from service fees charged on a lump sum basis of RMB142.4 million, which was due to the completion of the acquisitions of Beijing Darwin at the end of March 2019 as well as the conversion of certain pre-delivery service projects into property management projects under lump sum basis upon the completion of pre-delivery stage;
- (b) a slight increase in revenue from property management services under commission basis of RMB0.3 million;
- (c) a decrease in revenue for pre-delivery services for the current period of approximately RMB88.2 million as compared to the amounts for the corresponding period of 2019 which was mainly due to the conversion of certain pre-delivery service projects into property management projects under lump sum basis upon the completion of pre-delivery stage;
- (d) a decrease in revenue from the consultancy service contracts of approximately RMB5.7 million to approximately RMB5.6 million for the current period due to the expiration of certain consultancy service agreements.

Due to the above facts, revenue from property management services for the current period accounted for 87.7% of the total revenue of the Group, representing an increase of 4.3% from 83.4% for the corresponding period of 2019.

Value-added Services

For the current period, revenue from value-added services decreased by 29.2% from RMB214.7 million for the corresponding period of 2019 to RMB151.9 million for the current period.

	For the six months ended 30 June				Variance	
	2020		2019		Amount RMB'000	%
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue		
Revenue						
Online promotion services	42,707	2.4%	84,050	4.6%	(41,343)	(49.2%)
Sale and rental assistance	82,483	4.6%	91,826	5.1%	(9,343)	(10.2%)
Other value-added services	26,731	1.5%	38,833	2.2%	(12,102)	(31.2%)
Total	151,921	8.5%	214,709	11.9%	(62,788)	(29.2%)

Management Discussion and Analysis

The decrease in value-added services was primarily attributable to:

- (a) a decrease in revenue from online promotion services of approximately RMB41.3 million from approximately RMB84.0 million for the corresponding period of 2019 to approximately RMB42.7 million for the current period, which was due to the business transformation in accordance with the Group's strategy;
- (b) a decrease in revenue from sales and rental assistance of approximately RMB9.3 million from approximately RMB91.8 million for the corresponding period of 2019 to approximately RMB82.5 million for the current period, which was mainly due to the decrease in the sales volume of parking lots as a result of the impact of epidemic;
- (c) a decrease in revenue from other value-added services of approximately RMB12.1 million from approximately RMB38.8 million for the corresponding period of 2019 to RMB26.7 million for the current period, which was mainly due to the business transformation in accordance with the Group's strategy.

Engineering Services

For the current period, revenue from engineering services decreased by 21.7% from RMB86.0 million for the corresponding period of 2019 to RMB67.3 million for the current period.

	For the six months ended 30 June				Variance	
	2020		2019		Amount RMB'000	%
	Amount RMB'000	% of total revenue	Amount RMB'000	% of total revenue		
Revenue						
Equipment installation service fees	52,027	2.9%	69,472	3.8%	(17,445)	(25.1%)
Repair and maintenance service fees	8,915	0.5%	6,656	0.4%	2,259	33.9%
Energy-saving service fees	6,361	0.4%	9,881	0.5%	(3,520)	(35.6%)
Total	67,303	3.8%	86,009	4.7%	(18,706)	(21.7%)

Management Discussion and Analysis

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

- (a) a decrease in revenue from equipment installation services of approximately RMB17.4 million from RMB69.4 million for the corresponding period of 2019 to RMB52.0 million for the current period, which was mainly due to the decrease of approximately RMB21.3 million in revenue from installation of energy-saving light bulbs and pumps and also the business transformation in accordance with the Group's strategy;
- (b) a slight increase in revenue from repair and maintenance services of approximately RMB2.3 million to approximately RMB8.9 million for the current period;
- (c) a decrease in revenue from energy-saving service fees of approximately RMB3.5 million from approximately RMB9.9 million for the corresponding period of 2019 to approximately RMB6.4 million for the current period, which was mainly due to the outbreak of COVID-19.

Cost of Services

Cost of services primarily comprises labour costs, subcontracting costs, costs of raw materials which mainly consist of energy-saving light bulbs, intercommunication devices, security camera wires, pipes and others, utility costs, depreciation and amortisation and others. The cost is mostly incurred by property management service contracts on a lump sum basis and pre-delivery services contracted with property developers. For the current period, cost of sale and services decreased by approximately RMB24.5 million or 2.0% from approximately RMB1,221.9 million for the corresponding period of 2019 to approximately RMB1,197.4 million. The decrease was primarily attributable to (i) the increase in property management costs of approximately 3% (approximately RMB31.6 million) which was in line with the increase in property management income; (ii) the decrease in value-added service costs of approximately RMB40.5 million mainly due to the decrease in the costs of sale agency services as a result of the significant decrease in the sales volume of parking lots under the impacts of the epidemic outbreak; (iii) the decrease in engineering service costs of approximately RMB15.5 million mainly due to the decrease in business costs incurred by the installation of energy-saving light bulbs and pumps and other businesses as a result of strategy adjustment by the Group and the decrease in repair and maintenance staff costs following the launch of the E-Repair platform.

Gross Profit and Gross Profit Margin

For the current period, overall gross profit slightly decreased by RMB8.3 million from approximately RMB589.7 million for the corresponding period 2019 to approximately RMB581.4 million. The decrease was mainly due to the following factors: (i) gross profit of property management services increased by approximately RMB17.2 million as compared with the corresponding period of 2019; (ii) gross profit of value-added services decreased by approximately RMB22.3 million as compared with the corresponding period of 2019; and (iii) gross profit of engineering services decreased by RMB3.2 million as compared with the corresponding period of 2019.

Overall gross profit margin slightly increased by 0.1% from 32.6% for the corresponding period of 2019 to 32.7% for the current period.

Management Discussion and Analysis

(i) Property Management Services

For the current period, the gross profit of the property management services increased by approximately RMB17.2 million as compared with the corresponding period of 2019, while the gross profit margin increased by 0.3% from approximately 26.5% for the corresponding period of 2019 to approximately 26.8% for the current period.

(ii) Value-added Services

For the current period, the gross profit of the value-added services decreased by 13.4% from approximately RMB165.8 million for the corresponding period of 2019 to approximately RMB143.5 million. The decrease was mainly due to the business transformation in accordance with the Group's strategy.

(iii) Engineering Services

For the current period, the gross profit of engineering services slightly decreased by approximately RMB3.2 million from RMB23.7 million for the corresponding period in 2019 to RMB20.5 million. The decrease was mainly due to the outbreak of COVID-19.

Other Gains and Losses

The Group recorded net other losses for the current period of RMB5.5 million (the corresponding period in 2019: net other gains of RMB1.9 million), which was due to net exchange loss of RMB9.2 million (the corresponding period in 2019: net exchange loss of RMB1.6 million) as a result of the appreciation of USD.

Other Income

For the current period, the Group's other income amounted to approximately RMB38.3 million, which primarily comprises of (i) interest income of RMB18.5 million; and (ii) government grants and value-added tax refunds totaling approximately RMB14.5 million. For the current period, the other income increased by approximately 33.7% from approximately RMB28.7 million for the corresponding period of 2019.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately RMB15.3 million or 70.0% from approximately RMB21.8 million for the corresponding period of 2019 to approximately RMB6.5 million for the current period. The decrease mainly represented the decrease in promotion expenses for Colour Life Parking Lots business and other value-added services due to the outbreak of COVID-19 and business transformation in accordance with the Group's strategy.

Management Discussion and Analysis

Administrative Expenses

The Group's administrative expenses slightly decreased by approximately 1.4% from approximately RMB190.8 million for the corresponding period of 2019 to approximately RMB188.0 million for the current period. The decrease was primarily due to (i) a decrease in share-based payment expenses of approximately RMB9.9 million in respect of the share options schemes and share award scheme adopted by the Company; and (ii) an increase in the administrative staff costs of approximately RMB8.5 million as a result of the expansion of property management services and business transformation of the value-added services.

Expenses Recharged to Residential Communities on a Commission Basis

For the current period, the Group's expenses recharged to residential communities managed under commission basis amounted to approximately RMB40.2 million, representing a slight increase of RMB0.3 million or 0.8% from approximately RMB39.9 million for the corresponding period of 2019.

Finance Costs

For the current period, the Group's finance costs amounted approximately RMB88.0 million, representing a decrease of approximately RMB22.1 million or approximately 20.1% from approximately RMB110.1 million for the corresponding period of 2019. The decrease was mainly due to the lower level of average debts for the current period as compared to those for the corresponding period of 2019. As at 30 June 2020, the total debts of the Group decreased by approximately RMB42.4 million from the total amount of RMB2,294.6 million as at 31 December 2019 to approximately RMB2,252.2 million.

Share Options

The Company adopted a share option scheme on 11 June 2014.

On 29 September 2014, 30 April 2015, 18 March 2016 and 27 November 2018, the Company granted 45,000,000, 25,000,000, 34,247,488 and 19,464,720 share options to the directors, employees, and minority shareholders of certain subsidiaries, with an exercise price of HK\$6.66 each, HK\$11.00 each, HK\$5.76 each and HK\$4.11 each, respectively. The Company recognised the total expense of approximately RMB3.3 million for the current period (the corresponding period of 2019: RMB6.7 million).

Changes in Fair Value of Investment Properties

The fair value loss on investment properties accounting to RMB0.7 million for the current period was mainly due to the outbreak of COVID-19.

Income Tax Expenses

The Group's income tax expenses increased by 25.9% from approximately RMB75.8 million for the corresponding period of 2019 to approximately RMB95.4 million for the current period, which was primarily due to an increase in current enterprise income tax of 17.6% from RMB101.6 million for the corresponding period of 2019 to RMB119.5 million for the current period.

Management Discussion and Analysis

Intangible Assets

As at 30 June 2020, the carrying amount of intangible assets held by the Group was approximately RMB1,022.3 million (31 December 2019: approximately RMB1,091.2 million). The amortisation of intangible assets was approximately RMB68.9 million for the year.

Trade and Other Receivables and Prepayments

Trade receivables primarily arise from property management services under lump sum basis and pre-delivery services, value-added services and engineering services.

As at 30 June 2020, trade receivables of the Group net of the allowance for expected credit losses, amounted to approximately RMB918.3 million, which increased by approximately RMB260.1 million or 39.5% as compared to approximately RMB658.2 million as at 31 December 2019. Based on the analysis of historical payment pattern by the management, the residents will usually settle the outstanding property management fees by the end of the year, which are also benefited from more resources involved by the property management companies to ask the residents for management fee settlement in second half of the year. It is a common practice of property management industry, therefore, the trade receivables as at 31 December is expected to be much lower than those as at 30 June.

Other receivables and prepayments increased by RMB36.0 million from approximately RMB751.7 million as at 31 December 2019 to approximately RMB787.7 million as at 30 June 2020. The increase was primarily attributable to (i) an increase in refundable deposits paid to business partners of approximately RMB65.4 million in relation to Colour Life Carpark Projects; (ii) an increase in prepayments to suppliers of approximately RMB6.6 million; and (iii) settlement of consideration receivables for disposal of subsidiaries in prior years of RMB22.3 million.

Payments/Receipts on Behalf of Residents

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

Management Discussion and Analysis

Trade and Other Payables and Accruals

Trade and other payables primarily comprise of payables to sub-contractors and suppliers for property management services and engineering services, deposits received, accrued staff costs, other tax payables, dividend payables and other payables and accruals, details of which are as follows:

- (1) Trade payables increased from approximately RMB401.2 million as at 31 December 2019 to approximately RMB470.6 million as at 30 June 2020, which primarily represent the unsettled payment to sub-contractors and suppliers.
- (2) Other payables and accruals increased from approximately RMB886.7 million as at 31 December 2019 to approximately RMB948.4 million as at 30 June 2020, which were primarily due to (i) an increase in dividend payables of approximately RMB61.9 million settled in full in July 2020; and (ii) an increase in other tax payables of approximately RMB37.6 million.

Senior Notes and Corporate Bonds

As at 30 June 2020, the carrying amounts of senior notes and corporate bonds of the Group was approximately RMB868.1 million (31 December 2019: RMB149.8 million).

In November 2017, Shenzhen Colour Life Services Group Co., Ltd. (深圳市彩生活服务集团有限公司) (“**Shenzhen Colour Life**”) issued corporate bonds in an aggregate principal amount of RMB150,000,000. The domestic corporate bonds are guaranteed by Fantasia Group (China) Co., Ltd. (花樣年集團(中國)有限公司) (“**Fantasia China Group**”) and carry interest at rate of 7% per annum. The corporate bonds will mature in November 2020.

In February 2020, the Company issued senior notes in an aggregate principal amount of US\$100 million. The senior notes are guaranteed by Fantasia Holdings and certain subsidiaries of the Company, and carry interest rate of 8% per annum. The senior notes will mature in 2021, unless earlier redeemed.

Asset-backed Securities Issued

As at 30 June 2020, the carrying amounts of the asset-backed securities issued were approximately RMB34.6 million (31 December 2019: RMB104.5 million).

In August 2016, Shenzhen Colour Life issued asset-backed securities (“2016 ABS”) with aggregate principal amount of RMB300 million under securitisation arrangements collateralised by the future earnings relating to property management fee and guaranteed by Fantasia China Group. The 2016 ABS will mature in January 2021.

In January 2018, Shenzhen Colour Life issued the asset-backed securities (“2018 ABS”) with aggregate principal amount of RMB100 million under securitisation arrangements collateralised by the future earnings relating to property management fee and guaranteed by Fantasia China Group. During the current period, the 2018 ABS were repaid upon maturity.

Management Discussion and Analysis

Borrowings and Charges on the Group's Assets

As at 30 June 2020, the Group had borrowings of approximately RMB1,349.5 million (31 December 2019: approximately RMB2,040.3 million). Amongst the borrowings, approximately RMB299.7 million were secured by the Group's certain bank deposits and equity interests in certain subsidiaries and approximately RMB1,049.8 million were unsecured.

Bank and Cash Balance

As at 30 June 2020, the Group's total cash decreased by 15.9% from approximately RMB1,721.2 million as at 31 December 2019 to approximately RMB1,446.8 million. The decrease in bank balances and cash was mainly due to (i) a net cash inflow of approximately RMB222.6 million generated from operating activities; (ii) a net cash outflow of approximately RMB123.1 million used in investment activities; and (iii) a net cash outflow of approximately RMB370.6 million used in financing activities.

Net Gearing Ratio

The net gearing ratio was 16.5% as at 30 June 2020 (31 December 2019: 8.9%), which was due to the decrease in cash equivalents. The net gearing ratio was calculated by net debt (being the total of borrowings, senior notes and corporate bonds, asset-backed securities, after deduction of bank balances and cash and pledged bank deposits) over the total equity.

Exchange Rate Risk

The Group mainly operates its business in China. Other than borrowings and senior notes denominated in foreign currency, the Group does not have any other material direct exposure to foreign exchange fluctuations. For the current period, the appreciation of USD resulted in an exchange loss of RMB9.2 million.

Employee and Remuneration Policies

As at 30 June 2020, excluding employees for communities on a commission basis, the Group had approximately 13,957 employees (31 December 2019: approximately 15,289 employees). Remuneration is determined with reference to the performance, skills, qualifications and experience of employees concerned and the prevailing industry practices.

Apart from salary payments, other employee benefits include contributions to the Mandatory Provident Fund scheme (for employees of Hong Kong Special Administrative Region) and the state-managed pension fund scheme (for employees of Mainland China) and a discretionary bonus scheme.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognised the importance of shareholders' transparency and accountability. It is the belief of the board of directors of the Company that shareholders can maximise their benefits from good corporate governance. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

During the six months ended 30 June 2020, the Board has complied with all the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules on the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors and employees (the "**Securities Dealing Code**"). The Company has made specific enquiry to all Directors and all Directors confirmed that they have complied with the requirements set out in the Model Code for the six months ended 30 June 2020.

Corporate Governance and Other Information

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three Independent Non-executive Directors, namely Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin, while Mr. Tam Chun Hung, Anthony is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited interim results for the Period. In addition, the independent auditors of the Company, Deloitte Touche Tohmatsu, have reviewed the unaudited interim results for the Period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

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

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

NOMINATION COMMITTEE

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

The Nomination Committee of the Company currently comprises two Executive Directors, Mr. Huang Wei and Mr. Pan Jun, and three Independent Non-executive Directors, namely, Mr. Tam Chun Hung, Anthony, Dr. Liao Jianwen and Mr. Xu Xinmin, while Mr. Pan Jun is the chairman of the Nomination Committee. The primary function of the nomination committee is to review the structure, size and composition of the Board.

Corporate Governance and Other Information

SHARE OPTION SCHEME

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

Particulars of share options granted, exercised, cancelled and lapsed under the Share Option Scheme at the beginning and at the end of the current interim period ended 30 June 2020 were as follows:

Name	Date of grant	Exercise price HK\$	Closing price of the shares on the date of grant HK\$	Balance as at 1 January 2020	Number of share options			Balance as at 30 June 2020	Weighted average closing price immediately before exercise HK\$	Notes
					Granted during the current interim period	Exercised during the current interim period	Cancelled/ lapsed during the current interim period			
Mr. Tang Xuebin	29 September 2014	6.66	6.66	547,790	-	-	-	547,790	-	(1)
				347,650	-	-	-	347,650	-	(2)
	30 April 2015	11.00	10.88	103,500	-	-	-	103,500	-	(3)
	18 March 2016	5.764	5.76	100,000	-	-	-	100,000	-	(4)
Mr. Dong Dong	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
	29 September 2014	6.66	6.66	455,150	-	-	-	455,150	-	(1)
				347,650	-	-	-	347,650	-	(2)
	30 April 2015	11.00	10.88	123,500	-	-	-	123,500	-	(3)
Mr. Huang Wei	18 March 2016	5.764	5.76	100,000	-	-	-	100,000	-	(4)
	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
	29 September 2014	6.66	6.66	547,790	-	-	-	547,790	-	(1)
Mr. Pan Jun				347,650	-	-	-	347,650	-	(2)
	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	500,000	-	-	-	500,000	-	(5)
Mr. Zhou Hongyi	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Mr. Tam Chun Hung, Anthony	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Dr. Liao Jianwen	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Mr. Xu Xinmin	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(1)
Employees of the Group	30 April 2015	11.00	10.88	180,000	-	-	-	180,000	-	(3)
	18 March 2016	5.764	5.76	180,000	-	-	-	180,000	-	(4)
	27 November 2018	4.11	4.11	200,000	-	-	-	200,000	-	(5)
	29 September 2014	6.66	6.66	10,345,348	-	-	(1,585,531)	8,759,817	-	(1)
			14,837,600	-	-	-	14,837,600	-	(2)	
	30 April 2015	11.00	10.88	16,647,686	-	-	(1,889,409)	14,758,277	-	(3)
	18 March 2016	5.764	5.76	17,907,038	-	-	(2,014,134)	15,892,904	-	(4)
	27 November 2018	4.11	4.11	16,664,720	-	-	-	16,664,720	-	(5)
Total				84,473,072	-	-	(5,489,074)	78,983,998		

Corporate Governance and Other Information

Notes:

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

SHARE AWARD SCHEME

The Company adopted a share award scheme by resolution of the Board on 4 July 2016 (the “**Share Award Scheme**”). The adoption of the Share Award Scheme did not require the approval of the shareholders of the Company.

The major terms of the Share Award Scheme are summarized as follows:

(i) Purpose

The purpose of the Share Award Scheme is to enable the Company to grant shares of Colour Life (the “**Incentive Shares**”) as incentive to selected eligible participants of the Share Award Scheme (the “**Grantees**”) as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the Share Award Scheme will provide the Grantees with the opportunity to acquire proprietary interests in the Company and will encourage them to work towards enhancing the value of the Company for the benefit of the Company and its shareholders as a whole.

(ii) Fund available for the Share Award Scheme

An initial amount of RMB10,000,000 has been provided for the Share Award Scheme. The Board of the Company may by resolution determine such other amount as may be provided for the Share Award Scheme, which shall be limited to up to 20,000,000 shares, representing approximately 2% of the issued share capital of the Company as at 4 July 2016, the date of adoption of the Share Award Scheme.

On 13 November 2018, the Board resolved to provide further fund in the amount of HK\$15,000,000 for the Share Award Scheme.

Corporate Governance and Other Information

(iii) Term

The Share Award Scheme will have an effective term till 2021.

(iv) Trustee

A trustee (the “**Trustee**”) has been appointed by the Company for holding the Incentive Shares granted under the Share Award Scheme.

(v) Eligible Persons

The Grantees under the Share Award Scheme would include employees of the Group (including directors) and consultants to the Group.

The Chief Executive Officer and the Chief Human Resource Officer of the Company are authorized by the Board to determine from time to time the Grantees and the terms and conditions of such grant of Incentive Shares to them, and Mr. Duan Feiqin (“**Mr. Duan**”), an assistant president of the Company or any other person that may be designated by the Board from time to time, will instruct the Trustee to purchase such number of Shares for the Share Award Scheme on the market.

(vi) Transfer of the Incentive Shares to the Grantees

The Trustee will transfer the Incentive Shares to the Grantees when all conditions to the grant, including vesting conditions and/or performance target (if any) are met. The exact terms and conditions of the grant will be determined by the Chief Executive Officer and the Chief Human Resource Officer authorised by the Board at the time of the granting of the award.

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

At 30 June 2020 and 31 December 2019, a total of 1,802,000 Company’s shares were held for the Share Award Scheme and the aggregate consideration paid for these shares in an amount of RMB6,795,000 was deducted from shareholders’ equity.

During the six months ended 30 June 2020, no share of the Company was acquired by the Trustee for the Share Award Scheme and no share was awarded to employee or consultant of the Group.

During the six months ended 30 June 2019, 1,833,000 shares of the Company were awarded to eligible employees or consultants of the Group for their performance and contribution of the Group. The fair value of the awarded shares at the date of grant of RMB6,567,000 were recognised as expenses and the difference between the consideration paid and the fair value of the awarded shares of RMB129,000 was credited to retained profits.

Corporate Governance and Other Information

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

Senior Notes

During the current period, the Company issued senior notes in an aggregate principal amount of USD100,000,000. The senior notes are guaranteed by Fantasia Holdings and certain subsidiaries of the Company and carry interest at 8% per annum and will mature in 2021, unless redeemed earlier.

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

During the current period, no share of the Company was acquired for the Share Award Scheme and no share was awarded to employee or consultant of the Group.

During the corresponding period of 2019, 1,833,000 shares of the Company were awarded to eligible employees or consultants of the Group for their performance and contribution of the Group.

As at 30 June 2020, 1,802,000 shares were held under the Share Award Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of Company's listed securities during the Period.

STRUCTURED CONTRACTS

The Group is entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network Technology Co., Ltd. (“**Shenzhen Caizhiyun Network**”) under the Structured Contracts (the “**Contractual Arrangement**”). For details of the Structured Contracts, please refer to the section headed “History, Reorganisation and Group Structure — The Structured Contracts” in the Company's prospectus dated 17 June 2014.

The Company is still exploring various opportunities in building up its community leasing, sales and other services business operations overseas for the purposes of being qualified, as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted.

The Company continued to expand and cooperate with various partners on the Caizhiyun platform. With E-repair service and Colour Life Wealth Life Value-added Plan introduced to the platform, the revenue and total asset value subject to the Contractual Arrangement amounted to approximately RMB19.1 million for the current interim period ended 30 June 2020 and approximately RMB2.2 million as at 30 June 2020, respectively.

Corporate Governance and Other Information

To ensure proper implementation of the Structured Contracts, the Company also takes the following measures:

- (a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Board on a regular basis which was no less frequent than on a quarterly basis;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of the Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of the Company on the compliance and performance conditions under the Structured Contracts and other related matters;
- (d) the compliance department of the Company monitored the proper implementation and Mr. Pan's and Mr. Tang Xuebin's compliance with the Structured Contracts during the current interim period; and
- (e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal has been kept by the President's Office during the current interim period.

The Board confirmed that there is no material change in the Contractual Arrangement and/or the circumstances under which it was adopted, and its impact on the Group.

The Board also confirmed that there is no unwinding of Contractual Arrangement or failure to unwind when the restrictions that led to the adopted of Contractual Arrangement are removed.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code as contained in the Listing Rules were as follows:

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

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Pan Jun	Beneficial owner ⁽¹⁾	1,755,440	0.12%
Mr. Huang Wei	Beneficial owner ⁽¹⁾	700,000	0.05%
Mr. Tang Xuebin	Beneficial owner ⁽¹⁾	1,598,940	0.11%
	Family interest ⁽²⁾	450,000	0.03%
	Interest in controlled corporation	952,488,259	66.95%
		954,537,199	67.09%
Mr. Zhou Hongyi	Beneficial owner ⁽¹⁾	560,000	0.04%
	Interest in controlled corporation	43,458,000	3.05%
Mr. Tam Chun Hung, Anthony	Beneficial owner ⁽¹⁾	710,000	0.05%
Dr. Liao Jianwen	Beneficial owner ⁽¹⁾	710,000	0.05%
Mr. Xu Xinmin	Beneficial owner ⁽¹⁾	710,000	0.05%

Notes:

- (1) These are share options granted to the Directors of the Company under the share option scheme of the Company.
- (2) The 450,000 Shares are beneficially owned by Ms. Dai Minglei, the spouse of Mr. Tang Xuebin.
- (3) As at 30 June 2020, the issued shares of the Company is 1,422,745,122.

Disclosure of Interests

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

Name of director	Name of associated corporation	Capacity/ Nature of interest	Equity interest/ number of underlying shares	Approximate percentage of equity interest/ shareholding interest
Mr. Pan Jun	Shenzhen Caizhiyun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network") ⁽¹⁾	Beneficial owner	RMB7,000,000	70%
	Fantasy Pearl International Limited ("Fantasy Pearl") ⁽²⁾	Interest of controlled corporation	20	20%
	Fantasia Holdings ⁽³⁾	Beneficial owner	9,980,000	0.17%
Mr. Tang Xuebin	Shenzhen Caizhiyun Network ⁽¹⁾	Beneficial owner	RMB3,000,000	30%
	Fantasia Holdings ⁽³⁾	Beneficial owner	1,640,000	0.03%
	Splendid Fortune Enterprises Limited ("Splendid Fortune") ⁽⁴⁾	Interest of controlled corporation	16,319 shares	32.64%

Notes:

- (1) Shenzhen Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of Caizhiyun Network have been consolidated and accounted for as a subsidiary of the Company by virtue of various structured contracts, details of which are disclosed in the section headed "History, Reorganisation and the Group Structure" in the Company's prospectus dated 17 June 2014.
- (2) Fantasy Pearl is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"), which is wholly owned by Mr. Pan Jun.
- (3) These represent share options granted by Fantasia Holdings subject to vesting schedules.
- (4) Splendid Fortune is 67.36% owned by Fantasy Pearl and 32.64% owned by Colour Success Limited ("Colour Success"). Colour Success is in turn owned as to 43.34% by Mr. Tang Xuebin, 13.33% by Mr. Dong Dong, 13.33% by Mr. Ye Hui, 13.33% by Mr. Guan Jiandong, 13.33% by Mr. Chang Rong and 3.34% by Mr. Wang Xuliang, respectively. Accordingly, Mr. Tang Xuebin is deemed to be interested in the shares of Splendid Fortune held by Colour Success for the purpose of the SFO.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company had any interests or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of substantial shareholders	Capacity	Number of Shares held	Approximate percentage of holding
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽¹⁾⁽²⁾⁽³⁾	954,659,259	67.10%
Ice Apex	Interest of controlled corporation ⁽¹⁾⁽²⁾⁽³⁾	954,659,259	67.10%
Fantasy Pearl	Beneficial owner Interest of controlled corporation	2,171,000 952,488,259	0.15% 66.95%
Fantasia Holdings	Beneficial owner ⁽²⁾	735,456,782	51.69%
Splendid Fortune	Beneficial owner ⁽³⁾	218,001,477	15.32%
JD.com Investment Limited	Interest of controlled corporation ⁽⁴⁾	71,149,000	5.00%
JD.com, Inc.	Interest of controlled corporation ⁽⁴⁾	71,149,000	5.00%
Max Smart Limited	Interest of controlled corporation ⁽⁴⁾	71,149,000	5.00%
Volga Innovation Limited	Beneficial owner ⁽⁴⁾	71,149,000	5.00%
Mr. Liu Qiangdong, Richard	Beneficiary of a trust ⁽⁴⁾	71,149,000	5.00%

Notes:

- (1) The interests are held as to 735,456,782 Shares by Fantasia Holdings, as to 218,001,477 Shares by Splendid Fortune and as to 2,171,000 Shares by Fantasy Pearl.
- (2) Fantasia Holdings is owned as to 57.46% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Fantasia Holdings for the purpose of Part XV of the SFO.
- (3) Splendid Fortune is 67.36% owned by Fantasy Pearl and 32.64% owned by Colour Success, which is in turn owned as to 43.34% by Mr. Tang Xuebin, 13.33% by Mr. Dong Dong, 13.33% by Mr. Ye Hui, 13.33% by Mr. Guan Jiandong, 13.33% by Mr. Chang Rong and 3.34% by Mr. Wang Xuliang, respectively. Accordingly, Ms. Zeng, Ice Apex and Fantasy Pearl are deemed to be interested in the shares of the Company held by Splendid Fortune for the purpose of Part XV of the SFO.
- (4) Such interests are held by Volga Innovation Limited, which is 80% owned by JD.com Investment Limited. JD.com Investment Limited is a wholly-owned subsidiary of JD.com, Inc., which is in turn owned as to 72.90% by Max Smart Limited. Max Smart Limited is wholly-owned by the trust in which Mr. Liu Qiangdong, Richard is a beneficiary.

Save as disclosed above, as at 30 June 2020, no other shareholder, other than Directors or chief executive, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Colour Life Services Group Co., Limited (the “Company”) and its subsidiaries set out on pages 41 to 84, which comprises the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

18 August 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	3	1,778,874	1,811,535
Cost of services		(1,197,449)	(1,221,854)
Gross profit		581,425	589,681
Other income		38,347	28,678
Other gains and losses		(5,461)	1,881
Impairment losses under expected credit loss model, net of reversal	15	(23,845)	(29,429)
Selling and distribution expenses		(6,546)	(21,849)
Administrative expenses		(187,996)	(190,755)
Expenses recharged to residential communities under commission basis		40,210	39,897
Finance costs		(87,972)	(110,133)
Change in fair value of investment properties		(687)	(917)
Share of results of associates		301	(3,721)
Share of results of joint ventures		(6,146)	7,401
Profit before tax		341,630	310,734
Income tax expense	4	(95,394)	(75,794)
Profit for the period	5	246,236	234,940
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity instruments designated at fair value through other comprehensive income ("FVTOCI")		2,820	(1,892)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI		(705)	473
Other comprehensive income (expense) for the period, net of income tax		2,115	(1,419)
Total comprehensive income for the period		248,351	233,521

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020 - continued

	NOTE	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		236,440	215,882
Non-controlling interests		9,796	19,058
		246,236	234,940
Total comprehensive income for the period attributable to:			
Owners of the Company		238,555	214,463
Non-controlling interests		9,796	19,058
		248,351	233,521
Earnings per share – basic (RMB cents)	7	16.62	16.25
Earnings per share – diluted (RMB cents)	7	16.62	16.25

Condensed Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	8	179,638	202,735
Right-of-use assets	9	95,757	85,161
Investment properties	10	155,059	155,040
Interests in associates		55,585	55,557
Interests in joint ventures		96,621	100,224
Equity instruments designated at FVTOCI		119,555	121,735
Goodwill		2,317,252	2,317,252
Intangible assets		1,022,348	1,091,235
Contract assets		18,208	22,229
Other receivables	11	4,972	5,900
Loan receivables	12	35,781	7,858
Pledged bank deposits		–	90,500
Deferred tax assets		67,678	61,806
Amount due from a joint venture	13	68,887	72,899
Deposits paid for potential acquisition of subsidiaries		10,653	9,868
		4,247,994	4,399,999
Current Assets			
Inventories		–	3,700
Contract assets		46,956	45,464
Trade receivables	11	918,280	658,244
Other receivables and prepayments	11	782,739	745,853
Loan receivables	12	220,988	201,616
Payments on behalf of residents	14	948,380	908,465
Amounts due from fellow subsidiaries	13	334,634	189,025
Amounts due from non-controlling shareholders of the subsidiaries	13	88,184	94,956
Amounts due from related parties	13	13,249	64,311
Amounts due from associates	13	17,479	19,275
Amounts due from joint ventures	13	292,516	196,661
Financial assets at fair value through profit or loss (“FVTPL”)		–	3,000
Pledged/restricted bank deposits		116,046	124,146
Bank balances and cash		1,446,835	1,721,228
		5,226,286	4,975,944

Condensed Consolidated Statement of Financial Position

At 30 June 2020 - continued

	NOTES	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current Liabilities			
Trade payables	16	470,589	401,176
Other payables and accruals	16	948,421	886,679
Contract liabilities		477,463	350,215
Receipts on behalf of residents	14	309,939	403,862
Lease liabilities due within one year		6,287	2,300
Amounts due to fellow subsidiaries	17	31,760	341,809
Amounts due to non-controlling shareholders of the subsidiaries	17	66,142	57,647
Amounts due to associates	17	24,739	9,744
Amounts due to joint ventures	17	38,189	36,234
Amounts due to related parties	17	59,002	8,113
Amount due to immediate holding company	17	66,180	–
Tax liabilities		255,445	229,949
Borrowings due within one year	18	828,957	752,576
Senior notes and corporate bonds	19	868,143	149,786
Asset-backed securities issued due within one year	20	29,431	87,483
		4,480,687	3,717,573
Net Current Assets			
		745,599	1,258,371
Total Assets Less Current Liabilities			
		4,993,593	5,658,370
Non-current Liabilities			
Deferred tax liabilities		272,643	290,136
Amount due to a fellow subsidiary	17	–	126
Lease liabilities due after one year		19,662	11,343
Borrowings due after one year	18	520,500	1,287,704
Asset-backed securities issued due after one year	20	5,125	17,065
		817,930	1,606,374
Total Non-current Liabilities			
		817,930	1,606,374
Net Assets			
		4,175,663	4,051,996

Condensed Consolidated Statement of Financial Position

At 30 June 2020 - continued

	NOTE	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Capital and Reserves			
Share capital	21	115,134	115,134
Reserves		3,868,916	3,755,045
Equity attributable to owners of the Company		3,984,050	3,870,179
Non-controlling interests		191,613	181,817
Total Equity		4,175,663	4,051,996

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (note a)	Share options reserve RMB'000	Shares held for share award scheme RMB'000	Revaluation reserve RMB'000	Other reserve RMB'000 (note b)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019 (Audited)	106,800	1,589,125	116,405	220,115	(5,585)	18,966	(296,217)	1,385,859	3,135,468	120,671	3,256,139
Profit for the period	-	-	-	-	-	-	-	215,882	215,882	19,058	234,940
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(1,892)	-	-	(1,892)	-	(1,892)
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	473	-	-	473	-	473
Other comprehensive expense for the period	-	-	-	-	-	(1,419)	-	-	(1,419)	-	(1,419)
Total comprehensive (expense) income for the period	-	-	-	-	-	(1,419)	-	215,882	214,463	19,058	233,521
Dividend paid to shareholders of the Company (note 6)	-	(210,375)	-	-	-	-	-	-	(210,375)	-	(210,375)
Issue of shares upon exercise of share options	-	16	-	(6)	-	-	-	-	10	-	10
Dividend paid to non-controlling shareholders of certain subsidiaries	-	-	-	-	-	-	-	-	-	(9,334)	(9,334)
Acquisition of subsidiaries (note 24)	-	-	-	-	-	-	-	-	-	30,282	30,282
Capital injection by non-controlling shareholders of certain subsidiaries	-	-	-	-	-	-	-	-	-	30,695	30,695
Shares repurchased under share award scheme (note 23)	-	-	-	-	(853)	-	-	-	(853)	-	(853)
Recognition of equity-settled share based payment (notes 22 and 23)	-	-	-	6,707	6,438	-	-	129	13,274	-	13,274
Transfer	-	-	25,535	-	-	-	-	(25,535)	-	-	-
At 30 June 2019 (Unaudited)	106,800	1,378,766	141,940	226,816	-	17,547	(296,217)	1,576,335	3,151,987	191,372	3,343,359
At 1 January 2020 (Audited)	115,134	1,805,780	211,455	233,676	(6,795)	17,637	(296,217)	1,789,509	3,870,179	181,817	4,051,996
Profit for the period	-	-	-	-	-	-	-	236,440	236,440	9,796	246,236
Change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	2,820	-	-	2,820	-	2,820
Deferred taxation effect on change in fair value of equity instruments designated at FVTOCI	-	-	-	-	-	(705)	-	-	(705)	-	(705)
Other comprehensive income for the period	-	-	-	-	-	2,115	-	-	2,115	-	2,115
Total comprehensive income for the period	-	-	-	-	-	2,115	-	236,440	238,555	9,796	248,351
Dividend paid to shareholders of the Company (note 6)	-	(128,033)	-	-	-	-	-	-	(128,033)	-	(128,033)
Recognition of equity-settled share based payment (notes 22 and 23)	-	-	-	3,349	-	-	-	-	3,349	-	3,349
Transfer	-	-	5,630	-	-	-	-	(5,630)	-	-	-
At 30 June 2020 (Unaudited)	115,134	1,677,747	217,085	237,025	(6,795)	19,752	(296,217)	2,020,319	3,984,050	191,613	4,175,663

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020 - continued

Notes:

- (a) The statutory reserve is non-distributable and the transfer to the reserve is determined by the board of directors of subsidiaries established in the People's Republic of China (the "PRC") in accordance with the Articles of Association of the subsidiaries by way of appropriations from its net profit (based on the PRC statutory financial statements of the subsidiaries). Statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.
- (b) The amount recorded in the other reserve was resulted from the following as below:
 - (i) Other reserve amounting to RMB53,824,000 arose from the acquisition of additional equity interests in subsidiaries and the disposal of partial equity interests in subsidiaries, which represents the difference between the consideration and the adjustment to the non-controlling interests.
 - (ii) The Company recognised expense in relation to share options granted by Fantasia Holdings Group Co., Ltd. ("Fantasia Holdings") to eligible directors of the Company and employees of the Group and credited to other reserve amounting to RMB835,000.
 - (iii) Merger reserve arose from the combination of entities under common control in 2018 amounting to RMB243,228,000.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	NOTE	Six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Cash generated from operations		316,613	187,790
Enterprise income tax ("EIT") paid		(93,968)	(162,171)
NET CASH FROM OPERATING ACTIVITIES		222,645	25,619
INVESTING ACTIVITIES			
Placement of pledged bank deposits		(116,046)	(202,873)
Withdrawal of pledged bank deposits		214,646	346,000
Interest received		18,471	24,493
Deposits refunded for acquisition of subsidiaries		595	768
Deposits paid for acquisition of subsidiaries		(1,380)	–
Acquisition of subsidiaries (net of cash and cash equivalent acquired)	24	–	19,995
Settlement of consideration payables of acquisition of subsidiaries in prior years		(14,002)	–
Settlement of consideration receivables of disposal of subsidiaries		22,315	–
Proceeds on disposal of property, plant and equipment		2,166	347
Purchase of property, plant and equipment		(7,812)	(10,114)
Purchase of right-of-use assets		–	(73,911)
Proceeds on disposal of investment properties		3,454	5,408
Purchase of equity instruments designated at FVTOCI		–	(692)
Proceeds from disposal of equity instruments designated at FVTOCI		5,000	–
Purchase of financial assets at FVTPL		–	(10,889)
Redemption of financial assets at FVTPL		–	8,553
Capital injections to associates and joint ventures		(2,890)	(10,331)
Disposal of an associate		620	–
Advances of loan receivables		(90,399)	(56,397)
Repayments of loan receivables		42,380	50,563
Advances to fellow subsidiaries		(113,065)	(28,525)
Repayments from fellow subsidiaries		2,432	105,993
Advances to non-controlling shareholders of subsidiaries		(9,322)	(7,168)
Repayments from non-controlling shareholders of subsidiaries		16,094	9,818
Advances to related parties		(4,383)	(150,607)
Repayments from related parties		2,041	11,869
Advances to associates		(7,247)	(1,428)
Repayments from associates		9,043	3,495
Advances to joint ventures		(96,917)	(23,257)
Repayments from joint ventures		1,062	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(123,144)	11,110

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020 - continued

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
FINANCING ACTIVITIES		
Interest paid	(62,755)	(105,846)
Redemption/repayment of principal of assets backed securities issued	(70,500)	(46,000)
Net proceeds from the issuance of senior notes	688,872	-
New borrowings raised	274,200	400,182
Repayment of bank borrowings	(965,340)	(1,279,491)
Repayment of corporate bonds	-	(100,000)
Repayment of lease liabilities	(3,102)	(845)
Advances from fellow subsidiaries	444,643	31,996
Repayments to fellow subsidiaries	(488,297)	(37,821)
Advances from joint ventures	1,955	27,935
Advances from associates	16,785	2,196
Repayments to associates	(1,790)	(1,672)
Advances from non-controlling shareholders of subsidiaries	11,297	4,635
Repayments to non-controlling shareholders of subsidiaries	(2,802)	-
Advances from related parties	50,889	-
Repayments to related parties	-	(11,769)
Proceeds from issuance of shares upon exercise of share options	-	10
Settlement of consideration payables on acquisition of subsidiaries under common control to a fellow subsidiary	(264,687)	-
Capital injection from non-controlling shareholders of certain subsidiaries	-	30,695
Dividend paid to non-controlling shareholders of certain subsidiaries	-	(9,334)
Dividend paid to shareholders of the Company	-	(210,375)
Payment on repurchase of shares	-	(853)
NET CASH USED IN FINANCING ACTIVITIES	(370,632)	(1,306,357)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(271,131)	(1,269,628)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,721,228	2,666,922
Effect of foreign exchange rate changes	(3,262)	(442)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash	1,446,835	1,396,852

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Company and its subsidiaries (collectively referred to as the “Group”) has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition to the above amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, are effective for annual periods beginning on or after 1 January 2020.

Except as described below, the application of the above amendments to HKFRSs and the Amendments to References to the Conceptual Framework in HKFRS Standards in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impact and accounting policy on application of Amendments to HKFRS 3 “Definition of a Business”

Accounting policy

Business combinations

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Transition and summary of effects

The amendments has no impact on the condensed consolidated financial statements of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	For the period ended 30 June 2019			
	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Engineering services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods and services				
Property management services				
Lump sum basis	1,294,883	–	–	1,294,883
Pre-delivery services	115,144	–	–	115,144
Commission basis	89,457	–	–	89,457
Consultancy services fee	11,333	–	–	11,333
	1,510,817	–	–	1,510,817
Value-added services				
Online promotion services	–	84,050	–	84,050
Sales and rental assistance	–	91,826	–	91,826
Other value-added services	–	38,833	–	38,833
	–	214,709	–	214,709
Engineering services				
Equipment installation services	–	–	69,472	69,472
Repair and maintenance services	–	–	6,656	6,656
Energy-saving service fees	–	–	9,881	9,881
	–	–	86,009	86,009
	1,510,817	214,709	86,009	1,811,535
Timing of revenue recognition				
A point in time	–	91,826	–	91,826
Over time	1,510,817	122,883	86,009	1,719,709
	1,510,817	214,709	86,009	1,811,535

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

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

	For the period ended 30 June 2019					Total RMB'000
	Eastern China RMB'000	Southern China RMB'000	Western China RMB'000	Northern China RMB'000	Central China RMB'000	
Segment revenue (Unaudited)	492,373	444,247	528,433	263,022	172,508	1,900,583
Elimination	(20,714)	(17,391)	(25,571)	(16,561)	(8,811)	(89,048)
Revenue from contracts with customers and total revenue	471,659	426,856	502,862	246,461	163,697	1,811,535

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

	Eastern China RMB'000	Southern China RMB'000	Western China RMB'000	Northern China RMB'000	Central China RMB'000	Total RMB'000
Six months ended 30 June 2019						
(Unaudited)						
Segment revenue	471,659	426,856	502,862	246,461	163,697	1,811,535
Segment profit	100,576	100,943	124,583	40,282	40,853	407,237
Changes in fair value of investment properties						(917)
Changes in fair value of financial assets at FVTPL						2,202
Share of results of associates						(3,721)
Share of results of joint ventures						7,401
Finance costs						(110,133)
Interest income						24,493
Exchange loss						(1,612)
Share-based payment expense						(13,274)
Other unallocated expenses						(942)
Profit before tax						310,734

Segment assets and liabilities

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue and results from major services

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

	Property management services RMB'000 (Unaudited)	Value-added services RMB'000 (Unaudited)	Engineering services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended 30 June 2020 (Unaudited)				
Revenue from major services	1,559,650	151,921	67,303	1,778,874
Profit from major services	290,557	134,888	13,069	438,514
Six months ended 30 June 2019 (Unaudited)				
Revenue from major services	1,510,817	214,709	86,009	1,811,535
Profit from major services	248,885	142,373	15,979	407,237

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT")	119,464	101,596
Deferred tax		
Credit to profit and loss	(24,070)	(25,802)
	95,394	75,794

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs	647,149	633,188
Government grant	(10,268)	(1,777)
Loss (gain) on disposal of property, plant and equipment, net	50	(42)
Amortisation of intangible assets	68,887	70,777
Depreciation of property, plant and equipment (note 8)	28,693	20,684
Depreciation of right-of-use assets (note 9)	3,895	1,300
Net gain arising on financial assets at FVTPL	(240)	(2,202)

6. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended 31 December 2019 of RMB9.12 cents (2019: final dividend in respect of the year ended 31 December 2018 of HK18.00 cents, equivalent to RMB15.40 cents) per share was declared. Subsequent to 30 June 2020, RMB26,112,000 (2019: RMB210,375,000) were paid to the owners of the Company in cash and dividend amount of RMB101,921,000 (2019: nil) were paid to the shareholders in form of new fully paid shares of the Company.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	236,440	215,882
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,422,746	1,328,638

For the six months ended 30 June 2020 and 2019, the computation of diluted earnings per share does not assume the exercise of certain share options granted by the Company as the exercise prices of the respective options were higher than the average market price per share.

8. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the six months ended 30 June 2020 are summarised as follows:

	RMB'000
At 1 January 2020 (Audited)	202,735
Additions	7,812
Depreciation for the period	(28,693)
Disposals	(2,216)
At 30 June 2020 (Unaudited)	179,638

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

9. RIGHT-OF-USE ASSETS

The movements in right-of-use assets during the six months ended 30 June 2020 are summarised as follows:

	RMB'000
At 1 January 2020 (Adjusted)	85,161
Inception of lease	14,491
Depreciation for the period	(3,895)
At 30 June 2020 (Unaudited)	95,757

10. INVESTMENT PROPERTIES

	RMB'000
At 1 January 2020 (Audited)	155,040
Additions	4,160
Disposals	(3,454)
Net change in fair value recognised in profit or loss	(687)
At 30 June 2020 (Unaudited)	155,059

The fair values of the Group's completed investment properties at 30 June 2020 have been arrived at on the basis of valuations carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected with the Group which has appropriate qualification and relevant experiences in valuation of similar properties in the relevant locations. The valuations of completed investment properties were arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions, where appropriate. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	981,135	714,814
Less: allowance for credit losses	(62,855)	(56,570)
Total trade receivables	918,280	658,244
Other receivables and prepayments:		
Refundable deposits	494,630	429,195
Advances to staffs	81,432	74,810
Prepayments to suppliers	103,095	95,579
Consideration receivables for disposal of subsidiaries in prior years	–	22,315
Receivables for residential and commercial units rental assistance services on behalf of customers	10,053	26,601
Receivables from former shareholders of subsidiaries	7,089	8,112
Others	91,412	95,141
	787,711	751,753
	1,705,991	1,409,997
Classified as:		
Non-current		
Other receivables	4,972	5,900
Current		
Trade receivables	918,280	658,244
Other receivables and prepayments	782,739	745,853
	1,701,019	1,404,097
	1,705,991	1,409,997

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 – 30 days	311,524	212,587
31 – 90 days	239,947	161,725
91 – 180 days	185,014	140,240
181 – 365 days	139,392	108,999
Over 1 year	42,403	34,693
	918,280	658,244

Details of the impairment assessment are set out in note 15.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

12. LOAN RECEIVABLES

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Fixed-rate loans provided to:			
– online platform and community-related service companies	(a)	238,164	161,817
– property management companies	(b)	35,579	63,907
		273,743	225,724
Less: allowance for credit losses		(16,974)	(16,250)
		256,769	209,474
Classified as:			
Non-current assets		35,781	7,858
Current assets		220,988	201,616
		256,769	209,474

Notes:

- (a) As at 30 June 2020, the Group has entered into loan agreements with certain independent third parties, which engages in provision of online platform and community-related services, regarding the fund provision of RMB238,164,000 (31 December 2019: RMB161,817,000). The loans carry interests ranging from 5% to 18% (31 December 2019: 5% to 18%) per annum and will mature from July 2020 to August 2021.

As at 31 December 2019, included in loan receivables, the amounts of RMB32,500,000 were pledged by equity interest in the borrowers. During the period ended 30 June 2020, the pledge of equity interests were released upon the repayment of the aforesaid loan receivables. As at 30 June 2020, included in loan receivables, amounts of RMB20,000,000 (31 December 2019: RMB20,000,000) were pledged by properties and land use rights held by the independent third parties.

At 30 June 2020, the amounts of RMB195,318,000 (31 December 2019: RMB161,817,000) are due in one year and are classified as current assets and the amounts of RMB27,399,000 (31 December 2019: nil) are due after one year and are classified as non-current assets.

- (b) As at 30 June 2020, the Group has entered into loan agreements with certain independent third parties, which engages in provision of property management services, regarding the fund provision of RMB35,579,000 (31 December 2019: RMB63,907,000). The loans carry interests ranging from 10% to 12% (31 December 2019: 10% to 15%) per annum and will mature from August 2020 to November 2028.

At 30 June 2020, the amounts of RMB25,670,000 (31 December 2019: RMB39,799,000) are due in one year and are classified as current assets and the amounts of RMB8,382,000 (31 December 2019: RMB7,858,000) are due after one year and are classified as non-current assets.

Details of the impairment assessment are set out in note 15.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, RELATED PARTIES, ASSOCIATES AND JOINT VENTURES

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Amounts due from fellow subsidiaries		
Non-trade nature and current	287,662	177,029
Trade nature and current	46,972	11,996
	334,634	189,025

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, RELATED PARTIES, ASSOCIATES AND JOINT VENTURES (Continued)

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 – 30 days	2,257	1,235
31 – 90 days	33,987	2,048
91 – 180 days	3,264	2,041
181 to 365 days	6,391	4,798
Over 1 year	1,073	1,874
	46,972	11,996

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Unaudited)
Amounts due from non-controlling shareholders of subsidiaries		
Non-trade nature and current	88,184	94,956
Amounts due from related parties		
Non-trade nature and current	12,056	9,714
Trade nature and current	1,193	54,597
	13,249	64,311

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. AMOUNTS DUE FROM FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, RELATED PARTIES, ASSOCIATES AND JOINT VENTURES (Continued)

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 to 30 days	172	15,665
31 to 90 days	500	22,278
90 to 180 days	521	16,654
	1,193	54,597

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Amounts due from associates Non-trade nature and current	17,479	19,275
Amounts due from joint ventures Non-trade nature		
– Non-current	68,887	72,899
– Current	292,516	196,661
	361,403	269,560

The non-current amount due from a joint venture of RMB68,887,000 (31 December 2019: RMB72,899,000), after net off the allowance for credit losses of RMB12,618,000 (2019: RMB8,606,000) as at 30 June 2020 represented funds advanced by the Group for its purchases of property, plant and equipment. The balance is expected to be settled in three years and classified as non-current assets.

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

Details of the impairment assessment are set out in note 15.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

14. PAYMENTS/RECEIPTS ON BEHALF OF RESIDENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Payments on behalf of residents		
– under commission basis	904,236	855,111
– under lump sum basis	199,985	192,708
– under consultancy services arrangements	3,405	7,310
	1,107,626	1,055,129
Less: allowance for credit losses	(159,246)	(146,664)
	948,380	908,465
Receipts on behalf of residents		
– under commission basis	47,776	71,630
– under lump sum basis	261,108	329,764
– under consultancy services arrangements	1,055	2,468
	309,939	403,862

Details of the impairment assessment are set out in note 15.

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Impairment loss recognised on		
– trade receivables	6,285	6,294
– payments on behalf of residents	12,582	22,929
– contract assets	242	206
– amount due from a joint venture	4,012	–
– loan receivables	724	–
	23,845	29,429

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

During the six months ended 30 June 2020, the Group reversed the impairment allowance of loan receivables amounting to RMB16,250,000 (six months ended 30 June 2019: nil), which has been made to a company that engages in online platform and community-related services, due to legal proceeding has been completed and the outstanding amount of RMB32,500,000 was fully settled.

As at 30 June 2020, except for certain balances of trade receivable, payments on behalf of residents, contract assets and amount due from a joint venture, the balances of other receivables, amounts due from fellow subsidiaries, non-controlling shareholders of the subsidiaries, related parties, associates and joint ventures and loan receivables are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and thus the Group assessed that the ECL on these balances are insignificant.

16. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables	470,589	401,176
Other payables and accruals:		
Deposits received	266,566	304,464
Accrued staff costs	302,278	300,515
Provision for retirement benefit contributions	132,383	120,257
Other tax payable	109,205	71,605
Consideration payables for acquisition of subsidiaries	6,285	20,287
Receipts on behalf of online platform merchants	4,082	4,419
Rental payable	1,395	1,371
Dividend payables	61,853	–
Other payables and accruals	64,374	63,761
	948,421	886,679
Total	1,419,010	1,287,855

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

16. TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
0 – 60 days	299,351	275,658
61 – 180 days	120,938	82,941
181 – 365 days	29,382	26,884
Over 1 year	20,918	15,693
	470,589	401,176

17. AMOUNTS DUE TO FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES, RELATED PARTIES AND AN IMMEDIATE HOLDING COMPANY

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Amounts due to fellow subsidiaries		
Non-trade nature	31,760	340,101
Trade nature	–	1,834
	31,760	341,935

The trade balances due to fellow subsidiaries represented the advances from fellow subsidiaries for provision of pre-delivery services and equipment installation services.

As at 31 December 2019, included in the non-trade balances due to fellow subsidiaries, the amount of RMB1,708,000 represented the loans granted to the Group by Shenzhen Qianhai Fantasia Financial Co., Ltd. (深圳市前海花樣年金融服務有限公司) ("Shenzhen Qianhai"), a fellow subsidiary of the Group to purchase its equipment. The loans bear interest of 16.53% per annum and are guaranteed by a subsidiary of the Company. As at 31 December 2019, based on the terms of the agreement, the amount of RMB1,582,000 due in one year was classified as current liability and the amount of RMB126,000 due after one year was classified as non-current liability. During the period ended 30 June 2020, the aforesaid loans were fully settled.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

17. AMOUNTS DUE TO FELLOW SUBSIDIARIES, NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES, RELATED PARTIES AND AN IMMEDIATE HOLDING COMPANY *(Continued)*

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Amounts due to fellow subsidiaries		
– Non-current	–	126
– Current	31,760	341,809
	31,760	341,935
Amounts due to non-controlling shareholders of subsidiaries		
Non-trade and current	66,142	57,647
Amounts due to associates		
Non-trade and current	24,739	9,744
Amounts due to joint ventures		
Non-trade and current	38,189	36,234
Amounts due to related parties		
Non-trade and current	59,002	8,113
Amount due to immediate holding company		
Non-trade and current	66,180	–

The balance due to immediate holding company represented the dividend payables in respect of the year ended 31 December 2019.

Except for the above amounts due to Shenzhen Qianhai, the remaining non-trade amounts due to the above fellow subsidiaries, non-controlling shareholders of subsidiaries, associates, joint ventures, related parties and immediate holding company are unsecured, interest-free and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

18. BORROWINGS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Secured bank loans	257,016	273,517
Secured other loans	42,691	720,828
Unsecured bank loans	229,250	220,935
Unsecured other loans	820,500	825,000
	1,349,457	2,040,280
Less: Amounts due within one year shown under current liabilities	(828,957)	(752,576)
Amounts shown under non-current liabilities	520,500	1,287,704

During the current interim period, the Group obtain new borrowings amounting to RMB274,200,000 (six months ended 30 June 2019: RMB400,182,000) and repaid borrowings amounting to RMB965,340,000 (six months ended 30 June 2019: RMB1,279,491,000).

The new borrowings raised are denominated in Renminbi and Hong Kong Dollar and carry interest ranging from 4.20% to 6.96% (six months ended 30 June 2019: 4.28% to 10.00%) per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

19. SENIOR NOTES AND CORPORATE BONDS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Senior notes:		
2020 USD100 million senior notes due 2021	712,150	–
Corporate bonds:		
2017 RMB150 million corporate bond due 2020	155,993	149,786
	868,143	149,786

During the six months ended 30 June 2020, the Company issued senior notes in an aggregate principal amount of USD100,000,000 (“2020 senior notes due 2021”). The senior notes are guaranteed by Fantasia Holdings and certain subsidiaries of the Company and carry interest of 8% per annum and interest is payable semi-annually on 28 August 2020 and 25 February 2020, unless redeemed earlier. The senior notes will mature on 25 February 2021.

The movements of the senior note and corporate bonds during the period are set out below:

	RMB'000
At 1 January 2020 (Audited)	149,786
Net proceeds on the date of issuance	688,872
Exchange loss	5,593
Effective interest recognised	23,892
At 30 June 2020 (Unaudited)	868,143

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

20. ASSETS BACKED SECURITIES ISSUED

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

	RMB'000
At 1 January 2020 (Audited)	104,548
Effective interest recognised	3,335
Interest paid	(2,989)
Repayment of principal	(34,500)
Redemption of 2018 ABS	(36,000)
Loss on repurchase of 2018 ABS	162
At 30 June 2020 (Unaudited)	34,556

Analysis for reporting purpose:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current		
Carrying amounts with put options exercisable within one year	–	37,520
Carrying amounts without put options and repayable within one year	29,431	49,963
	29,431	87,483
Non-current	5,125	17,065
	34,556	104,548

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

21. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised		
1 January 2020 and 30 June 2020	50,000,000	5,000,000
Issued and fully paid		
At 1 January 2020 and 30 June 2020	1,422,746	142,275
		Amount RMB'000
Shown in the condensed consolidated financial statements as:		
At 30 June 2020 (Unaudited)		115,134
At 31 December 2019 (Audited)		115,134

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

22. SHARE OPTION SCHEMES

(a) The Company

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

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2020 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2020 '000
Directors	29 September 2014	N/A	520	–	–	520
		29/9/2014 – 28/9/2015	1,014	–	–	1,014
		29/9/2014 – 28/9/2016	1,014	–	–	1,014
		29/9/2014 – 28/9/2017	498	–	–	498
	30 April 2015	30/4/2015 – 29/4/2016	376	–	–	376
		30/4/2015 – 29/4/2017	375	–	–	375
		30/4/2015 – 29/4/2018	375	–	–	375
	18 March 2016	18/3/2016 – 17/3/2017	367	–	–	367
		18/3/2016 – 17/3/2018	366	–	–	366
		18/3/2016 – 17/3/2019	366	–	–	366
	27 November 2018	27/11/2018 – 26/11/2019	934	–	–	934
		27/11/2018 – 26/11/2020	933	–	–	933
		27/11/2018 – 26/11/2021	933	–	–	933
			8,071	–	–	8,071
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	4,087	(189)	–	3,898
		29/9/2014 – 28/9/2015	8,458	(529)	–	7,929
		29/9/2014 – 28/9/2016	8,458	(529)	–	7,929
		29/9/2014 – 28/9/2017	4,253	(339)	–	3,914
	30 April 2015	30/4/2015 – 29/4/2016	5,527	(630)	–	4,897
		30/4/2015 – 29/4/2017	5,526	(630)	–	4,896
		30/4/2015 – 29/4/2018	5,526	(630)	–	4,896
	18 March 2016	18/3/2016 – 17/3/2017	5,968	(671)	–	5,297
		18/3/2016 – 17/3/2018	5,968	(671)	–	5,297
		18/3/2016 – 17/3/2019	5,966	(671)	–	5,295
	27 November 2018	27/11/2018 – 26/11/2019	5,555	–	–	5,555
		27/11/2018 – 26/11/2020	5,555	–	–	5,555
		27/11/2018 – 26/11/2021	5,555	–	–	5,555
			76,402	(5,489)	–	70,913
Total			84,473	(5,489)	–	78,984
Weighted average exercise price (HKD)			6.78			6.71

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

22. SHARE OPTION SCHEMES (Continued)

(a) The Company (Continued)

The Group recognised the total expense of RMB3,349,000 for current interim period (six months ended 30 June 2019: RMB6,707,000) in relation to share options granted by the Company.

During the current interim period, 5,489,000 share options to employees were lapsed and no share options to employees were exercised.

(b) Fantasia Holdings

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

Category of grantees	Date of grant	Vesting period	Outstanding at 1 January 2020 '000	Lapsed during the period '000	Exercised during the period '000	Outstanding at 30 June 2020 '000
Directors of the Company	29 August 2011	29/8/2011 – 28/8/2012	634	–	–	634
		29/8/2011 – 28/8/2013	1,268	–	–	1,268
		29/8/2011 – 28/8/2014	4,438	–	–	4,438
	16 October 2012	16/10/2012 – 15/10/2013	844	–	–	844
		16/10/2012 – 15/10/2014	1,689	–	–	1,689
		16/10/2012 – 15/10/2015	5,911	–	–	5,911
			14,784	–	–	14,784
Employees of the Group	29 August 2011	29/8/2011 – 28/8/2012	100	–	(6)	94
		29/8/2011 – 28/8/2013	202	–	(11)	191
		29/8/2011 – 28/8/2014	704	–	(40)	664
	16 October 2012	16/10/2012 – 15/10/2013	110	–	(2)	108
		16/10/2012 – 15/10/2014	221	–	(3)	218
		16/10/2012 – 15/10/2015	772	–	(12)	760
			2,109	–	(74)	2,035
Total			16,893	–	(74)	16,819

No expense for the six months ended 30 June 2020 and 2019 in relation to share options granted by Fantasia Holdings to the eligible directors of the Company and employees of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

23. SHARE AWARD SCHEME

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

At 30 June 2020 and 31 December 2019, a total of 1,802,000 Company’s shares were held for the Share Award Scheme and the aggregate consideration paid for these shares in an amount of RMB6,795,000 was deducted from shareholders’ equity.

During the six months ended 30 June 2020, no share of the Company was acquired by the Trustee for the Share Award Scheme and no share was awarded to employee or consultant of the Group.

During the six months ended 30 June 2019, 1,833,000 shares of the Company were awarded to eligible employees or consultants of the Group for their performance and contribution of the Group. The fair value of the awarded shares at the date of grant of RMB6,567,000 were recognised as expenses and the difference between the consideration paid and the fair value of the awarded shares of RMB129,000 was credited to retained profits.

24. ACQUISITION OF SUBSIDIARIES

For the period ended 30 June 2019

Name of subsidiary acquired	Place of establishment/ incorporation	Acquisition date	Equity interest acquired	Consideration RMB’000
北京達爾文國際酒店物業管理有限公司 Beijing Darwin International Hotel Property Management Co., Ltd. (“Beijing Darwin”)	PRC	31 March 2019	51%	97,920
深圳市閑閑科技有限公司 Shenzhen Xianxian Technology Co., Ltd. (“Shenzhen Xianxian”)	PRC	31 March 2019	72%	1,808

During the six months ended 30 June 2019, all of the acquisitions were acquired from independent third parties.

The principal activities of acquired subsidiaries are engaged in provision of property management services and value added services and the objectives of acquisition are expansion of property management services and value added services of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

24. ACQUISITION OF SUBSIDIARIES (Continued)

For the period ended 30 June 2019 (Continued)

Consideration transferred

	Beijing Darwin	Shenzhen Xianxian	Total
	RMB'000	RMB'000	RMB'000
Cash consideration paid	9,438	1,808	11,246
Deposits paid in prior years	59,168	–	59,168
Consideration payable due within one year included in other payables	29,314	–	29,314
	97,920	1,808	99,728

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense for the period ended 30 June 2019 and included in the “administrative expenses” line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the dates of acquisition are as follows:

	Beijing Darwin	Shenzhen Xianxian	Total
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	383	9	392
Interest in an associate	842	–	842
Intangible assets	82,400	–	82,400
Trade receivables	6,639	–	6,639
Other receivables	5,448	292	5,740
Bank balances and cash	31,241	–	31,241
Contract liabilities	(18,644)	–	(18,644)
Trade payables	(4,702)	–	(4,702)
Other payables and accruals	(12,072)	(622)	(12,694)
Receipts on behalf of residents	(5,820)	–	(5,820)
Amounts due to non-controlling shareholders of the subsidiaries	(3,315)	–	(3,315)
Deferred tax liabilities	(20,600)	–	(20,600)
	61,800	(321)	61,479

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

24. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the period ended 30 June 2019 *(Continued)*

The trade receivables and other receivables acquired with a fair value of RMB12,379,000 as at the date of acquisitions during the six months ended 30 June 2019, were approximate to gross contractual amount, with no significant contractual cash flows not expected to be collected.

The fair value of intangible assets acquired in business combination is estimated by an independent valuer through application of income approach. This approach estimates the future economic benefits and costs attributed to the property management contracts and the customer relationship of the acquirees. The economic benefits and related costs are in turn projected over the expected survival period, taking into consideration of the attrition rate, the growth rate and the discount rate.

Goodwill arising on acquisition

	Beijing Darwin	Shenzhen Xianxian	Total
	RMB'000	RMB'000	RMB'000
Consideration transferred	97,920	1,808	99,728
Add: non-controlling interests	30,282	–	30,282
Less: fair value of net identifiable assets/liabilities acquired	(61,800)	321	(61,479)
Goodwill arising on acquisition	66,402	2,129	68,531

The non-controlling interests arising from the acquisition of respective subsidiaries were measured by reference to the proportionate share of the acquirees' net identifiable assets/liabilities at the acquisition dates.

Goodwill was arisen on the acquisitions of subsidiaries during six months ended 30 June 2019, because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of the business.

Intangible assets of RMB82,400,000 in relation to the acquisition of subsidiaries under property management services have been recognised by the Group.

None of the goodwill arising on the acquisitions are expected to be deductible for tax purposes.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

24. ACQUISITION OF SUBSIDIARIES (Continued)

For the period ended 30 June 2019 (Continued)

Net cash inflows arising on acquisition

	RMB'000
Cash consideration paid	(11,246)
Bank balances and cash acquired	31,241
	19,995

Impact of acquisition on the results of the Group

Revenue and profits attributable by the additional businesses generated by the acquirees included in the Group since the date of acquisition until the end of the six months ended 30 June 2019 are as follows:

	RMB'000
Revenue	34,795
Profit for the period	4,498

Had the above acquisition been completed on 1 January 2019, the total Group's revenue and profit for the six months ended 30 June 2019 would be as follows:

	RMB'000
Revenue	1,896,246
Profit for the period	237,293

The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group for the six months ended 30 June 2019 that actually would have been achieved had the acquisition been completed on 1 January 2019 nor is it intended to be a projection of future results.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

25. CAPITAL AND OTHER COMMITMENTS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	33,517	34,302
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	44,793	26,672

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

	Fair value at		Fair value hierarchy	Valuation technique and key input
	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)		
Financial assets at FVTPL				
– Convertible bonds	–	3,000	Level 3	Market approach – The key unobservable input of the valuation is the estimated price from the recent transactions of the companies engaging in similar business and expected future financial performance.
Equity instruments designated at FVTOCI	119,555	121,735	Level 3	Discounted cash flow – Future cash flows are estimated based on further financial performance and discount rates.

Fair value of the Group's other financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values, except for the following financial liabilities, for which their carrying amounts and fair values are disclosed as below:

	Fair value hierarchy	30 June 2020		31 December 2019	
		Carrying amount RMB'000 (Unaudited)	Fair value RMB'000	Carrying amount RMB'000 (Audited)	Fair value RMB'000
Senior notes	Level 1	712,150	721,749	N/A	N/A
Unlisted corporate bonds	Level 3	155,993	157,314	149,786	152,666
Asset-backed securities issued	Level 3	34,556	34,854	104,548	108,022

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

27. RELATED PARTY DISCLOSURES

(a) Related party transactions

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Pre-delivery services income		
Fellow subsidiaries	4,698	29
Consultancy services income		
An associate of a fellow subsidiary	1,193	–
Online promotion services income		
Entities controlled by Mr. Pan Jun, a director of the Company	10,861	16,478
A joint venture	5,496	5,660
An associate	242	229
Engineering services income		
Fellow subsidiaries	41,576	8,426
An associate of a fellow subsidiary	910	–
Associates	–	98
Other value-added services		
Fellow subsidiaries	209	4
An entity controlled by Mr. Pan Jun, a director of the Company	–	1,358
Interest expenses		
A fellow subsidiary	62	316

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

27. RELATED PARTY DISCLOSURES *(Continued)*

(b) Compensation of key management personnel

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

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Short-term benefits	8,131	7,109
Post-employment benefits	143	183
Share-based payment expenses	593	1,386
	8,867	8,678

(c) Compensation of key management personnel

As at 31 December 2019, certain directors of the Company provided joint guarantees to the banks to secure the Group's bank borrowings amounting to RMB60,799,000 in aggregate. During the period ended 30 June 2020, the guarantees were released upon the repayment of the aforesaid bank borrowings.



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